

**Graduate School of Business
Curtin Business School**

**Australian Women's Financial Security in Later Life: The Effects of
Social Structures and Decision Processes**

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Declaration

This thesis contains no material which has been accepted for the award of any other degree or diploma in any university.

To the best of my knowledge and belief this thesis contains no material previously published by any other person except where due acknowledgment has been made.

Signature:

Date:

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Abstract

Existing studies provide a range of insights into the causes of women's low retirement incomes and emphasise the effect of low life-time incomes on women's access to economic resources in later life. Despite these insights, however, there is relatively little research on the roles played by motivations, social institutions and decision-making processes in determining women's capacity to save for retirement. In order to address some of these gaps in our understanding, this study aimed to broaden the range of theoretical approaches applied to economic studies of women's retirement savings strategies. Based on methodological perspectives informed by critical realism and feminist epistemology, the study utilised grounded research methods to collect and analyse qualitative data relevant to women's financial decisions and retirement plans. The data collection and analysis process are conceptually organised and integrated to propose a theoretical contribution that emphasises the links between social structures and specific decision-making processes that systematically contribute to low retirement savings for women. The study's findings are discussed with reference to existing economic literature that has not previously been utilised in studies of women's retirement incomes. The conclusions from this study suggest that there are significant features of women's decision-making contexts that contribute to ongoing under-saving to support women in later life.

1. Introduction

This thesis started life as an enquiry into the ways Australian women plan to access an income in later life. It was prompted by an existing literature projecting that recent structural changes to Australia's retirement income framework, particularly a policy shift encouraging private savings through occupational superannuation schemes, will not be gender neutral in application. This is because occupational superannuation is most beneficial to those in long term, full-time, continuous employment. Many women do not have the requisite pattern of workforce participation to successfully engage with Australia's occupational superannuation system. These findings prompted an interest in investigating whether women use alternative methods to plan for their access to an income in later life. However, as the enquiry proceeded, it became not only an examination of the ways women plan for an income in later life, but also a questioning of the relatively limited range of research methods that have been used by economists to examine this particular question. As a result, the project evolved into two, related questions. Firstly, how do women plan to access economic resources in later life? Secondly, can our understanding of women's plans be expanded by broadening the range of methods used to examine this question?

The structure of this thesis reflects the process through which the two areas of enquiry developed. The following chapter provides a brief overview of the historical development of Australia's retirement income framework and its current operation. This is followed by two chapters which review literature relevant to women's retirement incomes in Australia and internationally.

From the fifth chapter onwards, however, the thesis takes on a second focus: the research methods used to examine women's retirement incomes. In chapter five it is argued that a relatively narrow range of research methods have been used in economic studies of women's approaches to saving for later life. Further, some of the methods appear to contain methodological assumptions that are at odds with significant features of women's lives. For example, the household context in which many women make decisions is rarely considered in studies of women's savings. A small body of recent research applying relatively innovative approaches, such as

bargaining theory, demonstrates some of the insights that can be gained by applying new methods to this area of investigation. Chapter five provides a discussion of methodological issues and concludes that there is scope for employing a broader range of research methods to study women's plans for an income in later life.

Concluding that there may be advantages in broadening the range of research methods used to examine Australian women's retirement incomes also involved the challenge of developing a coherent methodological framework to serve as a basis for this particular research project. As discussed in chapter six, this involved considering ontological and epistemological issues relevant to social research in general and women's retirement incomes in particular. The resulting methodology described for this project is based on critical realist ontology and feminist, interpretive epistemology. Perhaps not surprisingly, this is associated with the selection of a research method that remains relatively underutilised in economics; grounded theory. Grounded theory is an inductive process of theory generation, rather than the more usual approach of deductive hypothesis formation and testing used in economics. However, in the context of this study, grounded theory has been used in an attempt to generate retroductive analysis. That is, to provide explanations of possible underlying causes of women's relatively low retirement incomes. Chapter six provides details of this research method and explains why qualitative approaches to data collection and analysis were adopted.

Chapter seven presents a conceptual framework for analysing the data collected in this study. In keeping with grounded theory method, the chapter details the process of basing analysis on the collected data and using it to generate theoretical constructs and concepts. Chapter eight provides further discussion of the conceptual organisation of data by developing an integrated theoretical framework to explain relationships between different categories of data. The findings emphasise that, in addition to previously recognised constraints on women's capacity to save, there are specific features of women's institutional environment that make it particularly challenging to save for later life.

However, there are shortcomings with the relatively limited amount of data that provide the basis for the theory generated in chapter eight. In order to further

investigate the implications of the causal processes suggested in this study, additional literature is considered in chapter nine. This includes discussion of previous research findings and theoretical approaches rarely considered in studies of women's retirement incomes. The broader literature considered in chapter nine provides considerable additional insights into the implications that women's current institutional contexts have for their decision-making processes and savings decisions. It complements and extends the tentative insights generated in chapter eight and provides some additional explanations for the commonly observed patterns of low retirement savings among women.

Chapter ten concludes the discussion by summarising the way in which the findings from this project complement the insights available from existing literature. It also provides some conclusions about the use of plural research methods to study economic questions.

2. An overview of Australia's retirement income framework

2.1. Introduction

This thesis examines women's observed low retirement savings and aims to provide some insights into the reasons low savings occur. The purpose of this chapter is to provide an overview of the development of the current regulatory context relevant to retirement incomes in Australia. The chapter is comprised of two main sections. The first section is a brief account of key developments in Australia's retirement income system. It describes the rationale for the initial introduction of public pensions in Australia and the recent shift toward other forms of retirement income provision, particularly occupation superannuation. The second section is an overview of the regulatory framework currently governing the Age Pension and superannuation arrangements in Australia.

The Australian retirement income system is commonly described as being comprised of three main components, or "pillars":

- A means tested system of publicly financed transfers, known as the Age Pension.
- A compulsory system of private saving for retirement through occupational superannuation schemes.
- Voluntary savings, including privately financed pensions and occupational superannuation arrangements in excess of the mandated minimum, together with the accumulation of other assets such as property, shares, managed funds and savings accounts.

The first two components of the retirement income system have been the main focus of government policy and legislation. In the past two decades, government regulations have increasingly facilitated the growth and significance of the second pillar, occupational superannuation, and the recast the first pillar as a "safety net" arrangement. The third pillar has also been subject to regulatory change, particularly

taxation measures that encourage voluntary superannuation contributions above the mandated minimum. The following historical and regulatory overview focuses on the first two pillars of the retirement income framework and the taxation regime relevant to voluntary superannuation contributions.

2.2. Historical context of Australia's retirement income framework

2.2.1. The first pillar: Australia's Age Pension

The Age Pension¹ was first introduced in Australia in 1909 in response to destitution among the aged. The basic policy objective was to ensure adequate levels of income for those who had reached retirement age (King, Bækgaard & Harding 1999). Unlike schemes commonly operating in other countries, the Age Pension in Australia was not structured so that income-related contributions would be made to individual accounts. Rather, it developed as a means tested transfer from general taxation revenue, initially available to men and women aged 65 years or over. In 1910, the entitlement age for women was lowered to 60 years of age (King, Bækgaard & Harding 1999). In the early 1900s life expectancy at birth was 55.2 years for men and 58.8 years for women and demand for the Age Pension was expected to be relatively low (Beal & McKeown 2001). While there have been ongoing administrative changes, “the essentials of the Age Pension remain as they were when it was introduced almost ninety years ago” (King, Bækgaard & Harding 1999:5).

2.2.2. The second pillar: Compulsory occupational superannuation

In contrast with the Age Pension, the operation of occupational superannuation has changed markedly over the past three decades². While occupational superannuation schemes have existed in Australia since the middle of the last century, prior to the

¹ The term Age Pension is given upper case letters in keeping with the format commonly used in Australian Government documents.

² Use of the term “occupational superannuation” has caused some concern when discussing this issue with people unfamiliar with the Australian context. Occupational superannuation in Australia refers to a specific system of private capital accumulation, that is governed by the *Superannuation Guarantee Charge Act 1992*.

early 1980s they were predominantly an employment-related benefit available to male professionals. Significant expansion of superannuation coverage occurred during the 1970s when trade unions increasingly campaigned to increase access to this form of employment-related benefit (Combet 2004; Coates, Vidler & Stilwell 2004). The 1970s in Australia were characterised by policies aimed at achieving wage restraint through a process of wage indexation, through which centralised wage increases were tied to measured changes in prices. Campaigning for occupational superannuation, as a form of deferred wages, had the advantage of providing one way of circumventing the wage indexation process (Kelly 1997:62).

The expansion of occupational superannuation arrangements continued throughout the 1980s and 1990s and may be attributed to wage fixing arrangements, legislative provisions and a range of political imperatives. In 1985 the Australian Council of Trade Unions (ACTU) agreed with the federal government to limit a national productivity claim in return for an extension of occupational superannuation entitlements. From the federal government's perspective the agreement provided a mechanism for the granting of wage increases (albeit deferred wage increases) while not adding to rising inflationary pressures (Coates, Vidler & Stilwell 2004). Employer groups were, however, opposed to increasingly common claims related to superannuation (Keating 2004) and made an appeal to the High Court of Australia challenging its definition as an industrial issue. In 1986 the High Court handed down a landmark decision stating that superannuation was a workplace matter and could be included in the pay and conditions specified under particular awards³ (Beal & McKeown 2001; Colvin & McCarry 1986). The High Court decision facilitated the incorporation of superannuation provisions into awards and led to further rapid growth in superannuation coverage. At the same time, occupational superannuation also appeared to address political concerns about relatively low savings levels in Australia and emerging concerns about the ageing of Australia's population (Keating 2004; Coates 2004a). The expansion of occupational superannuation culminated in the introduction of the *Superannuation Guarantee Charge Act* in 1992 which made occupational superannuation a form of tax preferred, forced saving for much of the

³ Awards are legally binding documents that prescribe the minimum terms and conditions of the employment contract.

population. In terms of addressing the retirement needs of employees and addressing macroeconomic policy, the expansion of occupational superannuation was envisaged as a “win – win” situation (O'Brien & Burgess 2004:179).

Kelly describes the use of industrial power to expand occupational superannuation, as the “effective creation of property rights to superannuation” (Kelly 1997). This description emphasises that access to mandatory employer contributions and above-minimum provisions is associated with relative status in the labour market. Those in relatively favourable labour market positions, with higher wages and greater employment stability, have relatively high levels of superannuation coverage and this coverage is more likely to be at above minimum rates (Jefferson & Preston 2003; O'Brien & Burgess 2004). Those in disadvantaged labour market positions are likely to have their position reinforced through to their retirement (Sharp 1992; Sharp 1995). Analyses of the resulting structure have concluded that it represents a significant privatisation of Australia’s retirement income framework (Gallery, Brown & Gallery 1996; Colvin & McCarry 1986; O'Brien & Burgess 2004; Coates, Vidler & Stilwell 2004).

2.3. *Australia’s current retirement income framework*

2.3.1. *The Age Pension*

The Age Pension is a fortnightly payment made by the Australian government to eligible recipients. At present, the maximum single rate of pension is equal to 25 per cent of male, average, total weekly earnings (MATWE) which is determined by official statistics provided by the Australian Bureau of Statistics (Australian Bureau of Statistics 2005b). For couples, the Age Pension is set at 40 per cent of MATWE. In November 2004, the maximum pension rate for individuals was \$470.70 per fortnight and for couples it was \$393.00 each per fortnight (Centrelink 2004). These rates are currently indexed and adjusted biannually. Recipients do not pay income tax on the Age Pension and, subject to specific criteria, may qualify for supplementary payments, such as a pharmaceutical allowance or rent assistance.

Eligibility for the Age Pension is governed by age and residency criteria. Men aged 65 years old with 10 or more years of continuous residency in Australia are eligible for the Age Pension. Prior to 1995, women were eligible for the Age Pension from the age of 60. The minimum qualifying age for women is being increased by six months at two-year intervals until 2013, when it will be 65 years. As at November 2004, the qualifying age for women was 62.5 years. To receive the Age Pension, men and women must qualify for the pension in their own right.⁴

Entitlement to an Age Pension also depends on a means test, which has both income and assets components. In simple terms, the assets test means that for every A\$1,000 in assets in excess of a specified threshold, a fortnightly pension entitlement is reduced by \$3.00. The asset threshold varies according to whether the claimant is a homeowner. The income test applies an implicit tax rate of 40 per cent to income that exceeds a specified threshold. The smaller amount calculated from the assets and income means tests comprises a person's Age Pension entitlements. The thresholds applicable to individuals and couples are outlined below in Table 2-1.

⁴ Before changes that came into effect in 1995, married women were eligible for the 'wife pension'. The wife pension was designed to give both members of a couple a pension when only one member qualified. For example, in the case of a couple where only the male had reached the qualifying retirement age, the female partner automatically qualified for the wife pension, irrespective of her age. Over 32,000 women in Australia are wife pension recipients (Department of Family and Community Services 1999).

Table 2-1: Thresholds for asset and income test entitlement to Age Pension

<i>Assets test for homeowners</i>		
Family situation	For full pension	For part pension
Single	Up to A\$153,000	Less than A\$312,000
Partnered (combined)	Up to A\$217,500	Less than A\$481,500
Illness separated couple (combined)	Up to A\$217,500	Less than A\$535,500
One partner eligible	Up to \$217 5000	Less than A\$481,500
<i>Assets test for non-homeowners</i>		
Single	Up to A\$263,500	Less than A\$422,500
Partnered (combined)	Up to A\$328,000	Less than A\$592,000
Illness separated couple (combined)	Up to A\$328,000	Less than A\$646,000
One partner eligible	Up to A\$328,000	Less than A\$592,000
<i>Income test for pensions</i>		
Single	Up to A\$122 pf*	Less than A\$1,313.25 pf
Partnered (combined)	Up to A\$216 pf	Less than A\$2,195.50 pf
Illness separated couple (combined)	Up to A\$216 pf	Less than A\$2,598.50 pf

Note: *pf denotes per fortnight

Source: Australian Government (Centrelink) "Retirement Payment Rates, 20 September – 31 December 2004: Age Pension, Pension Bonus Scheme" Downloaded 2 November 2004 from <http://www.Centrelink.gov.au/internet/internet.nsf/publications/co030.htm>

In July 1998 a "pension bonus scheme" was introduced to provide an incentive for people to defer claiming an Age Pension and to remain in the workforce. The scheme pays a tax free lump sum to eligible registered members when they claim and receive an Age Pension at a date later than their earliest entitlement. To be entitled to a pension bonus, participants in the scheme must register with the relevant government department (Centrelink) and work 960 hours per year or more. The bonus becomes payable after one year's membership and the maximum bonus, \$28,362.60 for a single person entitled to the full Age Pension, is payable after five years. In March 2004, 64,234 people were registered as part of this scheme (Department of Family and Community Services 2003).

2.3.2. Occupational superannuation

Occupational superannuation in Australia refers to a specific system of private capital accumulation in a structure similar to schemes known as 'private pensions' or

'pension funds' in jurisdictions such as the United States and Britain. Contributions are made to individual accounts held in private funds that meet legislative specifications and the accumulated funds can be drawn upon in retirement. The compulsory component of this system is governed by the *Superannuation Guarantee Charge Act 1992* (SGC Act). This legislation requires employers to make compulsory contributions equal to nine per cent of base salary to an employee's individual superannuation account. Some employees are not entitled to SGC employer contributions, including those who are:

- paid less than A\$450 per month;
- aged 70 or over;
- aged under 18 years of age and do not work more than 30 hours a week; or
- performing work of a domestic or private nature for not more than 30 hours a week for a non-business employer.

Payments made to compulsory occupational superannuation accounts are generally made to defined contribution accounts. This means that the contributions paid to the fund, rather than the benefits on retirement, are specified. The eventual benefits paid on retirement represent the sum of contributions made to the fund plus a proportion of the earnings on those funds achieved by the fund manager. Generally, defined contribution funds are not necessarily capital guaranteed, do not offer a guaranteed minimum rate of return and have fees deducted for administration and other purposes. By 2000, three quarters of the Australian pre-retired population had some superannuation coverage. Of those with coverage, 81 per cent of women and 79 per cent of men were covered by defined contribution accounts. The remainder had either defined benefit or hybrid accounts (Australian Bureau of Statistics 2001c). Defined benefit funds, as the name suggests, specify a predetermined level of benefit upon retirement. They are usually associated with schemes predating the introduction of compulsory contributions.

In general terms, superannuation savings cannot be accessed prior to the specified preservation age of 60 years. The regulations governing this provision are currently under review, although it is still intended that funds be preserved until retirement. Upon retirement, funds may be accessed and withdrawn as a lump sum, converted to an annuity or a combination of both. There are significant taxation implications

associated with these options, with lump and income stream benefits above certain thresholds being subject to tax.

It should be noted that the self-employed are largely omitted from the superannuation system described above. There is an implied assumption that they will make their own retirement income provisions and there are specific taxation provisions relevant to the tax deductibility of superannuation contributions that relate specifically to self-employed persons. In summary, self-employed persons can receive a full tax deduction for up to \$5,000 worth of contribution and a 75 per cent tax deduction for further contributions (Centrelink 2004). However, available data indicates that contributions by the self-employed to superannuation funds occurs on a relatively limited scale (Jefferson & Preston 2003).

2.4. Some recent and pending changes to occupational superannuation

Initial access and the ongoing level of contributions to an occupational superannuation account are largely determined by an individual's pattern of workforce participation. This has significant implications for the potential accumulation of funds by those with broken patterns of workforce participation and/or low incomes. Recognition of these implications has resulted in a number of changes to the operation of occupational superannuation over the last decade. Three specific measures to amend the operation of occupational superannuation include:

- measures aimed at low income earners;
- rebates for contributions made on behalf of a spouse; and
- legislation that will allow for the splitting of superannuation contributions between a member and their spouse.

From 1 July 2003, regulations were introduced for co-contributions to be made by the Australian government to match low income earners' voluntary contributions to their own superannuation account. Currently, the maximum co-contribution, A\$1,500, is available to people who earn below A\$28,000. The maximum contribution reduces by five cents for every dollar of income over A\$28,000, phasing out completely at an income of \$58,000 (Australian Taxation Office 2005). To

provide a point for comparison, in February 2005, average, full-time adult ordinary time earnings were \$51,684 per annum (Australian Bureau of Statistics 2005b).

A tax rebate is available to tax payers who make superannuation contributions on behalf of a low income spouse. The rebate, equal to 18 per cent of the contributed sum, applies to contributions up to A\$3,000 per annum made on behalf of spouses with an assessable income of less than A\$13,800 (Centrelink 2004).

Finally, regulations are currently being considered by the Australian Parliament that will allow for the splitting of superannuation contributions between a fund member and their spouse. The specified goal of this proposed legislation is to:

...provide an avenue for spouses to share in superannuation benefits. It will be of particular benefit to low income or non working spouses by allowing them to have superannuation assets under their own control and have their own income in retirement (Centrelink 2004).

Closely related, but separate from the issue of spouse superannuation entitlements, are recent provisions for the recognition of superannuation accumulations as an asset relevant to divorce proceedings. This provision was passed in legislation during 2003. The longer term outcomes of these recent amendments are not yet known.

2.5. *Interactions between the Age Pension and occupational superannuation*

According to available statistics, the dominant form of income for retired men and women is the Age Pension and other government transfers, as shown in Table 2-2. However, due to significant growth in the coverage of private superannuation arrangements, recent estimates by the Australian Bureau of Statistics (ABS) suggest that around 95 per cent of the Australian workforce is now covered by at least one occupational superannuation scheme (ABS Cat. No. 6310.0 May 1998). Accordingly there are predictions that future pensioner cohorts can be expected to have quite different income streams to that shown in Table 2-2.

Table 2-2: Principal source of annual 1999-2000 income, mean and women age 55 and over

Age	Wage & Salary	Own Business	Government Transfer Payments	Superann- uation	Other
	%	%	%	%	%
55-64	52.1	10.8	24.2	5.5	5.6
65-and over	4.7	2.6	68.0	10.0	13.6

Source: (Australian Bureau of Statistics 2001b:36)

In common with other developed nations, the average age of Australia's population is increasing and this provides much of the rationale for encouraging private forms of saving (Coates 2004a). The increasing public policy emphasis given to private capital accumulation through occupational superannuation is expected to result in greater reliance on superannuation as a source of retirement income and to lower the potential monetary value of claims on the Age Pension system. This expectation is expressed in relevant policy documents, for example:

Australia's population is expected to age markedly over coming decades. ...Recent trends indicate that people reaching Age Pension age have higher levels of income and assets than previously... Recently granted pensioners are more likely to receive a part-rate pension...(Department of Family and Community Services 2003:222)

...the proportion of pensioners receiving the full Age Pension is also projected to decline, while the proportion with a part Age Pension will increase significantly. These restraining factors reflect the impact of the maturing superannuation system, which both encourages and requires greater self provision for retirement. (Department of Family and Community Services 2002:42)

2.6. *Distributional issues*

As noted in section 2.2.2, the restructuring of Australia's retirement income system effectively creates property rights to retirement income. It has been argued that there are winners and losers in the shift toward occupational superannuation, with those on

low incomes expected to benefit the least (Coates, Vidler & Stilwell 2004:10). To some extent, winners and losers are defined through a taxation regime that treats superannuation contributions and fund earnings differently from other sources of income and investment earnings. For example, returns on superannuation investments in a complying scheme are taxed at a rate of 15 per cent, as compared with tax rates on other forms of income of up to 47 per cent. It has been estimated that a person earning \$90,000 a year will receive tax concessions on superannuation that are worth three times as much as the eventual pension drawn by someone earning below average weekly earnings (Cox 1994). It has also been argued that concessional taxation arrangements involve a higher net cost than funding the Age Pension (Kelly 1997:73). The validity of these argument depends upon the assumptions used. However, Treasury estimated the “cost” of concessional taxation of funded superannuation at A\$10,490 million in 2003-04 (Australian Government Treasury 2004). By way of comparison, outlays on the Age Pension in 2003-04 were estimated at A\$19,027 million (Department of Family and Community Services 2003:31, Table 1.4).

For those on relatively low incomes it appears that there is little to gain from contributions to occupational superannuation. Current consumption is reduced through compulsory saving while, due to asset and incomes tests on the Age Pension, retirement income may change little (Cox 1994). It is possible to construct scenarios whereby extra savings contributed to superannuation does little to improve an individual’s total income but serves to replace Age Pension entitlements with a private annuity (Nance 2004). Such scenarios, however, depend on assumptions of changes in taxation that might be required to maintain Age Pension entitlements in the future.

There is significant debate about the likely effects of occupational superannuation on aggregate savings, investment and government expenditure (see for example the discussion in Coates 2004b; Bryan 2004; Ramsay 2004). In comparison, there is relatively little debate on the potential effects on income distribution among the retired population. However, it seems likely that the current framework of occupational superannuation will have a significant effect on the distribution of economic resources between different groups of retirees. The relative neglect of the

distributional issues relevant to retirement income frameworks has been noted by Bergmann. She notes that there is debate about how to produce goods and services as the population ages, but little discussion of how pension arrangements will determine the entitlement of particular individuals to those goods and services:

When I retire my living expenses will come from selling my stocks or drawing money out of my savings account, but I will eat bread that is baked by the current generation of bakers ... What does investment do? It gives retirees a claim to the ownership of stocks, which they can sell when they retire and purchase freshly baked bread (Barbara Bergmann in an interview quoted by Olson & Emami 2002:70).

Women have been identified as one population group that can be expected, on average, to fare less well in a retirement income system that increasingly relies on occupational superannuation. Currently, approximately 61 per cent of Age Pensioners in Australia are women (Department of Family and Community Services 2002). In 2000, the median account balance among those with superannuation was A\$13,400 for men and A\$6,400 for women (Australian Bureau of Statistics 2001c)⁵.

2.7. Summary

Over the past three decades, Australia has experienced a policy shift towards the provision of retirement incomes through private, capital accumulation in the form of occupational superannuation. The resulting framework appears to reflect the relative bargaining strength of various parties in the industrial relations and political arenas of the 1980s and 1990s. To varying degrees, those with limited participation in these arenas appear to have been less well served. In particular, those on low or middle income levels may have their current consumption reduced through compulsory occupational superannuation and seem to gain few benefits in retirement. The implications that this holds for women, their patterns of work, consumption, saving and eventual retirement incomes are the focus of the following chapters.

⁵ The Australian Bureau of Statistics has expressed some reservations about the actual account balances reported in this publication. However, the relativities between account balances of different population groups are valid.

3. Review: Australian studies of women's retirement incomes

3.1. *Introduction*

As noted in the previous chapter, public policy has dramatically increased the coverage of occupational superannuation in Australia. However, the benefits of increased coverage are uneven and women have been identified as a key group poorly served by changes to the retirement income framework. Given this, it is increasingly recognised that public policy relating to retirement incomes may be enhanced by a greater understanding of issues relevant to women's patterns of work, saving and retirement.

Internationally and within Australia there is a growing literature on women's retirement incomes. Due to the size of the literature and the varying institutional arrangements in different countries, this thesis reviews the literature about women's retirement in two separate chapters. This chapter focuses solely on Australian research, while the following chapter comprises a discussion of selected international literature. While both chapters focus on the subject of women's retirement incomes, they also demonstrate that varying research approaches have been adopted in response to both the availability of different types of data and because research questions vary with policy contexts. It is possible to identify three main themes that are emphasised in Australian research. One theme is women's involvement in each of the three pillars of Australia's retirement income framework. A second theme covers women's motivations for saving for their retirement. A third area of the literature focuses on the role that specific institutions, such as households and life insurance companies, play in women's retirement income decisions. The remaining sections of this chapter summarise each of these themes in turn.

3.2. *Women's participation in the three pillars of Australia's retirement income framework*

One of the key themes in Australian literature about women's retirement incomes is the extent to which women's participation in each pillar of Australia's retirement income framework contrasts with men's participation. Within this context, the importance of the Age Pension as a source of retirement income for all retirees and especially for women is a common and prominent theme (Rosenman & Warberton 1996; Department of Family and Community Services 2001; Department of Family and Community Services 1999; King, Walker & Harding 1999; King, Bækgaard & Harding 1999; Australian Bureau of Statistics 1998b). Given women's traditional reliance on the Age Pension in retirement, recent policy changes toward private capital accumulation as a basis for retirement income provision have generated a number of studies projecting some of the possible outcomes for women, many of which examine the operation of the evolving occupational superannuation system.

In comparison with the Age Pension, occupational superannuation is relatively selective in terms of coverage. The links between employment and contributions mean that those with marginal workforce attachment accumulate relatively low levels of superannuation or have no coverage (Australian Bureau of Statistics 2001c). Women are disproportionately represented in these categories and from its inception, there has been widespread recognition that compulsory superannuation is not gender neutral in its application (see for example Cox 1994; Clare 1994a; Clare 1994b; Larkin 1994; Pender 1994; Roseman 1995; Rosenman & Winocur 1994; Ross 1994; Sharp 1995; Walpole 1994).

Low earnings are also expected to result in relatively low savings. There is considerable evidence from a broad literature in labour economics that women's lifetime earnings are, on average, lower than men's. This can be attributed to three interrelated issues: fewer years in the workforce due to women's unpaid household responsibilities (Australian Bureau of Statistics 1998a; Ironmonger 1996; McDonald et al. 2001); gender gaps in pay, career paths and employer training (Chapman et al. 2001; Rimmer & Rimmer 1994; Miller & Mulvey 1994; Preston 2001; Preston 2003;

Wooden 1999); and a gender gap in non-wage income such as rent and dividends (Tinnion 1998).

In the absence of comprehensive longitudinal data on patterns of lifetime income and savings, Australian researchers have used the widely accepted link between income and savings to develop models demonstrating the impact of women's earnings profiles on superannuation and voluntary savings accumulations. Generally, Australian gender studies of retirement incomes incorporate two of the distinguishing features of women's working lives, fewer years of workforce participation and lower earnings, and analyse the way in which these interact to restrict superannuation accumulations (Kelly, Harding & Percival 2002b; Brown 1994; Donath 1998; King 2001; Preston & Austen 2001; Ross 1994).

The studies vary considerably in the construction of hypothetical working-life profiles, the types of outcomes projected and the implications considered. A full comparison of Australian studies, including a range of selected assumptions incorporated into the various models is included in Appendix A. For illustrative purposes, however, a smaller number of projections is included below in Table 3-1. Two of the studies included in the table do not have an explicit focus on gender but their use of low, middle and high individual earnings profiles provides a structural analysis which is applicable to women's lower earnings and superannuation accumulations (Tinnion & Rothman 1999; King 2001).

Preston and Austen (2001) use different working life profiles to isolate the role played by gender wage gaps, part-time work and fewer years of workforce participation to generate predicted compulsory superannuation accumulations varying from A\$233,000 for a man with long term, continuous workforce participation to A\$43,000 for a woman with few years of workforce participation (expressed in \$1996). In contrast, Kelly, Harding and Percival calculate average balances for a constructed population, giving average superannuation balances of A\$232,700 for men compared with A\$131,900 for women (expressed in \$1999). Despite widely varying assumptions and modelling techniques, however, all the studies consistently predict that women's low lifetime earnings will translate into relatively low superannuation account balances and retirement incomes.

Table 3-1: Selected outcomes from Australian studies projecting superannuation and savings accumulations by gender

Author/s	Type of outcome projected	Projected outcomes for men		Projected outcomes for women	
		<i>High</i>	<i>Low</i>	<i>High</i>	<i>Low</i>
Brown 1994	A\$1992/93 lump sum	A\$216,255	A\$167,365	A\$112,963	A\$84,916
Ross 1994	A\$1994 lump	A\$122,000	*	A\$81,000	A\$46,500
Donath 1997	Annuity expressed as multiple of Age Pension	7.0	2.4	4.7	0.9
Tinnion & Rothman 1999	Ratio of Average Net Annual Expenditure in Retirement to Average Working Life Net Salary	0.69	1.28	Not estimated	Not estimated
King 2001	Living standard at retirement for single person household as multiple of a defined adequacy benchmark	1.8	1.6	1.6	1.4
Preston & Austen 2001	A\$1996 superannuation accumulations	A\$233,000	*	A\$206,000	A\$43,000
Kelly, Harding and Percival 2002	A\$1999 average superannuation account balance of pre retired population aged 55-64 years in 2030	<i>Average</i> A\$232,700		<i>Average</i> A\$131,900	

Note: *One outcome was estimated for men in this study.

Sources: (Brown 1994:table 3; King 2001:figure 2; Tinnion & Rothman 1999:table1, column c; Donath 1998:figures 7 and 11, 0.05 percent returns and retirement at 65 years ; Preston & Austen 2001:table 4; Kelly, Harding & Percival 2002b:appendix c)

In comparison with the range of models demonstrating the outcomes that might be expected from compulsory superannuation, the potential gender implications of participation in the third pillar of Australia's retirement income framework, namely voluntary savings, have received relatively less attention. They are rarely included in projected accumulations (with the exception of Kelly, Harding & Percival 2002b). However, using 1995/96 anonymous unit record files from the Australian Tax Office, Tinnion (1998) provides wide-ranging information on voluntary superannuation contributions, by gender, age and income bracket. She finds that approximately 64 per cent of all tax filers received superannuation contributions from employers. Of

these, about 46 per cent made additional contributions on their own behalf. Women comprise 37 per cent of tax filers making additional contributions and, on average, made voluntary contributions of A\$1,246 for the year compared with men's average of A\$1,909⁶.

One interesting feature of Tinnion's analysis relates to self-employed tax filers. Less than a quarter of tax filers making self-employed contributions are women. However, their average contributions to superannuation are slightly higher than those of self-employed men. Self-employed women made average contributions of A\$4,851, compared with men's average contributions of A\$4,663. This varies across ages, with women aged under 18 and 65 and over contributing significantly less than men. The data are unrevealing on possible reasons for this observation, perhaps indicating that further research on the retirement strategies of the self employed could be a fruitful area of future research.

Information about other forms of voluntary saving is generally collected at a household level rather than an individual level, making gender comparisons difficult. In general terms, available data collections confirm the close linkage between income and savings assumed in the studies outlined above (Kelly, Harding & Percival 2001; Kelly & Toohey 2001; Loundes 1997; Harris, Loundes & Webster 1999). Loundes (1999) notes the relative lack of information on motivations for saving and the complexity that arises due to the possibility that several motivations can exist simultaneously within a household. Loundes's comment reflects the significance of two further areas of research relevant to women's retirement incomes: the importance of both motivations to save and the role played by household financial decision-making.

⁶ A more recent survey by the Australian Bureau of Statistics reports findings consistent with Tinnion's analysis. In 1998/99, 30.4 per cent of men and 21.4 per cent of women made personal superannuation contributions, with 23.1 per cent of men making contributions of A\$50 or more per week compared with 17.2 per cent of women

Australian Bureau of Statistics 2001c, *Superannuation Australia: Coverage and Financial Characteristics: April to June 2000, Catalogue 6360.0*, Australian Bureau of Statistics, Canberra..

3.3. *Motivations, attitudes and saving for retirement*

Issues of motivation and attitudes towards savings have a long history in economics (Wärneryd 1999). A second theme in the Australian literature on gender and retirement incomes suggests that motivational issues play a significant role in effective retirement planning (Onyx 1998). This appears to stem from three interconnected issues: the relevance of the term 'retirement' to women's working lives; traditional 'breadwinner' perceptions of responsibility regarding retirement income provision; and gender differences in the availability and use of retirement planning resources.

Difficulties with applying the concept of retirement to women's lives have been found in both large scale survey research and qualitative interview data (Onyx & Benton 1996; Rosenman & Winocur 1988; Encel & Studencki 1996; Woolcott 1998; Simmons & Betschild 2001). It is also an impediment to the construction of research models attempting to examine women's workforce entry and exit (Chalmers & Norris 2001). Many women do not draw clear distinctions between their roles in unpaid and paid work. Rather, women view both their unpaid and paid roles as 'work' and while there is a recognition that the balance between the two roles may alter over time, they do not consider that there will be a time when they cease 'working'. The perception that work does not cease at some point in the life-cycle appears to discourage active consideration of retirement (Onyx & Benton 1996). In the context of differing work experiences, it is been argued that the concept of retirement is not gender neutral (Onyx & Benton 1996).

Onyx (1998) argues that due to the difficulty of applying the term 'retirement' to their working profiles, women are less likely than men to be motivated to actively plan for retirement. The results of a survey commissioned by the Financial Planning Association of Australia are consistent with Onyx's findings. Their 2002 report finds that women are less likely than men to have superannuation coverage and that among those without coverage, significantly fewer women than men plan to obtain superannuation coverage in the future. Among those aged 18-24 years, 25 per cent of women, compared with 76 per cent of men report they are planning to get

superannuation coverage. For those aged 25-49, responses indicated that 17 per cent of women and 40 per cent of men plan to get coverage (Roy Morgan Research 2002).

Secondly, it appears that traditional breadwinner approaches to income earning and retirement planning may be significant factors determining retirement savings patterns. Women are more likely than men to identify retirement income planning or superannuation contributions as their partner's responsibility (Rosenman 1999; Australian Bureau of Statistics 2001c). This view appears to translate into an expectation that women's retirement incomes will be sourced through either private transfers from a partner or public transfers in the form of a government pension (Onyx 1998; Rosenman 1999). Despite subsequent increases in superannuation coverage through the SGC this is a relatively prevalent expectation, particularly among those employed part-time (both men and women) (Onyx 1998; Chalmers & Norris 2001; Rosenman 1999; Australian Bureau of Statistics 1998b).

Finally, compared with men, there are indications that women's retirement savings decisions reflect a different availability and use of resources relating to retirement planning. Women are more likely than men to state that they have not received any information on retirement planning and this is particularly the case among those working part-time (Onyx & Benton 1996). Men are more likely than women to value access to written and web-based information and it is possible that this is linked to occupational characteristics that give greater access to resources such as computers. Women are more likely to value access to information through seminars and to consult with colleagues, family and friends. While women are more likely than men to consult with a financial planner or an accountant, they are less likely than men to rate this as their most important source of information (Clark-Murphy & Gerrans 2001).

Among the Australian adult population, knowledge about superannuation and account balances appears limited (Kelly, Harding & Percival 2002a; Australian Bureau of Statistics 2001a). However, within this context, women appear to have even lower levels of knowledge than men. Chalmers and Norris (2001) find that 26 per cent of men and 33 per cent of women can not put a value on their expected income in retirement from a private pension source and 14 per cent of men and 25

per cent of women can not estimate the value of other assets they may have in retirement. Onyx (1998) finds that most men and women cannot estimate the level of superannuation required to provide a liveable income or estimate the expected lump sum benefit of their superannuation. Knowledge of these issues is lower among women compared with men and those employed part-time (both men and women) (Onyx 1998). Women are more likely than men to categorise their level of knowledge of superannuation as “none” or “little”, compared with men who are more likely to describe their knowledge as “average” or “good” (Clark-Murphy & Gerrans 2001). These findings appear consistent with the view that there is a need for education programs which create a savings culture in the community generally and among women specifically (Olsberg 2001; Bentley 2001).

3.4. *Institutions and retirement planning*

In addition to income levels and motivations, institutions play a role in women’s access to retirement savings and incomes. Literature relevant to retirement savings and institutions such as households, insurance offices and superannuation fund trustee boards form a third major theme in the Australian literature.

3.4.1. Households

Households play a major role in resource allocation. Low income earners do not necessarily live in households at the bottom of the income distribution and may benefit from access to pooled household resources. Many low-wage earners are married women whose earnings contribute less than half of the family income (Richardson 1999a). However, retirement planning involves long term decisions and the traditional view that women’s retirement incomes will be provided through shared household resources is being challenged by rising divorce rates. Approximately 40 per cent of marriages contracted in the 1970s and 1980s are expected to end in divorce and approximately 12 per cent of women currently receiving the Age Pension are divorced. This percentage is expected to increase in future years (Maloney et al. 2000).

Women who divorce move down the income distribution profile (Richardson 1999a). Low wealth indicators are higher for divorced women Age Pensioners than for those who are widowed, never married or in a married/de facto relationship and older women are more likely to experience financial disadvantage upon divorce than older men (Whiteford & Bond 1998). While this has been addressed to some extent by recent legislation allowing for superannuation splitting upon divorce and through increased workforce participation, the expected benefits of these measures may be limited. Obviously, women who have already divorced do not have the benefit of this legislation. For those facing divorce in the future, it is argued that women's unpaid work contributions tend to be undervalued during divorce proceedings and broken employment patterns reduce future earnings through workforce participation (Sandor 2001). Further, while these developments are expected to improve the retirement incomes of divorced women, it is expected that they will continue to experience relatively unfavourable financial outcomes (Maloney et al. 2000).

Income splitting arrangements for superannuation contributions, introduced in July 2003, are based on the premise that household incomes can be used to contribute to the savings of either individual in a couple (Australian Government Treasury 2002). The success of policy measures, based on intrahousehold income transfers, will be partially dependent on the extent to which such transfers are made for the purpose of retirement savings, as well as the costs associated with operating separate accounts. When available, data on these new arrangements may provide additional insights into the operation of intrahousehold income allocations to women's savings.

While household decisions to *save* for retirement have not been studied in depth, the importance of joint decisions in relation to other retirement related issues is recognised. Apart from poor health, the main reasons that women retire are closely related to the needs of others in their household or family, including the decision of a spouse to retire, or to spend more time with family or care for family members (Woolcott 1998; Australian Bureau of Statistics 1998b). Among a survey of retired couples, 77 per cent of men and 67 per cent of women indicated making joint retirement decisions (Woolcott 1998) and some decisions, particularly those related to residential location are influenced by family members outside the household, such as adult children (Woolcott 1998).

3.4.2. Insurance Offices – Investment advice and products

It has been argued that aversion to risk results in relatively low returns to investments for women. This is discussed in the following chapter. However, there is significant discussion whether lower returns are the result of different preferences or the way in which investment advice is offered to women in comparison with men (Clark-Murphy & Gerrans 2002). Clark-Murphy and Gerrans suggest that gender differences are less significant when knowledge of investments is taken into account. They suggest that women are particularly thorough in their processing of information relating to investment and that there are potential gains in ensuring that more comprehensive information is readily available (Clark-Murphy & Gerrans 2002).

Life offices offer different products to men and women. As women have higher average life expectancies than men, they can be charged higher costs than men for annuities. If instead, annuity calculations are based on average life expectancies for men and women, then annuities for women become more cost attractive while annuities for men become more expensive. This reflects the fact that life expectancies differ from the actual longevity experienced by each individual and the cost of annuities reflects cross subsidisation by those with different life spans. (Clare 1994b; National Superannuation Committee of Inquiry 1976; Spratlin & Holden 2000). In Australia, different annuity costs for men and women are legal because they are based on the average life expectancy of women and men as groups, not individuals. In the United States and the European Union there have been moves against pensions schemes which differentiate between men and women in the payment of annuities, encouraging cross subsidisation occurs across the total population (Clare 1994a; Spratlin & Holden 2000). It has been argued unequal life expectancies are associated with characteristics of people other than gender, such as occupation and ethnic background (National Superannuation Committee of Inquiry 1976) and that there are no inherent justifications for differential annuities (Walpole 1994).

The expectation that women will rely upon transfers from their partner as a source of retirement income is implicitly based on the assumption that they will be living with

their partner in retirement. This form of retirement planning requires a recognition that “there is currently no actual or implicit expectation that a partner with superannuation will make financial provision for a non-superannuated surviving spouse” (Rosenman 1999). Rosenman notes that while 53 per cent of women respondents to a survey said that they expected to manage financially on a partner’s superannuation if he died, only 15 per cent reported receiving any of their partner’s superannuation upon being widowed or divorced. The relatively neglect of reversionary benefits as a retirement planning issue increases the income risk associated with widowhood (Spratlin & Holden 2000).

3.4.3. Superannuation Fund Administration

The long term nature of saving for retirement and accumulating superannuation balances means that previous discriminatory practices in the workforce will have implications into the future. This is demonstrated by a study analysing access to superannuation fund membership in the Education Department in South Australia (Patrickson, Harmann & McCarron 1994). In this case, women employed full-time were not permitted to have fund membership until the principle of equal pay was introduced in 1966, while those employed part-time did not have the option of becoming fund members until 1989. When voluntary separation packages were offered to Department employees in the 1990s, women’s choices were limited because of their lack of superannuation accumulations to finance early retirement. This case study provides insights into the long term effects of policies regarding retirement income provision.

Olsberg (1994) argues that greater recognition of women’s superannuation requirements would occur if women achieved greater representation as superannuation trustees. She provides a summary of the characteristics she believes women would bring to various areas of management, including team building skills, resourcefulness and cautious approaches to risk taking. Olsberg argues that increasing women’s representation on boards would bring a greater diversity of experiences and expertise to draw upon in the decision-making process, including a greater commitment to the situation of casual workers and a long term view on fund performance and membership (Olsberg 1994).

3.5. Summary

While, superficially, compulsory superannuation appears to operate in a similar manner for both men and women, existing literature demonstrates that the employment nexus on which it is based means that it operates to provide the least benefits to those sectors of the workforce in which women are concentrated. In particular, existing research suggests that there are close linkages between income and savings, and a resulting expectation that low income earners, particularly women, will largely remain dependent on government or intrahousehold transfers for their retirement incomes.

Available Australian research also suggests that current behavioural and institutional factors appear to exacerbate the nexus between patterns of workforce participation and retirement incomes. The literature suggests that many women do not apply the term retirement to their working lives and their access to and use of retirement planning information appears to be relatively limited. In addition, women's longer life expectancies and the associated significance of gender based annuity costs and reversionary benefits also appear relatively neglected issues among both Australian women and the superannuation and life insurance industry.

4. International studies of women's retirement incomes

4.1. Introduction

The goal of this chapter is to place the previous outline of Australian policy and research within the context of international literature that examines women's retirement incomes. While the detail of various international jurisdictions' retirement incomes framework differs considerably, there has been a general pattern of change towards policies favouring individual, capital accumulation, defined contribution retirement savings accounts. At the same time, there has been a structural shift away from public schemes financed from current revenue. The application of revised philosophies and regulations underpinning the provision of retirement incomes has generated a growing body of literature examining the gender implications of structural change in the provision of retirement incomes.

Given the size and diversity of the international literature, this chapter considers a specific subset of research relevant to retirement incomes. Firstly, it focuses on economic research that specifically recognises gender as a relevant issue. Secondly, it is restricted to literature that is available in English, either as full text or in a summarised form (particularly abstracts). Thirdly, it is based on research that is published in peer-reviewed or professional journals. Discussion papers from research institutions have been included where these add to the material available through journal publications.

Finally, while acknowledging the importance of early research on women's retirement incomes, this chapter is limited largely to literature produced since 1990. In his detailed 1990 survey of research on the elderly, Hurd notes that "the great majority of research on retirement has been the retirement of single men and husbands" (Hurd 1990:589-590) and that, at the time of his study, the relevance of the existing research to women, particularly married women, was limited. Despite this, there is a limited body of literature dating prior to 1990 that recognises the significance of retirement income structures for women's economic well-being in

later life. This is reviewed by Meyer, who identifies three structural features of retirement incomes systems in the United States and Britain that contribute to women's relatively disadvantaged position in retirement: (a) the linking of retirement incomes to waged labour; (b) the lack of recognition given to non-waged labour and; (c) an assumption that household structure or marital status is permanent rather than transient (Meyer 1990). The effects relating marital status and ill health to women's economic outcomes in retirement is recognised in literature prior to 1990 (Burkhauser, Holden & Feaster 1988; Hurd & Wise 1989). However, since 1990 the body of literature examining women's retirement incomes has grown considerably. This literature confirms and extends previous findings, while at the same time considering issues relevant to regulatory frameworks that increasingly favour private pension provision.

The literature that comprises this review can be classified roughly as falling into three main themes and these are used to structure the discussion contained in this chapter. The first section reviews structural or gender analyses of retirement income systems. A second theme in the literature is the examination of specific features of the life-cycle hypothesis and its application to men's and women's patterns of income earning, consumption and saving. Decisions regarding the timing of retirement from the workforce and the risk profiles of men's and women's investment portfolios' are specific elements of the life-cycle hypothesis that have attracted attention from researchers. A related issue is the use of unisex mortality tables in the calculation of annuities. A third theme is the examination of the role of households in determining women's patterns of workforce participation and their savings decisions. This comparatively small body of literature focuses on decision-making processes that appear particularly relevant to women's saving and retirement decisions.

Throughout this review the focus is on the broad themes of the findings of research relevant to women and retirement incomes rather than the detailed specification of each jurisdiction's retirement income framework. Relatively comprehensive descriptions of the regulatory frameworks most commonly discussed in this review are available for Britain (Ginn & Arber 2000), Canada (Townson 2000), New Zealand (St John & Willmore 2001) and the United States (Sandell & Iams 1997 on

social security; Springtsead & Wilson 2000 on voluntary accounts; Heavey 2004 for a comparison of the Australian and United States).

4.2. Structural Analyses of Retirement Income Frameworks

The majority of studies that focus specifically on the issue of women's retirement savings analyse the implications of women's patterns of workforce participation for accumulating adequate savings within the context of specific regulatory systems. While none of the articles specifically refer to Himmelweit's call for gender impact assessments of public policy, the approach taken in most of these studies shares her approach of examining the effects of paid and unpaid work patterns on women's life time incomes (Himmelweit 2002). While this review focuses on English-speaking countries, it should be noted that a comparison of several European jurisdictions finds that poverty for single older women is most adequately addressed by universally available, minimum pensions set at a rate above the poverty level (Siegenthaler 1996).

4.2.1. United States

In terms of volume, studies from the United States dominate English language literature on women's retirement incomes. This situation seems to result from both the relatively large number of US researchers working on this issue and the existence of several large databases that facilitate the analysis of work, life events and retirement⁷.

Large data sets have facilitated the development of research questions and methods that contrast with several of the Australian studies outlined in the previous chapter (although the methods used by Smith, Toder & Iams 2003/2004; Butrica & Iams 2000 have some similarities). In particular, connections between specific workforce characteristics and retirement outcomes are more commonly established through

⁷ Relevant data sets discussed in this chapter include: National Longitudinal Survey of Mature Women (NLSMW); Panel Study of Income Dynamics (PSID); Newly Entitled Beneficiary Survey (NBS); and the Health and Retirement Survey (HRS).

correlations using longitudinal data, rather than assumed as a basis for modelling. Despite these contrasts in method, the conclusions reached by researchers in the United States are similar to those noted in the Australian literature. For example, small scale survey data show that those with high incomes are more likely to have employer sponsored retirement plans (Cramer 2002), while larger survey data show that a gender gap in private pension coverage is attributable to gender differences in workforce participation, wages, industry and years of workforce experience (Johnson, Sambamoorthi & Crystal 1999 ; Even & McPherson 1990; Levine, Mitchell & Phillips 1999; Even & McPherson 1994). While some convergence in men's and women's pension coverage is predicted, due both to declining coverage among men and increasing coverage for women, a convergence of benefit levels is only predicted if both women's rates of pay also converge with those of men's. Thus it is predicted that, despite increased coverage, retirement policies based on private capital accumulation schemes will continue to adversely affect women in low paying jobs (Gregoire, Kilty & Richardson 2002; Johnson, Sambamoorthi & Crystal 1999).

The existence of longitudinal data also allows examination of specific questions that are not readily accommodated by existing Australian data. For example, research indicates that specific events such as divorce, widowhood and ill health are potentially important causes of women's poverty in later life (see for example Zick 1991; Moon & Juster 1995; Holden 1989; Burkhauser, Butler & Holden 1991; Bound et al. 1991; for a later study see Shaw & Yi 1997). However, Choudhury and Leonesio emphasise the difficulties of attempts "to disentangle the effects of later-life events from earlier-life experiences on older women's poverty" (Choudhury & Leonesio 1997:20). They find that poverty is more likely to result from the long term effects of low socio-economic status throughout the life-cycle rather than from specific events that occur later in life. Those who are relatively poor in their younger years will be vulnerable to poverty in older age (Choudhury & Leonesio 1997; see also Perkins 1993a).

Patterns of marital status throughout all stages of the life course are also identified as closely linked to women's economic position in retirement. Under the United States' social security provisions, marital history is significant for women's retirement incomes because it governs access to "auxiliary" retired worker benefits. "Auxiliary"

benefits are those paid to the spouse, or ex-spouse, of a fully insured worker, so long as the marriage to that worker lasted at least 10 years. Women who have not accumulated sufficiently long periods of workforce participation to gain social security insurance entitlements in their own right may therefore be entitled to an auxiliary payment based on their spouse's workforce and insurance scheme participation (Butrica & Iams 2000; Sandell & Iams 1997). The United States' social security system contains a number of incentives and disincentives for women to achieve entitlement to a benefit in their own right. Some women who are eligible to receive an entitlement in their own right will receive higher benefits by claiming benefits on the basis of being a spouse. As a result, it is predicted that women's rising workforce participation will have only minor effects on their social security benefits in retirement (Levine, Mitchell & Phillips 2000) and women who have been married for less than ten years will be the most vulnerable to poverty in old age (Butrica & Iams 2000).

In addition to marital status, other predictors of financial stress among women in retirement include race, education, occupation and involuntary retirement. However, Logue concludes that "...the reliance of even the most committed women workers on the resources of their spouses suggests the precariousness of their economic situation: They may be one husband away from poverty" (Logue 1991:663). Further, women in life-long marriages over-predict the likelihood of joint survival and this might contribute to the relatively low economic status of widows (Holden & Kuo 1996:389; Goetting et al. 1995). The importance of considering marital status and household characteristics in addition to patterns of workforce participation is emphasised in research demonstrating that household and workforce characteristics not only affect the level of women's retirement incomes but the composition of those incomes (Korkda & Cramer 1996; De Viney & Solomon 1995).

In contrast with most other jurisdictions, several US studies analyse correlations between race and retirement incomes. Logue identifies race as a significant predictor of financial stress in old age, while Holden and Kuo find that assets levels are lower among black women, who are also more likely to be divorced or widowed and spend more time unmarried (Holden & Kuo 1996; Logue 1991; Goetting et al. 1995). In contrast, Perkins concludes that working-class women are vulnerable to poor

retirement outcomes regardless of race. She finds adverse retirement outcomes are associated with the gendered segmentation of the labour market, involuntary retirement and lack of pre retirement planning, rather than race (Perkins 1993b).

Some specific studies use longitudinal data to examine the effect of changing regulatory structures and find that the sources of risk of poverty in old age differ for different cohorts. For example, retirement incomes for middle aged and older women are restricted because of employment related provisions that prevented membership of “the prevailing private pension systems built on the defined benefit plan”. In contrast, younger women are increasingly able to access some form of pension savings scheme. However, these are likely to be defined contribution plans which “carry the long term threat of under-saving for retirement in the twentyfirst [sic] century when public retirement income sources are also vulnerable” (Farkas & O’Rand 1998:1027).

Springstead and Wilson examine the likelihood that additional forms of voluntary retirement savings plans would increase coverage and benefit levels. They find an existing pattern of relatively high voluntary retirement saving among male, white or non-black minority, full time workers who earn relatively high incomes. As a consequence, they predict that the success of any further voluntary schemes would depend on specific institutional features such as financial incentives and education of potential participants (Springstead & Wilson 2000).

4.2.2. Britain, Canada and New Zealand

Policy changes encouraging private, capital accumulation pensions have been found disadvantageous to women in Britain (Ginn & Arber 2000; Ginn & Arber 1999; Davies, Joshi & Peronaci 2000; Ginn & Arber 1993), Canada (Condon 2001; Morissette & Drolet 2001) and New Zealand (Gee et al. 2002). At a general level, these studies confirm the general themes of research undertaken in the United States and Australia. That is, women’s lower lifetime incomes, deriving from broken patterns of paid work, lower incomes, lower returns to education and/or occupational and industrial segregation, serve to reduce their potential retirement incomes.

Within these broad findings, specific studies address issues relevant to the regulatory frameworks of particular jurisdictions. In Canada, Morissette and Drolet find that young men's participation in employment based pension schemes fell significantly and young women's coverage fell slightly between the mid 1980s and mid 1990s. This is attributed to declines in union membership and employment shifts to industries with low levels of employment-related benefits. They find that contributions made by young men in the bottom quintile of the earnings distribution are minimal and that "increases in future retirement income may be marginal or non-existent for this group" (Morissette & Drolet 2001:118). In another Canadian study, defined benefit schemes are identified as being potentially more beneficial to women. Due to women's longer life expectancy, defined benefit plans improve their potential life time incomes. However, this measure alone is unlikely to close a gender gap in retirement incomes (Pesando, Gunderson & McLaren 1991).

Women's employment patterns have also been linked with their relatively low access to private or occupational pension schemes in Britain (Ginn & Arber 2000:226). Further, the risks associated with the increasingly private provision of retirement income schemes are increased through the disproportionate costs imposed by flat rate charges on accounts. As a result, Ginn and Arber conclude that pension reform in Britain is unlikely to reduce poverty in old age but may result in a redistribution of income to those who are relatively well off. Women who divorce are also expected to fare relatively poorly under private capital accumulation schemes and, despite changing patterns of workforce participation, "motherhood jeopardizes financial security in old age" (Davies, Joshi & Peronaci 2000:293; Joshi & Davies 1991). Further, inappropriate advice and choices of pension schemes may see some low income workers become relatively worse off in retirement as involvement in defined contribution, capital accumulation schemes replaces entitlement to social security benefits (Walker, Hardman & Hutton 1989).

4.2.3. Developing economies: Comparisons of old and new retirement income systems

Much of the literature focusing on the structural shift from the public provision of pensions to private pension funds argues that women will be increasingly

disadvantaged in their ability to accumulate adequate retirement incomes. However, literature examining pension reform in Argentina, Chile and Mexico demonstrates that such assessments can only be made in the context of specific regulatory frameworks governing retirement incomes.

1981 reforms to Chile's pension system addressed features of the previous pay-as-go system that disadvantaged those with broken patterns of workforce participation. For example, under the previous system of publicly provided pensions, workers who contributed for less than 10 years received no pension, as the system was designed to reward long term participation in the formal labour market. In contrast, the new system allows pensions to be received by any contributor (Edwards 2002:322). Thus some researchers conclude that moves toward private pension plans have improved women's participation and provide a strong contrast with the gender gap evident in developed economies (Barrientos 1998). A similar conclusion is in a comparative study of pension reform in Argentina, Chile and Mexico (James, Edwards & Wong 2003).

The experience of Poland provides an example of major changes in economic policy having little effect on the gender gap in wages and retirement incomes. While public policy prior to the defeat of the Communist Party in 1989 contrasts significantly with the market based policies of the past two decades, the gender gap in both wages and retirement incomes has proven resilient to change (Koh et al. 2001). Again, this stresses the possibility that findings with respect to retirement incomes will reflect the particular institutional features of specific jurisdictions.

4.3. Gender, risk and investment portfolios

As noted above, within the restructuring of various retirement income frameworks, defined contribution pension schemes have become increasingly common. The pension benefits paid from defined contribution schemes are partly determined by a member's level of contributions and partly by the investment returns earned on contributions. That is, benefits will vary according to the investment returns earned on accumulated funds. A similar process applies to most forms of private saving or asset accumulation. This means that the success of privately saving for retirement

will, in part, be more or less successful depending on the interest or returns earned on those savings. In contrast with defined benefit schemes and publicly funded pensions, defined contribution and voluntary methods of saving for retirement imply a greater role for individual investment decisions. In the case of defined contribution schemes this choice may be selection from a relatively limited range of investment portfolios determined by a scheme's administrators. For private savings investment choice can potentially range across diverse assets from housing and collectibles to direct investment in shares or interest bearing accounts.

During the 1990s, particularly in the United States, researchers increasingly questioned whether men and women demonstrate systematic differences in their attitudes to investment risk. In terms of retirement incomes this is significant because neoclassical economic theory predicts that investments with higher risks achieve above average returns. If women systematically invest in low risk, and therefore low return, forms of investment, then lower retirement incomes will result not only from women's workforce participation patterns and level of income but also from low investment earnings.

Much of this research is linked to analyses showing women are over-represented as holders of relatively low risk forms of investment (Bajtelsmit & VanDerhei 1997; Hinze, McCarthy & Turner 1997). Although Papke found "no difference in investment patterns by gender" (Papke 1998:215) the suggestion that there may be systematic differences in attitudes toward investment risk has prompted a number of researchers to investigate questions relevant to gender, risk and investment.

Sundén and Surette find that women who are members of defined contribution pension schemes are more likely than men to invest in the relatively lower risk categories of "mostly bonds" or "diversified portfolios" rather than in the riskier category of "mostly stocks". However, when they examine these portfolio choices within the context of marital status and households' total investment portfolio they conclude that investment is driven by a combination of gender and marital status and that findings related to gender alone are likely to lead to incorrect conclusions. While they caution that their results can not describe the causal direction of the identified correlations, their study suggests that portfolio investment decisions are influenced

by household characteristics in combination with possible gender differences (Sundén & Surette 1998:209).

Jianakoplos and Bernasek argue it is relevant to question whether relative risk aversion differs by gender. They find, firstly, that relative risk aversion decreases as wealth increases. Secondly, as wealth increases they find that relative risk aversion does not decrease as much for women compared with men, implying that women are relatively more risk averse (Jianakoplos & Bernasek 1998:630). In a second study, alternative estimates of relative risk aversion based on the allocation of wealth into defined contribution pension funds also found that women were relatively more risk averse. A choice of access to alternative types of pension schemes was found to increase men's relative allocations to relatively riskier defined contribution but decrease women's (Bajtelsmit, Bernasek & Jianakoplos 1999).

Despite the consistent findings of the two studies (Bajtelsmit, Bernasek & Jianakoplos 1999; Jianakoplos & Bernasek 1998), questions remain about the potential role of household composition and joint decision-making between spouses in determining investment decisions. In each of these studies relative risk aversion increased with the number of children in the household, particularly among single women. Further, given the difficulties the researchers encountered in identifying the gender of a decision-maker in married couple households, the 1998 analysis is restricted to comparing single men and women. This makes it difficult to generalise findings by gender, as household characteristics may also be playing a role.

The inability of these studies to address questions about decisions in households of more than one person provides the impetus for studies that particularly focus on marriage and investment decisions. A key limitation for studies considering the role of marriage is a lack of appropriate data. In order to address this, Bernasek and Schwiff conducted a highly detailed, survey of investment decisions by 270 faculty members at five universities in Colorado in the United States. The survey contained questions relevant to the respondent's attitudes toward risk, their perception of their partner's attitude toward risk and which family member was the primary investment decision-maker. This study differs from those that focused on risk aversion to the

extent that it does not attempt to calculate coefficients of risk aversion for men and women. Rather, it examines relationships between respondents' willingness to take risk, their perceptions of their partners' willingness to take risk and their investment decisions. In terms of gender differences in investment decisions, the key findings relate to respondents' perceptions of their partners willingness to take risks and respondents' own investment decisions. Men's responses indicate that their willingness to choose relatively high risk is higher if their partners are willing to choose relatively high risk assets. In contrast, women who have partners willing to take relatively high levels of risk tend to invest in less risky assets. That is, the "results show that married and cohabitating women and men react in opposite ways to the attitudes toward risk of their spouse or partner" (Bernasek & Schwiff 2001:355). These results have some similarity with those reported by Jianakoplos, Bajtelsmit and Bernasek (2003) who find that "if one spouse makes the risky allocation, the other spouse is likely to do the same" (Jianakoplos, Bajtelsmit & Bernasek 2003:54), although in this case gender differences are not identified. The results support the hypothesis that "the institution of marriage affects decision-making in a way that causes married people to make different pension investment allocation decisions than single people" (Jianakoplos, Bajtelsmit & Bernasek 2003:55).

To date, research on the specific question of gender and risk tends to suggest that women's investment decisions reflect a preference for relatively low risk portfolios. However, while not specifically addressing the issue of retirement incomes, Powell and Ansic conclude that the "extent to which gender differences represent evidence of general traits rather than contextual responses to social and environmental factors is still unresolved" (Powell & Ansic 1997:607). Findings of links between gender and risk are also tempered by research indicating marriage alters the decision-making process in ways that remain relatively unspecified. The question of accommodating the role of households in key decisions relevant to retirement decisions has been an ongoing theme in a small body of recent research and is discussed in section 4.6.

Research specifically questioning the influence of institutions other than households on women's retirement investment decisions is relatively rare. However, as discussed in the previous chapter, Australian research suggests that gender is correlated with

access to different forms of investment advice and information (Clark-Murphy & Gerrans 2001; Clark-Murphy & Gerrans 2002). While gender is not a central issue of their analysis, Gustman and Stienmeier suggest that access to information by different population groups is also relevant in the United States (Gustman & Steinmeier 2001). Duflo and Saez also suggest that peer groups at the place of employment influence decisions about participating in retirement savings plans and portfolio selection (Duflo & Saez 2002).

4.4. *Deciding when to retire*

Another specific research area that has attracted attention in the international literature is the question of the timing of retirement. This again, appears to stem from predictions of the life-cycle hypothesis. In simple terms, the life-cycle hypothesis of income and consumption presents the decision to retire as a trade off between the income that can be earned by continuing to work and the years of leisure that can be gained through leaving the workforce. These theoretical propositions are examined more fully in the following chapter. However, given the constraints of life expectancy and life time earnings and an individual's preference for periods of work and leisure, decisions can be made to accumulate savings that allow for expenditure to continue at a desired level beyond an optimal retirement date (Modigliani & Brumberg 1955; a simple example is given in Burtless 1999). Extending this relatively simple proposition, microeconomic models have been developed to demonstrate that a person will voluntarily decide to permanently retire from the workforce when they achieve a level of reservation wealth which makes them indifferent to either work or retirement. If actual wealth is less than reservation wealth then an individual will continue working, if actual wealth is greater than reservation wealth then an individual retires (see for example Hatcher 2002).

The theoretical propositions of the life-cycle hypothesis hold implications for interactions between retirement savings policy, the payment of social security benefits and labour supply (see for example Haveman et al. 2003 on the effects of early retired-worker benefits). For example, if policies increase the amount of wealth available to finance consumption in retirement this may reduce workforce participation among older workers. The increasing participation of women in the

paid workforce has prompted some researchers to examine questions specific to women's labour supply and their decisions to retire.

Reviewing a literature of 13 studies of women's retirement behaviour, Weaver finds that studies consistently find that married persons' retirement decisions are closely associated those of their spouse. That is, men and women are more likely to retire if their wife or husband is retired. In addition, unearned income is found to have less influence on the retirement decisions of married women compared with unmarried women. Perhaps unexpectedly, Weaver concludes that the presence of dependents and the health status of husbands exert little effect on women's retirement decisions, a conclusion that contrasts with later research (Weaver 1994:22; Richardson 1999b; Zimmerman et al. 2000). In common with research on gender and risk, analysis has been limited to some extent by the availability of appropriate data and Weaver's findings are tentative. However, the literature has been another impetus to the development of research projects focusing on the decision-making processes within households, particularly those of married couples. The findings include suggestions that husbands decisions to retire may constrain their wives workforce participation decisions (Arber & Ginn 1995) or alternatively, that "wives may view shared time with the husband as adding to the quality of their own leisure time" (Hatcher 2002:182). Regardless of interpretation, it appears that the joint retirement decisions of married couples contain elements that are unexplained by financial incentives (Blau 1998; Gustman & Steinmeier 2002; Coile 2003). As Peinta and Hayward note, traditional models based on individual decision-making would probably be more accurate,

...if it were not for the fact that most workers return home after work and plan for retirement with their spouse. Marriage provides a context in which the lives, decision and choices of married partners are intertwined. (Pienta & Hayward 2002:S200)

Reimers and Honig consider the combined questions of the timing of retirement and the effects of risk aversion in their study of men's and women's labour supply responses to specific aspects of the social security system in the United States. They conclude that although there is support for the existence of gender differences in risk

aversion, these are relatively unimportant to labour supply decisions because they are outweighed by the gender gap in life expectancy (Reimers & Honig 1996).

There is a limited amount of research that focuses on broader social institutions and choice regarding the timing of retirement. In the United States, Hardy finds that the same factors that work as workforce disadvantages among younger workers continue into retirement and attempts at workforce re-entry. Older women particularly appear to be unable to achieve or maintain their desired workforce status (Hardy 1991). In Britain, Ginn and Arber note that despite the increasing workforce participation by women in their 30s and 40s, large numbers of women leave the workforce when they are in their 50s. They find that strong perceptions about employer bias towards older women makes women more vulnerable to downsizing and prevents them from seeking market re-entry (Ginn & Arber 1996). These studies emphasise that examining the voluntary retirement decisions of both individual and households is unlikely to capture important institutional features of specific labour markets that influence the timing of retirement.

4.5. Life expectancy and unisex annuity plans

One reasonably discrete area of literature relevant to women's retirement incomes concerns a debate over the efficiency and equity of applying unisex life expectancy tables to annuity plans. This largely appears to have resulted from two United States' Supreme Court hearings in the 1970s and 1980s that addressed the question of whether it is equitable for pension funds to treat men and women differently on the basis of their different average life expectancies. While the nexus between workforce participation and pension benefits has been widely recognised as resulting in relatively lower benefits for women, the two Supreme Court cases generated some debate as to the meaning of equity in discussions of pension benefits.

Each of the Supreme Court cases covers different aspects of pension contributions and benefits⁸ and the resulting decisions mean that pension schemes offered as an

⁸ In the first case, *City of Los Angeles, Department of Water and Power, v. Marie Manhart (1978)* the court ruled that pension funds could not require different levels of contributions from men and women in order to pay them the same benefits on retirement. In the second case, *Arizona Governing*

employment benefit must be based on equivalent contributions for men and women and that life annuities must be calculated from unisex mortality tables (Gohmann & McClure 1990). Bruce notes that both of these cases concern pension plans that are part of an employment relationship. The concern of the Supreme Court was to ensure equity in the amount the employer paid to the employee, not to ensure equity in the lifetime value of that benefit to the employee (Bruce 1999:33). Since that time however, some state legislatures have expanded the application of unisex mortality tables and in the European Community they have been prohibited as a basis for calculating pension benefits (McCarthy & Turner 1993).

While the decisions about unisex mortality tables are based on notions of equity, economic analyses based on efficiency have predicted that some disadvantageous outcomes may result from the use of unisex mortality tables. Gohmann and McClure develop a life-cycle model showing that in response to the introduction of unisex mortality tables men will need to postpone their retirement, while women can bring their retirement forward in order to achieve the same outcomes available prior to unisex annuities. The estimated adjustments vary according to industry and occupation, depending on the concentration of women workers. For example, men are estimated to postpone their retirement by up to 27 days in occupational classifications such as clerical work to compensate for the introduction of unisex mortality tables, while women in that occupation could bring their retirement forward by ten days; in labouring occupations, men need only postpone their retirement for five days, while women could bring their retirement forward by 47 days (Gohmann & McClure 1990).

Again using a life-cycle framework, McCarthy and Turner argue that sex based risk classification results in less discrimination than can be expected to result from the use of unisex mortality tables. Simulating the outcomes from defined contribution pension schemes, they demonstrate the possible extent of transfers, or cross subsidization, from men contributors to women contributors. They also demonstrate that transfers are proportional to the value of each account. That is, men with larger

Committee for Tax Deferred Annuity and Deferred Compensation Plans v. Nathalie Norris (1983), it was ruled illegal to pay different levels of benefit to men and women who paid the same level of contributions.

account balances experience higher transfer costs while women with larger account balances experiences higher transfer benefits. They estimate that both men and women are advantaged by participating in plans that have a high proportion of contributors who are men. The authors comment that “it is doubtful whether a carefully considered program to transfer wealth from male to female retirees would have these characteristics” (McCarthy & Turner 1993:100). In an environment of greater choice of pension plan participation, Bruce argues that the higher costs to men or others with relatively lower life expectancies may discourage their participation and the cost of annuities may increase (Bruce 1999).

The issue of unisex pensions generated a significant literature in the years preceding and closely following the relevant US Supreme Court decisions, (Lautzenhesier 1979; King 1976; Kulash 1983; Chamberlin 1983; Rea 1987; Keyfitz 1981). However, a search of the EconLit database suggests that it has not been an ongoing issue of analysis in the United States The search term “unisex pension” retrieves one article, that by Gohmann and McClure (1990). Similar searches, for example: “sex or gender and pension”; “discrimination and pension and unisex”, fail to retrieve more recent literature on this specific issue in the United States. A study of pension reform in the former Soviet Union, moreover, finds that a change to unisex annuity benefits will have some benefits for women but that this will not outweigh the lower pensions they receive as a result of their fewer years of workforce participation (Castel & Fox 1999).

Much of the debate about unisex pension plans hinges on the definitions and criteria used to assess discrimination and equity. However, empirical analysis of the whether the predicted outcomes of unisex mortality tables, particularly responses relevant to men’s and women’s retirement ages and their participation decisions, appears to be unavailable.

4.6. *Retirement decisions and household decision-making*

One of the challenges facing studies of women’s retirement savings and incomes is the specification of a relevant decision-making unit for analysis. As Lundberg, Startz

and Stillman note, “the conventional approach to decision-making about retirement and savings is to assume that the household consists of a single individual” (Lundberg, Startz & Stillman 2003:1202). In the case of single person households this is a relatively straightforward approach and, as noted above, some analyses focus on single person households for this reason. However, the study of women’s retirement incomes demonstrates clearly that many decisions are made in the context of households of more than one person and even in a single person household, previous marital history can affect retirement decisions and income (Logue 1991; Holden & Kuo 1996; Butrica & Iams 2000).

The likelihood that decisions relevant to retirement are partially the result of a joint decision-making process is difficult to accommodate in economic models based on individual decision-making. It is also difficult to model the possibility that decisions made by an individual will not necessarily reflect the interests or preferences of all household members. In response to these difficulties a variety of approaches have been adopted in economic research. Perhaps the most widely applied approach is that of a household utility function based on the existence of a decision-maker with an altruistic approach to the wishes of others in the household (Becker 1976; Becker 1981). However, it has been noted that this model ultimately relies on an individual decision-maker with the capacity to have the final say on household decisions (Becker 1977; Ben-Porath 1982; Hirshleifer 1977) and is therefore unitary in approach.

In contrast with the unitary approach to economic analysis, a literature is emerging that focuses specifically on women’s retirement incomes and the decision-making processes within households. This relatively small body of literature falls into two main categories. The first is comprised of attempts to formally specify the decision-making process through bargaining models that are then applied specifically to the issue of men’s and women’s retirement decisions. This literature generally involves the extension and application of specific issues raised in earlier household bargaining models and hypotheses that bargaining power derives from earning an individual income (Chiappori 1988; Chiappori 1992; McElroy & Horney 1981; Manser & Brown 1980; Lundberg & Pollack 1994). The second is comprised of empirical studies using survey data to examine household decisions.

Browning argues that household saving, including saving for retirement, is affected not only by the total income of a household but also by the ratio of a wife's income to her husbands. He refers to this as the "intrahousehold distribution of income" (Browning 1995:278). Browning identifies specific reasons for intrahousehold income distribution to affect household levels of consumption and saving:

- The distribution of saving is closely correlated with the workforce participation patterns of each partner. Expenditure patterns may be higher if both partners are in the workforce due to expenses associated with going to work. Alternatively, if one partner is unemployed, the household may dissave to maintain previous levels of consumption during the spell of unemployment.
- A precautionary motive to save may be lower in households that have two income earners because the risk of losing the household's source of income is distributed among two earners.
- Partners' level of workforce participation may be partly determined by their wish to save.
- Two partners have different preferences about how much they wish to save.
- Even if two partners have similar preferences for saving they may have conflicting perceptions about the probabilities of future uncertain events.
- Even with similar preferences and beliefs about uncertain events, there may still be disagreement about the appropriate level of saving because of men's and women's different life expectancies. Women's longer life expectancies mean that they have an incentive to save at a higher rate than men.
- The possibility of divorce may affect savings rates.

Browning notes that the effect that any of these factors will have on household saving is difficult to predict on an *a priori* basis and may depend on specific features of the institutional framework, particularly in the case of divorce. However, Browning uses Canadian data from the Family Expenditure Surveys of 1982, 1984, 1986 to analyse differences in the expenditures of married couples with different workforce participation patterns. Browning notes that his analysis is limited because of the "very small amount of theory that exists to guide the choice of variables"

(Browning 1995:288). In addition, the data do not allow him to discriminate between hypothesised predictions that may attach to causes of different household savings patterns and intrahousehold income distributions. Within these limitations, his analysis shows that the ratio of wife's income has no effect on household savings, or, if the analysis is controlled for income, that household saving is a decreasing function of wife's share of income. He notes that this is the opposite of what may be expected, given women's longer life expectancies. Browning has since extended the theoretical basis of his model and associated hypotheses for future empirical analysis (Browning 2000).

Lundberg and Watts comment on Browning's findings in a draft working paper produced in 2000 but not yet published (Lundberg & Ward-Batts 2000:13). They note that the wide age range used in Browning's analysis may contribute to his findings because women may only have a stronger preference to save when they are at a stage in their life-cycle relatively close to retirement. At earlier stages, wives may have a greater preference than husbands for expenditure on children's goods and their preferred savings rates may be relatively lower (Lundberg & Ward-Batts 2000:6). In their analysis, Lundberg and Ward-Batts focus on participants in the Health and Retirement Survey who are aged between 51 and 61. Their analysis suggests that additional years of education and being older relative to her husband gives wives additional influence over household decisions. Their findings on the influence of intrahousehold income distribution, however, are ambiguous.

Lundberg, Startz and Stillman also draw on the idea that two partners' relative contributions of a market income to a household may influence savings and consumption decisions. Again, wives are assumed to have a stronger incentive to save for the future because of their longer life expectancy. Given husbands' typically higher incomes prior to retirement, it is expected that their wishes will dominate savings and consumption decisions, so that savings occur at a level lower than that preferred by the wife. Following retirement, however, there is a shift in bargaining power and wives' preferences become more likely to be realised. Given wives' longer average life expectancy, they prefer lower levels of consumption from accumulated savings. On this basis the following hypothesis is formed: "We should see a consumption drop at retirement for married couple households, but not for

single households who, though they experiences a drop in income, can be expected to act in a way that is consistent with life-cycle utility maximization by the unitary consumer” (Lundberg, Startz & Stillman 2003:1200). It is also predicted that a drop in consumption should be greater for couples in which the husband is substantially older than his wife.

A three period model is constructed to compare the behaviour of married couples and single people. Data from the Panel Study of Income Dynamics are used to test relationships between marital status, sources of income and expenditure on food. Drops in consumption experienced in married couple households are consistently higher than those experienced in single person households, 9 per cent for married couples compared with little change for singles. In addition, decreases in consumption increase when the age difference between the husband and wife are greater. In contrast with Browning’s 1995 study, the results are consistent with models of marital bargaining in which wives prefer to save more than their husbands.

The relative influence of husband and wives on saving for old age has also been examined using panel data from a Dutch longitudinal study. Euwals, Eymann and Börsh-Supan conclude that households with husbands who consider retirement savings to be important have relatively high levels of wealth. They also find that wives’ influence over household saving and portfolio choice increases with their share in total household income (Euwals, Eymann & Börsh-Supan 2004). This appears to be consistent with models of marital bargaining in which the bargaining position of household members varies according to their share of market income. As is discussed in the following chapter, some of the theoretical bases and literature informing the hypotheses formed in this study differ from those used in the models developed in the bargaining models considered above. However, findings relevant to women’s income and their bargaining position within households again suggest that processes within households are relevant to women’s patterns of saving and their retirement incomes.

4.7. Summary

A policy shift towards retirement incomes systems based on the private accumulation of savings has been a common occurrence in a wide range of economies. Structural analyses in the United States, Britain, Canada and New Zealand demonstrate that, due to their patterns of work and unpaid responsibilities, women are unlikely to experience favourable outcomes from these schemes. However, a review of economic and pension reforms in a range of other jurisdictions warns against making universal statements about the public and private provision of retirement incomes. In some circumstances it is possible for pension reforms favouring private capital accumulation to represent an improvement for women's potential retirement incomes. The context of specific reforms is significant in assessing whether new retirement frameworks represent an improvement for women's retirement incomes.

Some of the international research on women's retirement incomes shows considerable variation compared with Australian research. Particularly in the United States, the existence of large, longitudinal data sets facilitates the examination of theoretical propositions to an extent not currently feasible in Australia. Particular theoretical propositions regarding the timing of retirement, portfolio composition and attitudes to risk are amenable to testing using such data. However, the outcomes of much of this research are ambiguous. While particular correlations, for example between gender and risk, have been identified, it appears that social institutions rather than optimal choices by an individual may be influencing the observed outcomes. This becomes most apparent when the role of households is considered as part of the decision-making process.

Thus, despite differences in research methods and available data, the conclusions that can be drawn from the international literature are broadly similar to those demonstrated in Australian studies. Firstly, significant features of private pensions in the retirement income frameworks of developed western economies appear unsuited to women's patterns of work, patterns of marital stability and their accumulation of resources for retirement. Secondly, that women's patterns of retirement planning, saving and investment are influenced by a range of important institutional features of

their economic context, including the decision-making processes that occur within households.

Within the international literature, the prospect of accommodating households' retirement decision-making processes in formal economic analysis is being specifically addressed through bargaining models and the use of survey data. While much existing research demonstrates the importance of households to women's saving and retirement decisions, this type of analysis remains at an early stage of development. The following chapter further examines the links between theory development and studies of women's savings and retirement incomes.

5. Theoretical frameworks applied in previous studies

5.1. *Introduction*

The previous two chapters reviewed the findings of international and Australian empirical studies of women's retirement savings and decisions. This chapter provides a discussion of the key theories and assumptions underlying those studies. In some of the studies previously discussed, the link between theory and specific research projects is clearly outlined and the advantages and disadvantages of particular approaches and research methods are well defined. In others, the theoretical bases are less well defined but significant nonetheless for the implications they hold; both for the way projects have been undertaken and the conclusions reached.

The theoretical bases of previous economic studies of women's retirement incomes can be grouped, loosely, into three categories: intertemporal choice models; gender analysis; and models of household decision-making. This chapter identifies the key insights facilitated by these theoretical approaches and some of their key methodological assumptions. The advantages and disadvantages of each approach are discussed in order to develop an understanding of key aspects of women's retirement savings decisions that remain under researched or neglected in existing literature. The conclusion reached is that additional insights into women's savings and retirement income strategies might be generated through the application of research methods that facilitate different insights from those already achieved.

5.2. *Risk aversion, asset choice and retirement decisions*

Of the three broad approaches applied to studies of women's retirement incomes, intertemporal choice occupies a disproportionate amount of the following discussion. This occurs for two reasons. Firstly, it is an extensive body of theory and, even though this discussion is a very brief account of its key features, a degree of detail is required to identify the relevant theoretical features that have been applied to previous studies. Secondly, studies which apply specific theoretical concepts, such as risk aversion and portfolio choice, rarely discuss the broader context of intertemporal

choice theory with which they are linked. However, it is the broader theoretical context that gives such specific concepts their relevance to retirement income studies. Further, the qualitative assumptions concerning economic behaviour and causal links that underpin an intertemporal choice approach to quantitative analysis are not explicit in much of the relevant literature (Strassman 1997; Chick & Dow 2001). One of the purposes of this discussion is to identify these assumptions and to consider their relevance to the subject of women's retirement savings and incomes. Thus, in the case of intertemporal choice theory, it is necessary to extend the discussion to a point where the theoretical context of specific concepts, such as risk aversion and portfolio choice, and their underlying assumptions, are clarified.

Many of the studies discussed in the previous chapter draw on links between wage income, savings and retirement income (Australian examples include Kelly, Harding & Percival 2002a; Brown 1994; Donath 1998; Preston & Austen 2001; Ross 1994). In some cases, the rationale for this link is provided by institutional features of the retirement income framework, particularly where, as is the case in Australia, compulsory retirement savings are expressed as a percentage of wage income. However, a further reason for focusing on the link between wage incomes and retirement savings lies in the dominance in economics of the life-cycle hypothesis as a theoretical approach for analysing consumption and savings decisions.

As noted in chapter four, gender analyses of portfolio composition and risk aversion have been used to provide a possible explanation of differences between men's and women's retirement incomes. The relevance of these theoretical concepts, particularly risk aversion, to studies of women's retirement incomes stems from the life-cycle approach to studying consumption and saving decisions. However, the links between specific concepts such as portfolio composition, risk aversion and the broader context life-cycle hypotheses are not always transparent in relevant empirical studies. In order to clarify the assumptions underlying analyses of risk aversion and portfolio choice, the following summary seeks to discuss these studies within the broad context of life-cycle models of savings. Following the presentation of some key features of the life-cycle models, the implications of particular methodological assumptions underlying this approach are considered.

5.2.1. Models of intertemporal choice

Life-cycle models attempt to explain the consumption and saving patterns of individuals over the entirety of their life-cycle, typically focusing on the lifetime spending patterns of individuals from the time they start earning an income in the labour market. Life-cycle models are generally acknowledged as deriving from Franco Modigliani's and Richard Brumberg's life-cycle hypothesis (Modigliani & Brumberg 1955) and Milton Friedman's permanent income hypothesis (Friedman 1957). However, it has since been shown that the original life-cycle and permanent income hypotheses are specific cases of later models of intertemporal choice (Deaton 1992).

Early life-cycle models incorporated strong assumptions about the nature of information that economic agents would possess, particularly with respect to future income and life expectancy. However, more recent models systematically incorporate features addressing uncertainty, expectations and the role of information. One intertemporal choice model incorporating these features is developed by Deaton (Deaton 1992:18). Using standard (neoclassical) assumptions such as rationality, decreasing marginal utility and individual decision-making, Deaton constructs a model that outlines the key features of neoclassical theories of intertemporal choice. The discussion below presents the basic utility functions, constraints specifications and results of Deaton's model. The model is fully specified and discussed in Deaton (1992).

In Deaton's model, the utility function, u , includes an individual's expectations at any given time, E , about the felicity, v , that will be derived in any particular period t , from consumption, c , given the information, I_t , they have at that time. This gives an expected utility function conditional on information:

$$u = E\left(\sum_t^T v_t(c_t) | I_t\right) \quad (1)$$

Expectations are important in this model because final choices about consumption and savings in future periods will not be made any earlier than is necessary; it is

possible that new information will become available which would influence the optimality of a decision. For example, an individual making decisions about savings may wish to gather information on interest rates and returns on other investments. This may be expressed in a more formal manner. At any given time, t , an individual will be faced with a range of possible ‘contextual states’, $s=1,2,\dots,S$. Viewed from time t , possible future states may each occur with probability p . Deaton notes that, with this in mind, expected utility may be written as:

$$u = \sum_{s=1}^S \sum_{\tau=1}^T p_s v_{\tau}(c_{t\tau}) \quad (2)$$

This construction of the utility function displays double additivity. That is, it adds both the expected utility from different states and different time periods. This format for the utility function has been included here as it emphasises specific aspects of models of intertemporal allocation that are discussed below.

An individual’s budget constraint is represented by accumulated assets and income which can be allocated between consumption and the further accumulation of assets. In the equations below, N_{it} represents expenditure on each of n assets, $i=1,2,\dots,n$. The budget constraint across time periods t and $t+1$ can be characterised as:

$$c_t + \sum_i N_{it} = y_t + A_t,$$

$$A_{t+1} = \sum_i (1 + r_{it+1}) N_{it} \quad (3)$$

Returning to equation (1), it is assumed for the purpose of Deaton’s analysis that current utility is the expected sum of current and future felicities, $V_t(A)$. This, of course, ignores other sources of utility but this section of Deaton’s model focuses attention on the level of assets that allows an individual to transfer resources between periods. Given the budget constraint above, equation (3), the value function for each successive period can be written as:

$$V_t(A_t) = \max_N [v(y_t + A_t - \sum N_i) + E_t V_{t+1}(\sum (1 + r_{it+1})N_i)] \quad (4)$$

The utility function and budget constraint focus analysis on the allocation of income and expectation of utility over two time periods. That is, marginal utility is being determined one period in advance rather than across a lifetime. Using these premises, Deaton (1992:24-26) derives three results relevant to the current discussion. Firstly, the first order maximisation conditions for each asset yields n equations:

$$v'_t(c_t) = E_t[(1 + r_{it+1})V'_{t+1}(A_{t+1})] \quad (5)$$

These equations indicate that marginal utility is maximised when the felicity of consumption in period t equals the marginal value of money in $t+1$. A second result is that the marginal utility of money and the marginal felicity of consumption are equal:

$$V'_t(A_t) = v'_t(c_t) \quad (6)$$

This means that marginal utility of money provides the common ‘price’ between utility and money that links consumption or accumulation of assets between periods. Thirdly, substituting (6) into (5) gives the following marginal utility of consumption, $\lambda_t(c_t)$:

$$\lambda_t(c_t) \equiv v'_t(c_t) = E_t((1 + r_{it+1})\lambda_{t+1}(c_{t+1})) \quad (7)$$

This means that if expectations in each period are fulfilled and yields and preferences are held constant, then (7) may be written as:

$$\lambda(c_t) = E_t\lambda(c_{t+1}) \quad (8)$$

This simple model illustrates the main insight of the life-cycle hypothesis: in order to maximise the utility derived from a given life-time income, a rational economic agent will apportion consumption through different life periods to achieve a constant level of marginal utility. This result leads to the main predictions of the life-cycle

hypothesis: that there will be some smoothing of consumption across an individual's life-cycle; consumption will not simply track income levels. This is assumed to occur because individuals will tend to save during periods of high income and dissave during periods of low income. Thus, given the ability to borrow and invest, anticipated changes in income should not affect an individual's current levels of consumption. Rather, it is maintaining maximum marginal utility across the life-cycle that will determine consumption, savings and borrowing patterns.

While there is considerable debate about the extent to which the life-cycle model is supported by empirical research, the key focus here is on those aspects that have been applied to studies of women's savings and retirement incomes: risk aversion and portfolio choice.

5.2.1.1. *Coefficient of relative risk aversion*

In Deaton's model, the discount factor, $(1+r_{t+1})^{-1}$ is effectively the price of tomorrow's consumption in today's terms. If interest rates in period $t+1$ rise, it means that consumption in $t+1$ will be cheaper, relative to consumption in period t , and a substitution effect may operate to transfer consumption to period $t+1$. At the same time however, it means that higher consumption will be possible in period $t+1$ without cutting consumption in period t . That is, there is an income effect. Given that the two effects alter consumption in opposite directions, the net effects on consumption in response to changes in interest rates cannot be determined theoretically. Instead, the response of consumption to changes in interest rates will be determined by the elasticity of the marginal utility of consumption. In formal terms this means that the magnitude of a change in consumption in any specific time period is determined by the negative reciprocal of the first derivative of the felicity function (marginal felicity) over the second derivative (rate of change of marginal felicity). If \dot{c}_t denotes a time derivative of the change in consumption, then:

$$\frac{\dot{c}_t}{c_t} = \frac{-v'_t}{c_t v''_t} r \quad (9)$$

In intuitive terms, this means that consumers with a high marginal utility of consumption experience large changes in utility from relatively small variations in consumption. A small increase in savings (and consequent reduction in consumption) will lead to a more than proportionate decline in utility. Therefore consumers with a high marginal utility of consumption might be unresponsive to intertemporal incentives such as increases in interest rates. Conversely, consumers with a low marginal utility of consumption will experience little decline in utility from a reduction in current consumption. These consumers may be expected to respond to intertemporal incentives because it results in little loss of utility from current period consumption.

The elasticity of the marginal utility of consumption forms the basis of the coefficient of relative risk aversion (Arrow 1965:33; Pratt 1964:122), which is used to analyse changes in individuals' asset accumulation in response to changes in wealth. In this case, individuals with a high coefficient of relative risk aversion experience large changes in marginal utility with small changes in expenditure and may be expected, therefore, to prefer stable consumption patterns or standards of living. In contrast, low risk averters are relatively prepared to substitute consumption between time periods in order to achieve a higher average level of marginal utility from consumption across their life-cycle.

The connection between the elasticity of the marginal utility of consumption and relative risk aversion occurs because of the assumption of double additivity illustrated in equation (2) above. That is, the model assumes that the expected utility from different contextual states and time periods can be added together. This has been viewed as problematic by some economists and attempts have been made to separate the two concepts, sometimes by abandoning the axioms of expected utility theory (Deaton 1992:20 provides a discussion of this literature). However, the assumptions of additive utility give the coefficient of risk aversion its relevance to the life-cycle hypothesis and in turn, its relevance for studies of retirement income.

5.2.1.2. *Asset choice*

As illustrated above, models of intertemporal allocation include a role for assets as a mechanism that allows consumption to be transferred between different periods of the life-cycle. As Deaton notes, the intertemporal optimality condition outlined in equation (7) lies at the heart of many models of saving and assets pricing (Deaton 1992:25). Discussion in chapter four summarises literature demonstrating that women tend to hold portfolios with relatively low risk profiles compared with men (Sundén & Surette 1998; Hinze, McCarthy & Turner 1997). In order to empirically investigate the relation between risk aversion in portfolio choices, or more specifically pension investments, a method developed by Friend and Blume (1975) has been applied by several researchers (Bernasek & Schwiff 2001; Bajtelsmit, Bernasek & Jianakoplos 1999; Jianakolpos & Bernasek 1998; Friend & Blume 1975). These investigations use the following model to describe an agent's decision to hold either risky or risk free assets in their portfolio:

$$\alpha_k = \frac{E(r_m - r_f)}{\sigma_m^2} * \frac{1}{C_k} \quad (10)$$

In this model, α_k is the proportion of investor k 's net worth that is placed in risky assets, $E(r_m - r_f)$ is the expected difference in market returns to risky assets, r_m , and risk free assets r_f , σ_m^2 is the variance of returns to risky assets and C_k is the Arrow-Pratt measure of relative risk aversion. As noted above, the elasticity of the marginal utility of consumption, outlined in equation (9), forms the basis of the measure of relative risk aversion (Pratt 1964; Arrow 1965) and, as can be seen in equation (10), is integral to the investigations undertaken by several researchers examining gender, risk aversion and retirement savings. Different wealth allocations to risky assets between population groups are typically attributed to differences in the coefficient of relative risk aversion. The two implications that flow from these findings are that women may be more risk averse than men and that their asset allocations across the life-cycle are likely to result in relatively low returns to investment and thus, lower retirement incomes.

This approach gives a relatively large explanatory role to the theoretical concept of relative risk aversion. However, empirical testing of the coefficient of relative risk aversion has resulted in “plausible estimates” that range from less than one to more than 100 (Bateman, Kingston & Piggott 2001:35). This alone may suggest that it is a measure that is sensitive to either specific assumptions or the context of application. However, there are a range of methodological assumptions relevant to the above models that go to the question of their relevance for potential explanations of women’s observed patterns of asset holding. These are considered in section 5.2.2, following a brief discussion of theory about the timing of retirement decisions and household decision-making.

It should be noted that in addition to considering questions of consumption and saving, several researchers have extended the life-cycle hypothesis to make the timing of the decision to retire an endogenous feature of their model. The basic premise of these models is that once an agent has accumulated sufficient assets to maintain consumption at a desired level, the marginal utility of leisure exceeds that of work and it is optimal to retire (Burkhauser 1979; Mitchell & Fields 1984; Burbidge & Robb 1980). Typically, these models have been used to examine the effect of alterations to income, particularly access to social security, on the timing of retirement decisions (a recent example is Haveman et al. 2003).

While initially this approach appears to have relevance to women’s retirement decisions, it has achieved little empirical support when applied to data relevant to these decisions (Weaver 1994; Zimmerman et al. 2000; Richardson 1999b; Hatcher 2002; Blau 1998; Coile 2003; Gustman & Steinmeier 2000). Household events such as the retirement of a partner and the difficulties faced by older women in achieving employment are among the events that appear to be more relevant to women’s retirement decisions than financial factors alone (Ginn & Arber 1996; Hardy 1991). While retirement decisions have been formally modelled using a life-cycle approach, household decision-making processes, discussed further in section 5.3, appear particularly relevant to gender related studies.

5.2.2. Assumptions: Risk and uncertainty

As noted above, models of intertemporal choice are based on a number of methodological assumptions that are not always clear in empirical studies applying specific theoretical concepts to available data. The purpose of this and the following sub-sections is to consider the relevance of several important assumptions to the context of Australian women's retirement savings decisions.

Saving decisions involve the formation of expectations about an uncertain future. Theories of saving must therefore assume, or contain in their underlying methodology, some way of addressing uncertainty. Davidson argues that there are two underlying principles on which economic theories of uncertainty are based. These are "(1) the analyst's conception of external economic reality in which decision-makers operate, and (2) the ability of agents to understand that reality" (Davidson 1996:479). Davidson's second principle, the capacity of agents to understand reality is addressed in the following section.

Davidson argues that in economic theorising, the economy can be typified as either "predetermined, immutable and ergodically knowable" or "nonergodic, unknowable and transmutable" (Davidson 1996). The first category, more briefly labelled 'determinism' in this discussion, is based on a view that the economic environment is not susceptible to change by human action but can be described fully by conditional probability functions. This does not mean that an economy does not change over time but that the changes that occur are predetermined by fundamental parameters of the economic environment and that these are not changed by human action. This perception of reality facilitates the development of economic laws that are assumed to operate universally. In the context of retirement savings, this approach allows for changes in savings to be modelled as though they are determined by factors outside an individual's control.

While often not discussed explicitly in the development of economic models, the conception of economic reality as deterministic is the basis of neoclassical models of intertemporal choice such as that outlined above. This allows the development of models in which it is assumed possible to determine statistically reliable estimates of future outcomes from current or past variables such as prices and income. The

necessity of assuming deterministic reality is specifically considered in literature on stochastic processes (Davidson 1996:480), however, it is a necessary assumption for economic modelling that utilises the stationarity assumptions necessary to produce predictive outcomes. The assumption that economic agents operate within a deterministic context also permits the development of models which consider some parameters to be ‘variables’ and others to be ‘exogenous’. While it is not required in order for mathematical modelling to occur in economics, it is necessary for the development of models that predict specific future outcomes as occurs in neoclassical models of intertemporal choice. Indeed a key motivation for developing the life-cycle and permanent income hypotheses was a desire to predict the macroeconomic relationship between consumption and income levels (Friedman 1957; Modigliani & Brumberg 1955; Bunting 1989; Drakopolous 1992).

On these grounds, it can be argued that the advantages and disadvantages of using a deterministic approach depend on its capacity to generate accurate predictive theories. However, empirical testing generates mixed outcomes for validating various versions of the life-cycle hypothesis (see for example Alessie & Lusardi 1997; Carroll 1997; Singh, Drost & Kumar 1978). Two empirical findings are particularly difficult to reconcile with life-cycle hypotheses. Firstly, younger people save to a greater extent than predicted and secondly, older people significantly decrease their consumption and do not dissave at the expected rate (Banks, Blundell & Tanner 1998; Hurd 1997). This pattern is apparent in Australia where limited available data show that dissaving in retirement is “surprisingly low” and “assets per person dwindle little or not at all in old households” (Bateman, Kingston & Piggott 2001). Empirical testing of the life-cycle hypothesis is less successful when applied to long time horizons of years or decades rather than shorter time horizons of weeks or months (Bateman, Kingston & Piggott 2001) and there is an ongoing literature discussing an apparent “excess sensitivity” between income and expenditure, in a manner inconsistent with the predictions of early life-cycle models (Deaton 1992).

The emphasis on macroeconomic modelling continues in many studies of savings, and it is recognised that these approaches have limited relevance to discussions about individual motivations and decisions to save:

We ignore almost entirely the voluminous literature that uses aggregate time series data. Although the profession has learnt a great deal about the modelling of intertemporal allocation from empirical work on aggregate time series data it is our belief that *we have learned almost nothing useful about individual behavior itself from this work* (Browning & Lusardi 1996, emphasis added)

The ultimate aim is to develop a coherent theoretical description of individual behaviour...This is an uncontroversial objective, but a good deal of the work on consumption does not subscribe to it. Especially for those whose main concern has been the prediction of aggregate consumption, theoretical foundations have been of secondary concern compared with the ability to fit the aggregate data and to give accurate predictions outside the fitted sample (Deaton 1992:1)

There are considerable variations to the early versions of the life-cycle hypotheses that focus on varying behavioural assumptions to explain macroeconomic data. For example theoretical specifications of the utility function have been developed to analyse:

- the significance of the motivation to leave a bequest on patterns of consumption and saving among older households (Gale & Scholz 1994; Hurd 1997; Kotlikoff 1988; Kotlikoff & Summers 1989; Kotlikoff 1989a);
- the effects of social insurance schemes on uncertainty and the motivation to save (Carroll 1997; Gourinchas & Parker 2001; Hubbard, Skinner & Zeldes 1994; Miles 1997);
- uncertainty and precautionary motives to save (Kimball 1990; Menegatti 2001);
- the importance of the specification of the utility function to include conflicting preferences, modelled as “dual selves” (Shefrin & Thaler 1988);
- changing preferences, modelled using hyperbolic discounting (Laibson 1997; Laibson 1998);
- procrastination (O'Donoghue & Rabin 1999b; O'Donoghue & Rabin 1999a; O'Donoghue & Rabin 2001); and

- responses to environmental cues (Laibson 2001).

The above list represents only a small fraction of the available literature that applies assumptions of determinism to the modelling of savings and retirement decisions. It is not proposed to review this literature. Rather, conclusions reached in two previous reviews of savings are used to summarise some of the advantages and disadvantages of retaining assumptions of a deterministic economy in studies of retirement savings.

The first conclusion to be considered is that reached by Deaton in his discussion of models which specifically address uncertainty and precautionary motives to save:

...they [consumers] face a great deal of uncertainty... They need assets to protect themselves against low income and unemployment, but they basically dislike assets, viewing them as wasted consumption opportunities... The result is that consumption tracks income. Such an outcome seems to violate everything that we have always known about optimal intertemporal allocation... (Deaton 1992:193-4)

The second conclusion is contained in Kotlikoff's review of theory relevant to the determination of savings:

One way to describe the state of knowledge about savings is that a great deal is known at a theoretical level about savings determinants taken one at a time. Much less is known about the interactions of these determinants, and too little is known at an empirical level about the true causes of savings. As is often the case in economics, the theory seems to have advanced well beyond the empirical research. Unfortunately the theoretical progress has dimmed the prospects for quick empirical resolution of major outstanding questions concerning savings. The theory has pointed out a number of subtle but powerful determinants of savings on which little data are available (Kotlikoff 1989b:34)

Thus, while life-cycle approaches to examining consumption and savings decisions have the advantage of clearly defined variables and interrelationships, this approach has resulted in a large literature with few definitive conclusions about the causes of and motivations for saving. In addition, fundamental uncertainty may be particularly

relevant to retirement savings decisions. Given the relative lack of advantages realised so far by assuming a deterministic approach, in the context of this study it appears useful to assume uncertainty is a basic, or, as discussed in the following chapter, an ontological feature of the economy in which decisions about women's saving and retirement are being made.

5.2.3. Assumptions: Rationality

Davidson argues that a second key aspect of economic modelling involves assumptions about the decision-making capacity of individuals (Davidson 1996:479). There is a wide literature which recognises that individuals display “bounded rationality” or in other words, that they possess limited computational ability to process complex information (Simon 1955). Experimental data indicates that when individuals are faced with complex decisions that exceed their computational abilities, they tend to make decisions based on “mental short cuts” (Aron 1999b). Mental short cuts may be considered “procedurally” rational because they save time and effort and can work in many situations but they are a decision-making process that bears little resemblance to the deliberative decision-making process embodied in much economic modelling (Aron 1999b; Thaler 1990). It is argued “that deliberative, calculated decision-making is the exception and that most behaviour is relatively automatic” (Loewenstein 2001).

While there is an extensive literature debating the concept and importance of bounded rationality for economic theory, one specific aspect is particularly relevant to discussions about intertemporal choice and risk aversion. Experiments indicate that people do not develop preferences or make choices on the basis of the expected utility that could be derived from available options. Instead, they identify “reference points” to help them assess whether a particular option represents a potential gain or loss (Kahneman & Tversky 1984; Kahneman & Tversky 1979). Labelled prospect theory, this line of inquiry predicts that people are more averse to losses than they are attracted to gains. (Kahneman & Tversky 1979; Kahneman & Tversky 1984; Thaler 1980; Tversky & Fox 1995). The main implication of prospect theory is that attitudes to risk are not defined in terms of a utility function over wealth. Rather, attitudes to risk are determined jointly by the determination of specific reference points, the

value attached to a possible loss or gain and the importance attached to the probability of specific outcome occurring (Wärneryd 1999:307). This approach questions the relevance of theory based on expected utility, including relative risk aversion, because it suggests that the context in which a decision is made is more important than the expected utility of different options. Thaler argues that “the problem seems to be that while economists have gotten increasingly sophisticated and clever, consumers have remained decidedly human” (Thaler 1990:203). For the purposes of this study one implication of this research is that women making decisions about saving and retirement will use a variety of decision-making techniques, some of which might fall within the definition of bounded rationality.

5.2.4. Assumptions: Adding utility from different time periods

As illustrated above, the standard approach within theories of saving and consumption has been to model intertemporal choice by discounting the utility of future consumption in order to assess the costs and benefits of current consumption. This approach is analogous to financial models which calculate net present values of future investments. Developed by Samuelson and extended by Koopmans (Koopmans 1960; Samuelson 1937), the neoclassical approach to examining intertemporal choice has always been acknowledged (even by its founders) as having limited application in empirical situations (Frederick, Loewenstein & O'Donoghue 2002). In a review of literature on discounted utility, some of difficulties associated with this approach are identified as:

- It assumes that preferences do not change.
- There is an assumption that individuals prefer to maximise utility rather than prefer a particular pattern of utility.
- It assumes that the utility from consumption in one period is independent from that in another. For example, a decision to drink wine today is independent of a decision to drink wine yesterday.
- The discount function is constant across all forms of consumption, whether it be, for example, the decision to delay consumption of a banana or a vacation.
- It cannot accommodate the possibility that the utility gained from consumption may exist into the future. For example, the benefits from a

vacation may last into subsequent periods (Frederick, Loewenstein & O'Donoghue 2002).

In short, utility theory predicts that decisions are based on total utility rather than the pattern of outcomes and that utility derived in different periods of time is separable. However, experiments have demonstrated that people do consider the temporal spacing and ordering of outcomes as significant. For example, it is widely reported that people prefer to experience worst outcomes first, and best outcomes last, across a wide range of experiences including monetary payments, vacations, emotional experiences, discomfort, medical treatments, gambling and academic performance. Further, the pattern of outcomes may be more important than the total benefit or discomfort experienced (Ariely & Loewenstein 2000).

The exact circumstances in which duration matters to decision-making are not agreed upon (Ariely, Kahneman & Loewenstein 2000). However, there is significant agreement that, in general, patterns of outcomes across time are important considerations in decision-making (Ariely, Kahneman & Loewenstein 2000; Ariely & Loewenstein 2000; Loewenstein & Prelec 1992). The long time periods involved in retirement planning may mean that preferred patterns of consumption, rather than total consumption, are particularly relevant to this area of decision-making. For example, it is possible to think of scenarios where people prefer patterns of asset accumulation over a life-cycle, rather than drawing down on assets in later life to finance retirement. Unfortunately, while empirical evidence demonstrating the importance of the spacing and sequencing of decision outcomes through time is available, there is little available research on the implications this holds for retirement income savings.

Models of dynamic inconsistency have been developed to address the possibility that preferences to save may change for different time horizons, (Laibson 1997; Shefrin & Thaler 1988; Angeletos et al. 2001; Laibson 1998). However, they do not address issues related to the validity of the assumption of separable and additive utility. Similarly, models based on habit formation have been developed to investigate intertemporal allocations without assumptions of intertemporal additivity (Deaton 1992; Laibson 2001) but rely heavily on expected utility specifications that fail to

address uncertainty (discussed above). As with the other key assumptions underlying neoclassical models of intertemporal choice, the current literature suggests a range of quite specific and subtle insights. However, when viewed together, it is difficult to determine the linkages between each specific model and the implications for savings decisions. In terms of designing a research project, there may be advantages in recognising that assumptions of separable and additive expected utility pose difficulties for the relevance of economic models to some specific decision-making contexts.

5.2.5. Assumptions: Choice

Some feminist economists argue that traditional approaches to theorising about economic decision-making give undue emphasis to the role of choice in the decision-making context of individuals. In some respects this concern overlaps with Davidson's arguments about the uncertainty in the economic context in which individuals make decisions. However, feminist literature has a slightly different emphasis. Rather than being concerned only about the way social constraints may change over time, feminist literature emphasises how, at any particular time, social institutions or norms operate to effectively coerce women into making certain 'choices' that can restrict their access to wages or other economic resources (see for example Bergmann 1995; Strober 1994; Nelson 1993; Folbre 1994). This literature is particularly critical, for example, of neoclassical economic modelling methods that suggest women's lower incomes result from choices to pursue activities that offer non-economic or lower economic returns (see for example Becker 1976). Current analyses of returns to the investment of retirement savings resulting from differences in risk aversion have the potential to offer a similar conclusion; that women are choosing to pursue options that offer lower access to economic resources. In opposition to this view, feminists have argued that "those who see outcomes largely as the consequences of choice and individual responsibility, rather than constraints and systems, will be able to justify to themselves the resulting inequalities" (Hyman 1994:54).

While rational choice is a key assumption underlying traditional models of retirement savings discussed above, the large literature on both rationality and choice suggest it

is an assumption that should be treated with some caution. The debate over the extent to which choices are made within social and institutional constraints suggests that social norms need to be considered as possible constraints on both rationality and choice. Rationality may be affected by significant framing issues, while constraints on choice may operate to restrict the options which are considered relevant or possible in a given decision-making context.

5.2.6. Assumptions: Income as wages

One of the key features of intertemporal choice theory is that it considers only monetary income as relevant to decisions to consume or save. However, one of the distinguishing features of women's lives is that significant proportions of their economic contributions to society are not valued or paid for in monetary terms (Apps & Rees 2001; Australian Bureau of Statistics 1994; Ironmonger 1996; Australian Bureau of Statistics 2000; Bitman 1995).

When the decisions regarding household production and labour supply are incorporated into empirical studies of household savings, the outcomes differ significantly from those which consider market incomes alone. In particular, declines in expenditure after retirement can be compensated for through increased unpaid work which replaces goods and services previously bought in the market (Apps & Rees 2001). This aspect of the economics of household production, labour supply and saving remain relatively under-theorised and under-researched. Thus, Thaler argues that life-cycle models are valid for considering the expenditure of income earned in the labour market but inadequate for dealing with *inter vivos* transfers. While Thaler's argument is made in relation to transfers between households, it is equally relevant for transfers within households in the determination of individual retirement incomes (Thaler 1990). The importance of unpaid work for women's patterns of workforce participation and the role of *inter vivos* transfers, suggests that the assumption that income is comprised only of money should be treated with some caution.

As a result of the assumption that income is monetary, a second assumption in intertemporal choice models, usually implicit, is that saving for retirement is a

function of wages. While wage income appears relevant to studies of women's retirement savings strategies, the empirical literature reviewed in previous chapters indicates it is only one of a number of relevant factors. Other factors include women's contribution to household resources through their allocation of time to unwaged labour and issues of motivation or attitude. Within the economics literature the links between, and relative importance of, these different aspects of women's retirement savings decisions appear to be under-researched. For this reason, it appears that the assumption of a direct and primary causal link between wage income and levels of savings should be treated with some caution as it may only represent one relevant cause of women's low retirement incomes.

5.3. *Bargaining models of household decision-making*

Intertemporal choice models generally assume that consumption and savings decisions are made by individuals. However, as discussed with reference to both Australian and international literature, the social context of decisions repeatedly arises as a factor relevant to levels and sources of retirement income, as well as the timing of retirement itself. It appears likely that important decisions related to saving for retirement are not only the outcome of individual decisions but result from joint decision-making processes by couples, families and perhaps other social groups. While some studies consider the social context of workplaces and access to information (Clark-Murphy & Gerrans 2001; Clark-Murphy & Gerrans 2002; Duflo & Saez 2002; Gustman & Steinmeier 2001; Gustman & Steinmeier 2002; Powell & Ansic 1997), it is decision-making within households and more specifically, by married couples, that forms the main theoretical approach applied to the social context of retirement and savings decisions.

The small body of economic literature that considers joint decision-making within households in the context of retirement and savings decisions is based mainly on a bargaining model approach. These approaches generally rest on the recognition of two key variables that hold implications for men's and women's approaches to saving for retirement. These are men's and women's different life expectancies and their different levels of wage income prior to retirement (Browning 2000; Lundberg 1999; Lundberg, Startz & Stillman 2003; Lundberg & Pollack 1994; Lundberg &

Ward-Batts 2000). The following discussion briefly outlines the utility functions, constraints and results of two different bargaining models developed by Browning (2000) and Lundberg, Startz and Stillman (2003). Each of the models makes standard economic assumptions relevant to the characteristics of utility functions and agent rationality but to facilitate discussion only the key features of each model are reproduced below.

5.3.1.1. *Bargaining Theory*

Browning (2000) assumes that in a two person household (consisting of a husband, H , and a wife, W), decisions are made about consumption and saving in two periods. Given that women have longer average life expectancy, he assumes that the wife is certain of surviving until the end of period two. The only discount factor in Browning's model σ , represents the probability, $0 < \sigma < 1$, of the husband also surviving until the end of period 2. The household's income, Y , consists only of the first period earnings of each person, Y_H and Y_W . Income in the second period consists entirely of savings from period one and real interest rates are assumed to be zero. The share of household income controlled by the wife is denoted by ω and is assumed to be a function of the proportion of household income she earns. As real interest is assumed to be zero, the budget constraint is given by $C_2 = Y - C_1$, where C is the consumption of a 'public' good within the household. Each person contributes to consumption in period 1 from the income they earn in that period and any unconsumed income is saved. Savings for each person are denoted by S_H and S_W . Browning's main focus is on the savings decisions of the husband and wife and he expresses the utility each derives, U , as a function of their income less savings. Given these parameters, the savings decisions for each person are:

$$\begin{aligned}
 S_H &: \max_{S_H} U(Y - S_H - S_W) + \sigma U(S_H + S_W) \\
 S_W &: \max_{S_W} U(Y - S_H - S_W) + U(S_H + S_W) \\
 &\text{with} \\
 0 &\leq S_H \leq (1 - \omega)Y \\
 0 &\leq S_W \leq \omega Y
 \end{aligned} \tag{11}$$

Two scenarios are projected depending upon which partner's wishes dominate. When the husband's wishes dominate Browning assumes that $\omega=0$ and that the husband has total control over the allocation of all household income. This implies that $S_w=0$, as the wife cannot make savings decisions in these conditions. The savings decision made by the husband is labelled π , which is the solution to:

$$\text{Dominant decision } S_H: \max_{\pi} U((1-\pi)Y) + \sigma U(\pi Y), \text{ with } 0 \leq \pi \leq 1 \quad (12)$$

Recalling that within a standard neoclassical framework, marginal utility is linear function of consumption and given that the husband's utility in period 2 is discounted by the probability that he will not survive to period 2, the solution to this decision will always be $\pi < 0.5$. If, however, the wife has complete control of income, so that $\omega=1$, her utility is maximised if consumption (and therefore marginal utility) is equal in each period and consumption will be set at $0.5Y$.

Drawing conclusions from his model, Browning formulates equilibrium propositions, for given survival probabilities, wife's share of income and utility functions. While Browning discusses in some detail the limitations of the assumptions on which this model is based, the model is significant for suggesting that the different average life expectancies of men and women may result in varying incentives to save from current income. It also includes discussion about the different expected effects on saving that follow from assuming that one or other spouse dominates household consumption and saving decisions and emphasises the possibility that the optimal actions of one person may depend on the decisions of another.

In a discussion paper that represents work in progress, Lundberg, Startz and Stillman develop a bargaining model with some differences from that of Browning's (Lundberg, Startz & Stillman 2003). In their model, each spouse in a marriage derives individual utility from consumption of a single public good $U(C)$. The model considers three periods, T_1 , T_2 and T_3 . In the first period the husband works and the household receives a wage income Y and accumulates assets, A . In the second period the husband is retired and the two spouses finance consumption by drawing down on assets, A . In the third period only the wife is alive, consumption is again financed by

drawing down on assets and these assets are completely depleted by the conclusion of T_3 .

In this model the utility derived by each spouse is weighted according to the bargaining power of the wife, rather than life expectancy, as in Browning's model. This reflects a "separate spheres" bargaining approach where the distribution of resources within marriage depends on a sharing rule that is a function of individual incomes. This function is assumed by the model, not described by it. The weight given to the wife's relative bargaining power is $0 < \mu < 1$. Lundberg, Startz and Stillman use backward induction to solve the following optimisation problem for the household:

$$\max[(1 - \mu)[T_1U(C_1) + T_2U(C_2)] + \mu[T_1U(C_1) + T_2U(C_2) + T_3U(C_3)]] \quad (13)$$

subject to:

$$T_1C_1 + T_2C_2 + T_3C_3 = T_1Y$$

$$T_3C_3 = A_2 - T_2C_2$$

$$A_2 = (Y - C_1)T_1$$

Lundberg, Startz and Stillman use the model to conclude that $C_2 < C_1$ iff $\mu_2 > \mu_1$. That is, they predict a decline in consumption patterns between periods one and two will occur if there is an increase in the wife's relative bargaining power. The increase in the wife's relative bargaining power is assumed to occur because, following retirement of the husband, the inputs of individual income to the household are more equal. This, in turn, allows the wife relatively greater capacity to influence consumption and saving decisions to accommodate her consumption requirements in period three.

The predicted decline in consumption following the husband's retirement in period two is of particular interest in the context of Lundberg's, Startz's and Stillman's study. This is because the purpose of developing the model is to empirically test whether there is support for the proposition that women's bargaining power shifts during retirement years. As noted in chapter four, some support is found for this proposition, with different patterns of discontinuous drops in consumption observed

between single person and couple households. As with Browning's model, this model indicates some important implications flow from assuming joint decision-making with household partners possessing different motivations for saving.

5.3.1.2. *Relative resource contribution theory*

Conclusions about the importance of the decision-making power of husbands and wives in the determination of retirement savings are also reached in a study of Dutch panel data that is informed by theoretical antecedents that diverge from those discussed above (Euwals, Eymann & Börsh-Supan 2004). In addition to Browning's non-cooperative bargaining model, Euwals, Eymann and Börsch consider the relative resource contribution theory developed by Blood and Wolfe (Blood & Wolfe 1960:2-46). This theory proposes that spouses perceive an exchange of household resources as appropriate if they believe they have achieved a balance between each spouse's input and use of household resources. Blood and Wolfe explained their views on divisions of resources within households in the following terms:

Only when American marriages are looked at en masse is it clear why power is patterned the way it is – and why it seems right to the couples involved. The answer lies in the tangible resources and skills which the two partners pool in marriage.(Blood & Wolfe 1960)

While similar to the bargaining theory approach discussed above, this theory has several differences. Firstly, it is not presented in a formulaic manner but was developed as part of an analysis of survey data accumulated in Michigan in the latter half of the 1950s. Secondly, the theory considers inputs other than wage income, including non-financial inputs such as education, skill and social status. However, consistent with bargaining models, testing of the theory suggests that wage income is significant in determining wives' influence over the use of household resources (Euwals, Eymann & Börsh-Supan 2004:199).

Euwals, Eymann and Börsch-Supan note that relative resource contribution theory can be used to develop slightly different hypotheses from Browning's model. They argue that Browning's model can be used to hypothesise that men's shorter life expectancy will give men a relatively low interest in life insurance and, to some

extent, stocks and bonds. On the other hand, research on portfolio preferences reveals that men tend to favour life insurance, stocks and bonds. Comparing panel data for men and women, this study favours hypotheses developed from relative resource contribution. That is, due to perceptions about men's greater contribution of household resources, portfolio composition of retirement savings suggests that men's wishes dominate the household decision-making process. However, consistent with both theoretical approaches, they find that the influence of a household member over the level of household saving varies according to his/her share of total household (wage) income.

The suggestion that differences in men's and women's portfolio holdings might result from differences in life expectancy and/or household decision-making processes further suggests that relative risk aversion is unlikely to be a sufficient explanation of women's apparently low risk asset holdings. Indeed, as noted in chapter four, the difficulty of adequately analysing household, rather than individual, portfolio decisions is an ongoing issue of some concern for researchers in this area.

While the theoretical approaches of bargaining theory and relative resource contribution theory have, so far, resulted in largely complementary findings, there are some differences in the methodological assumptions underlying each of these approaches. The advantages and disadvantages of several key assumptions are considered in the following section.

5.3.2. Assumptions underlying bargaining models

Formal bargaining models are supported by the full range of assumptions that underpin neoclassical approaches to economic modelling, including assumptions relevant to rationality, uncertainty and choice and, as discussed above, these assumptions pose some difficulties when applying theory to women's economic decisions. Their key advantage is their contribution to widening the range of rational behaviour that can be incorporated within this theoretical approach:

Bargaining models widen the range of rational family behaviour and can explain departures from the simple life-cycle model without the abandoning

of the economist's standard assumption of forward-looking, purposeful individuals (Lundberg 1999:256).

As a variation of the life-cycle hypothesis, this may be expected to indicate that bargaining models have the same range of advantages and disadvantages as other variants of the life-cycle approach considered above. However, bargaining theory offers two further features rarely considered in life-cycle models. Firstly, it has the potential to include consideration of social norms as an influence on the relative bargaining position of individuals that are part of a group decision-making process:

In some games there is an explicit role for social norms in providing a couple with a fall back position or a focal point that affects the bargaining outcome. This approach provides an explanation for the bunching of retirement ages that is related to, but not identical with, the direct effect of peer influence. (Lundberg 1999:256)

While the social norms that may affect bargained retirement outcomes are rarely researched, Lundberg's discussion indicates that an understanding of relevant social norms may hold implications for the further application of bargaining theory to studies of women's retirement savings.

Secondly, explicit attention to the possibility of conflicting or non-cooperative behaviour within households raises questions of how decision-making authority and control of economic resources is distributed between household decision-makers. In studies of saving and retirement income, the relevance of Blood and Wolfe's relative resource contribution theory to this aspect of bargaining theory is only rarely acknowledged (Euwals, Eymann & Börsh-Supan 2004), although there is an emerging recognition of its relevance in broader studies of savings decisions (Meier, Kirchler & Hubert 1999; Pahl 1995). Thus, both bargaining theory and relative resource contribution recognise that control over household resources is significant for the retirement outcomes of men and women and that there may not be a household consensus on retirement saving. These questions do not arise in intertemporal choice models in which resources are either attributed to an individual or a household that is assumed to have a unitary utility function.

While bargaining models offer some advantages over standard approaches to intertemporal choice and the life-cycle hypothesis there are two underlying assumptions of these models that need to be treated with some caution. Firstly, although bargaining model may have the capacity to include relevant issues, such as social norms, they are currently based on assumptions of rational, forward thinking and individualistic approaches to utility maximisation. To this extent, they appear to have some of the same limitations discussed previously in relation to intertemporal choice theory.

Secondly, households are only one of a wide range of social institutions that might be relevant to an individual's decision-making context. Workplaces and access to financial information have also been identified as relevant features of the social context of decision-making that may have implications for the gender outcomes of savings and retirement decisions (Duflo & Saez 2002; Clark-Murphy & Gerrans 2001; Gustman & Steinmeier 2001). There are a range of studies employing behavioural approaches to economic theory, that, while unrelated to gender analysis, also emphasise the importance of the social context in which savings and retirement decisions are made (see for example the collection of articles in Aaron 1999a; a particularly interesting example is provided by Axtell & Epstein 1999).

At this stage, there is a small body of research that indicates social institutions such as households and workplaces are important to women's retirement planning decisions. Empirical studies suggest that there are significant implications that flow from recognising the importance of households containing more than one decision-maker. This appears to be particularly relevant to the situation of women's financial decisions as their greater involvement in unpaid work often results in reliance upon intrahousehold transfers as a source of money. For these reasons, it appears appropriate to retain the assumption that non-unitary decision-making units may be relevant to research questions about Australian women's retirement incomes. However, there may be some advantages in combining this assumption with recognition that households are not necessarily permanent structures or the only institution relevant to retirement decision-making processes.

5.4. Structural analyses and gender impact assessments

As is evident in the previous two chapters, a large proportion of research relevant to women's retirement incomes can be described as gender analyses or gender impact assessments (Himmelweit 2002). That is, research projects proceed by considering the gender implications of specific aspects of one or more retirement income systems. In some cases this is done by examining outcomes of current retirement incomes systems, for example, comparing the gender composition of fund membership, asset ownership and public pension recipients. In other cases, structural features of women's patterns of workforce participation and access to wage incomes are integrated into analyses of women's ability to access payment and savings systems that increasingly rely on the private provision of retirement income. The general outcome of these analyses is to demonstrate that the outcomes of recent retirement income policies are not gender neutral.

In policy terms there appear to be obvious and practical reasons for examining the gender implications of retirement income systems. In Australia, the reasons include many of the factors identified in chapter three, including recognition that women comprise 60 per cent of the retired population, have relatively low savings and are expected to remain dependent on both private and public transfers. As Sharp and Broomhill's analysis of gender budgets demonstrates, the costs and benefits of specific government policies can accrue differently to men and women (Sharp & Broomhill 2002).

In some cases, the apparent policy implications posed by women's increasing workforce participation and impending retirement provide a reason for gender analysis within existing literature. This, for example, is the rationale Hurd gives in his assessment that a greater understanding is required of the joint retirement decisions of husbands and wives (Hurd 1990:631). In this respect, it is tempting to conclude that changing participation patterns within the workforce, rather than an application of theory, are providing the main impetus for research. A similar link has been identified in other areas of research relevant to women's patterns of work, particularly development of the "new home economics" (Himmelweit 1995a; Jefferson & King 1997).

However, in addition to recognising women's changing participation in paid work, most gender analyses also recognise that policies which focus on the market sector of the economy, particularly paid work over unpaid work, are not gender neutral in their application. This approach is largely informed by theory developed in feminist literature, and more particularly, feminist economic theory, relevant to interdependencies between paid and unpaid sectors of the economy and the role of social institutions in determining the economic position of women (see for example Himmelweit 2002; Donath 2000; Bergmann 1995; Hyman 1994; Strober 1994; Strassman 1994; Waring 1988; Cloud & Garrett 1996; Sharp & Broomhill 2002). Theories of dual economy and labour market segmentation are also relevant to such analyses (De Viney & Solomon 1995). This theoretical literature contributes to analysis of women's relatively heterogeneous working patterns and compares these with the patterns of full-time, long-term employment that typically underpin the design of private pension accumulation schemes.

The theoretical basis for gender analysis or gender impact assessment is not a formal theory presented in the mathematical format that has become increasingly standard in economics and, in some of the studies reviewed in the previous two chapters, it is not recognised as providing a rationale for undertaking specific projects (see for example Bruce 1999; Gohmann & McClure 1990; Haveman et al. 2003; McCarthy & Turner 1993). However, the use of gender as a population category for economic analysis is an important element of the theoretical frameworks that have been applied in almost all the studies reviewed previously.

5.4.1. Assumptions underlying gender analysis

Gender analysis of retirement incomes rests on an assumption, often implicit, that it is valid to consider women as a relevant population group in economic or social research. As an underlying assumption this requires some justification. Women are not a homogenous population. Different women have varying levels of income, asset holdings, education, access to resources, as well as diverse cultural and social contexts. Despite this diversity, most of the studies reviewed previously, and this

current research project, discuss women as a group and assume, to some extent at least, that women are a relevant population category for research.

Arguments in favour of discussing women as a relevant population category in economic analysis are based on feminist theory (Himmelweit 2002). Within economics, a case for structural analysis based on gender rests on:

...the existence of structural differences between the economic positions of men and women. These differences are found in the uneven division of men and women's labor across the mutually dependent paid and unpaid economies...(Himmelweit 2002:50)

Structural differences in the economic and social positions of men and women mean that theories which assume a gender neutral or andocentric 'economic agent' can neglect areas relevant to women's social and economic position. There is a large and diverse feminist literature discussing the way in which apparently gender-neutral institutions and economic theories systematically fail to reflect women's interests, or to use Bakker's term, employ "strategic silences" (Bakker 1994). For example, gender analyses have raised insights into: examination of the rationale for classifying women as dependents in census and workforce statistics (Deacon 1985; Folbre 1991); neglect of women's unpaid work in economic theory and policy (Himmelweit 1995a; Ironmonger 1989; Ironmonger 1996; Donath 2000; Cloud & Garrett 1996); the relevance of indicators of economic development to women's lives (Duchin & Sinha 1999; Durbin 1999; O'Hara 1999); a focus on choice rather than constraint or provisioning in economic theory (Nelson 1993); economic research methods used to portray particular behavioural assumptions as universal (Pujol 1997; Strassman 1997); and construction of economic theory in a manner that excludes significant aspects of women's lives (Hewitson 1999; Strassman 1994; Strober 1994; Nelson 1996; Nelson 2003a). As a result, these analyses have highlighted the relative lack of data about social and economic issues that are particularly relevant to women, including domestic violence, the working conditions of outworkers and the distribution of resources within households (Folbre 1994; Durbin 1999; Danner, Fort & Young 1999).

In Australia, official statistics relevant to the labour force and the distribution of unpaid work indicate that gender is a key characteristic relevant to the way social institutions operate to distribute paid work, unpaid work and access to economic resources (Australian Bureau of Statistics 2000; Australian Bureau of Statistics 1998a; Australian Bureau of Statistics 1994; Australian Bureau of Statistics 2002a; Australian Bureau of Statistics 2002b; Australian Bureau of Statistics 2001a; Australian Bureau of Statistics 2001c; Australian Bureau of Statistics 1998b). To this extent, the assumption of women as an appropriate population category appears relevant to research questions that seek to understand women's retirement incomes in Australia and is retained throughout this project. However, the same official statistics also indicate a wide variation in the social and economic circumstances of different women. For this reason, it appears desirable that research into women's retirement incomes has the capacity to recognise areas of both commonality and diversity in the experiences of women.

5.5. Summary

From the above discussion, it is apparent that while a range of insights have been achieved, only a restricted range of theoretical approaches have been applied to studies that adopt a gendered approach to studying savings and retirement incomes. The resulting literature gives wide recognition to the gender implications of increasing reliance upon private savings as a source of retirement incomes. In particular, the existing literature demonstrates the reasons why women might be expected to fare relatively poorly in retirement income frameworks based on private capital accumulation.

However, it appears that while the economic position of women in retirement is well researched and established, we have a relatively incomplete understanding of the contributing causes of this situation. This appears to result, in part, from the research methods that have been applied. While gender analyses have clearly identified the gender implications of private systems of retirement savings, established economic theories have been only partly successful in explaining why these outcomes should occur. Part of the difficulty appears to stem from the variables and constraints that form the framework for some types of economic analysis. For example, analyses of

risk aversion have found that appeals to factors that are external to orthodox economic models, such as household composition or social context, are needed to supplement an explanation of results. In these cases it appears that significant variables are external to the relevant model and therefore the model is restricted in its ability to generate insights. Similarly, previous studies of women's retirement savings and incomes have utilised methods that rely on methodological assumptions that provide limited insights into the roles played by uncertainty, non-monetary household income, preferred patterns of asset accumulation, heavily constrained options, social institutions, motivations, attitudes and decision-making-processes.

One way of extending our understanding of these issues is to apply additional research methods to the study women's retirement decisions. The recent use of this option is most apparent in studies which examine the relative bargaining positions of men and women in couple households. In this case, an existing area of theory has been applied in a novel context. In so doing, bargaining theory has generated significant insights into possible sources of difference between men's and women's retirement decisions and demonstrates some advantages of applying novel theoretical approaches to the study of women's retirement savings and incomes.

As noted above, however, the difficulty with identifying established models for application to the study of women's retirement savings and incomes lies in the identification, on an *a priori* basis, of the key constraints and variables that will be defined for analysis. Given our current state of knowledge about women's retirement savings and incomes, the challenge in this project is to identify a further theoretical approach that can extend our understanding but that does not rely on methodological assumptions that neglect important aspects of women's lives. This is the subject of the following chapter.

6. An application of pluralism: research methodology, method and design

6.1. *Introduction*

The previous chapter identified several theoretical approaches that have been used to examine women's retirement savings and incomes and their associated advantages and disadvantages. It was concluded that additional insights into the causes of women's relatively low retirement incomes can be gained by utilising an approach that expands the range of research methods applied to this particular subject area. This chapter follows from that discussion and has three main aims. The first is to clarify the criteria used in the selection of a methodological framework consistent with this study's subject matter and objectives. The second goal is to outline the methodological approach adopted for the project and outline a research method consistent with that approach. The third aim is to provide detail relevant to the project's research design, implementation and analysis. These goals are reflected in the organisation of the chapter. The following five sections discuss, in turn, the project's research objectives and methodological issues affecting the project's design, including ontology, epistemology, plural research methods in economics and the selection of grounded theory as a research method for this project. The seventh section outlines the design and implementation of the data collection and analysis stages of the project.

6.2. *Broad research objectives*

As discussed in chapter five, previous studies have given a range of insights into the levels and sources of women's retirement savings and incomes. However, a limited number of theoretical approaches have been applied to this subject. The approaches used so far pose particular advantages and disadvantages, however, their limitations mean that significant gaps remain in our understanding of the causes of women's relatively unfavourable access to economic resources in later life. An examination of previous research indicates that our understanding of women's decisions may be

extended by utilising research methods that can accommodate the following possibilities:

- Patterns of consumption across a life-time as well as total consumption may be important factors in consumption and savings decisions.
- Monetary income is not the only relevant input of economic resources to households.
- Motivations and decision-making processes as well as wage income may be influential in determining patterns of saving.
- Savings patterns might be determined by networks of constraints rather than the outcome of preferred choices.
- Social institutions can be altered intentionally by human action to change the constraints and choices that define economic decisions.
- Significant aspects of women's lives may be neglected or under-theorised in existing economic models.

Viewed within the framework of neoclassical economics, these are challenging objectives. However, heterodox approaches to economic research provide increasing guidance on the issue of accommodating an extended range of questions, particularly those related to the causes of observed economic events, within economic research.

6.3. *Ontological framework: Critical realism*

In recent years there has been extensive criticism of neoclassical approaches to economics that goes beyond a critique of specific theoretical or empirical claims. Rather, there has been increasing discussion of the methodological basis of economic research (Downward & Mearman 2005:80). Some of the criticisms were outlined in the previous chapter. However, one significant area of critique has involved questioning the ontological basis of economic research. This area of debate has largely centred on an ontological theory known as critical realism, which has significant implications for the design and implementation of economic research. The following discussion considers briefly the critical realism debate and its implications for designing research that seeks to increase our understanding of the causes of women's financial insecurity in later life.

Ontology is the study of the nature of reality. It has been argued that economists have given little explicit or detailed attention to questions of ontology (Lawson 1999d; Dow 2002) and this provides one point of contrast between the discipline of economics and some other areas of social research (Downward & Mearman 2005). In reply, leading researchers within heterodox economic traditions have pointed out that there have been strategic advantages in focusing on other issues, such as epistemology (Harding 1999) and engaging in debates that facilitate dialogue with mainstream economists (Davidson 1999). Despite these strategic considerations, the perceived need for greater attention to ontology has recently been the subject of significant discussion among several groups of heterodox economists, including Post Keynesians (Rotheim 1999; McKenna & Zannoni 1999; Lewis & Runde 1999; Davidson 1999; Dow 1999; Lawson 1999a; Lee 2002; Downward 1995; Arestis, Dunn & Sawyer 1999) feminists (Harding 1999; Harding 2003; Barker 2003; Nelson 2003b; Peter 2003; Lawson 2003a; Lawson 2003c; Nelson 2003a; Lawson 1999d; Van Staveren 2004) and those with a focus on the role of institutions within an economy (Downward, Finch & Ramsay 2002; Hodgson 2004). These discussions provide a developing literature on ontology and economics that provides insights into conducting research about the nature and role of economic institutions, decision-making and theory formation.

As noted above, the approach that initiated much of the discussion of ontology is labelled “critical realism” and its implications for economics as a discipline have been extensively outlined by Lawson (Lawson 1999d; Lawson 2003a; Lawson 2003c; Lawson 1997; Lawson 1994). At a general level, critical realism rejects the proposition that, in the social realm, a stable, unchanging real world exists and is structured according to unchanging and knowable universal rules. Reflecting this approach, it is argued that positivist research methods, particularly those based on deductive reasoning and closed system modelling are inappropriate ways of gaining insights into the social world.

Realist ontology posits that the events, mechanisms and structures that comprise reality exist independently of their identification. That is, objects of enquiry exist independently of their investigation and are separable from the enquirer. Critical realism is a specific realist ontology that draws on Bhaskar’s ontological theory of

transcendental realism in the physical sciences (Bhaskar 1989). It is not the only realist approach that has been discussed within economics (see for example Mäki 2002), although it is recently the realist approach most widely discussed among heterodox schools of thought. This has largely resulted from the work of Lawson, who, in several books and articles on critical realism, develops Bhaskar's approach into a discussion of social ontology with specific key features (Lawson 1994; Lawson 1997; Lawson 1999d; Lawson 1999a; Lawson 1999c; Lawson 1999b; Lawson 2003a; Lawson 2003c; Lawson 2003b). The first feature is the proposition that reality consists of distinct ontological domains. Secondly, it is argued that social systems are identified as open systems, with the implication that it is difficult to define event regularities that allow the formation of predictive statements such as "under given conditions x the same outcome y always follows" (Lawson 2003b:14). Thirdly, it is posited that components of social systems are highly internally related and thus it is argued that research methods which assume that components are atomistic or separable are inappropriate. Each of these features is considered in turn in the following paragraphs.

The first feature, distinct domains, specifically draws on Bhaskar's ontology of transcendental realism. Three domains are identified: the empirical, the actual and the non-actual (Lawson 1994:513). The empirical domain consists of events that we experience or sense. The actual domain consists of all events, that is, all the potential objects of our experience. The non-actual domain is the domain of mechanisms and structures which facilitate or constrain the occurrence of particular events. Significantly, these domains are unsynchronised. This means that experiences may be out of phase with events and events may be unsynchronised with the mechanisms that govern them. The example that Lawson uses to illustrate this ontology is that of a falling autumn leaf. A falling leaf may be observed to fall directly to the ground due to the causal mechanism of gravity. In this case, our empirical observation of the actual, a falling leaf, illustrates the operation of the non-actual causal mechanism, gravity. However, a leaf may also be observed to take an indirect path to the ground owing to other thermal and aerodynamic causes. This is not taken to mean that gravity is no longer relevant to the observed path of the leaf. Rather it demonstrates that several counteracting mechanisms may be in operation at one time. In this case, the operation of different causal mechanisms will alter the actual event and our

perception of how mechanisms can operate. The goal of science within this ontology is to identify the structures and mechanisms that govern experience (Lawson 1994:516).

In the physical sciences, experiments are designed so that events can be observed within a closed system. By postulating the existence of a causal mechanism such as gravity and replicating results within a closed system, specific relations between conditions and outcomes can be defined. However, the option of designing experimental conditions which achieve closure is rarely, if ever, available in the social realm (Lawson 1994).

In applying transcendental realism to the social world, Lawson defines the social realm as “the domain of phenomena whose existence depends, at least in part, on intentional human agency” (Lawson 1999d:32). The social realm is an open system and consists of structures that both depend on human agency and condition it. That is, human agency is capable of both reproducing and modifying social structures and this, in turn, means that social structures and other causal mechanisms relevant to human experience are intrinsically dynamic.

Further, Lawson argues that social structure is formed by rules and conventions that govern the position of individuals within society. These rules and conventions are constantly changing. Many of these rules and conventions put the individual in an internal relation with others in society. For example, employees and employers, teachers and students, property owners and tenants are situations of internal relationality: they are social positions which are defined in relation to others. Thus, the basic building blocks of society are positions defined by social rules and associated with tasks, obligations and prerogatives. Social positions are defined in relation to other positions and immediately occupied by individuals (Lawson 1999d:34).

Given this ontology of the social realm, Lawson argues that isolating separable variables in a closed system insulated from “extraneous” influences, as commonly undertaken in formal economic modelling, is misplaced. That is, the internally related, dynamic processes of an open system, such as an economy or a household, mean that it is not feasible to isolate stable and separable social structures. Lawson

argues that universalising on an *a priori* basis is a methodological mistake that can carry significant political consequences (Lawson 1999d:25).

Lawson's analysis, particularly in relation to the difficulty of isolating variables within a closed system, has significant and keenly debated implications for the validity of formal modelling in economics (Harding 1999; Lawson 1999d; Hodgson 2004). It offers some insights into the difficulties encountered by specific projects, including those which have endeavoured to study saving. Some examples of the difficulties encountered include possible effects of social factors not included in specific models, as was discussed in chapter five with regard to studies of risk aversion and the social context of women's savings decisions.

In the context of this study, adopting critical realist ontology to inform the adoption of an appropriate research method appears to offer several advantages. The first of these is the emphasis given to the role of social institutions and recognition of their transient nature. The critical realist proposition that individuals hold social positions defined by their relationships with others appears relevant to the social situations of women, who, like others, fulfil multiple roles within the household, the family, the workforce and other social networks. It also appears consistent with the dynamic nature of household structures and legislative frameworks. This is particularly relevant to decisions such as saving for retirement that involve relatively long periods of time, during which the social relations and institutions that define a decision-making context may change. Rather than taking social structures, such as households, as exogenous, critical realism provides an ontology in which such networks become one of a range of complex and interrelated variables.

A second, and major, implication of critical realism is that it can provide a method for identifying areas of commonality between people in society rather than singularly focusing on differences between individuals. Lawson accepts that human agency is always influenced by social and historical factors and that it is important to recognise that individuals will exhibit differences. However, he also argues it is also possible that the similar social positions occupied by diverse individuals may result in significant areas of commonality (Lawson 1999d). This framework allows for both diversity and commonality to be recognised as part of social reality. It accommodates

the possibility that, while knowledge is only possible from the particular viewpoint of the researcher and that individuals are diverse, it may be possible to develop constructs which recognise commonality of interests within particular historical and social contexts. As discussed in chapter five, one of the assumptions underlying gender analyses of retirement income frameworks is that some areas of women's lives are constrained or influenced by particular social structures. Gender norms regarding the provision of unpaid care provide one example of such constraints. Critical realism appears to be an ontological theory consistent with the recognition that women are a heterogeneous population that live within social structures that facilitate some commonality of interests and experiences.

A third potential advantage of utilising a critical realist approach is relatively pragmatic. It is an ontological framework which has been the subject of detailed debate and discussion by researchers from varying heterodox schools of thought and that has received measured support. With some reservations, (discussed below), it has been recognised as being able to accommodate a relatively broad range of research methods which do not rely upon methodological individualism, *a priori* theorising and universal rules of behaviour (Downward, Finch & Ramsay 2002; Downward & Mearman 2005). By adopting critical realist ontology for this project it was hoped that both the research methods and outcomes could be communicated to researchers within different schools of economic thought that have an interest in either methodology or patterns of saving or both. This project appears to provide an appropriate opportunity for designing and implementing a research project that can put into practice some of the methodological issues raised throughout the critical realist debate. Thus, just as it has been argued that there are strategic reasons for feminist to focus on issues of epistemology in order to broaden the research agenda of economics (Harding 1999), there may be some advantages by explicitly identifying the contributions that a critical realist approach can make to a study such as this.

Fourthly, adopting critical realist ontology provides a methodological approach that avoids some of the contradictions that derive from approaches that posit ontological pluralism (Dow 2002). As argued below, while knowledge may be developed from different viewpoints and by using different methods, as a form of realist ontology,

critical realism allows for the recognition of regularities, particularly in terms of process, and allows a significant role for theorising.

Despite these possible advantages, critical realism has generated some lively debate among heterodox scholars. Nelson cautions that critical realism may not give sufficient attention to emotions, feelings, caring, interdependence and nurturing (Nelson 2003b). Lawson, however, asserts that critical realism defends the examination of processes which include these aspects of the social realm (Lawson 2003a). For the purposes of this study, Lawson's position is accepted and the necessity for considering and including emotional processes, as argued by Nelson, as an integral part of the analysis process is acknowledged.

Further, Lawson's view of human agency and common interests generated a tense debate between himself and some feminist economists who were wary of which interests might be viewed as 'common' and who will be advantaged and disadvantaged by potential transformations of social structures (Barker 2003; Peter 2003; Harding 2003; Harding 1999; Nelson 2003b; Nelson 2003a; Van Staveren 2004). These are issues that are subject to active discussion at the time of writing this thesis. In accepting critical realist ontology for the project, it was also accepted that it is necessary to be aware of the interests that may be served by the outcomes of specific projects. Martha Nussbaum's theories of capabilities appear to offer one possible avenue of providing consistency between Lawson's "minimalist" view of humanism based on "recognition of human capacities to flourish in human society" with feminist theory (Van Staveren 2004; Nussbaum 2000). While the capabilities approach is itself the subject of ongoing discussion, it appears to be developing in a manner that encompasses issues of agency, power and intrahousehold inequalities, all of which affect the capacity of humans to pursue and realise their own interests, and have relevance to feminist approaches to research (Sen 2004; Gasper & Van Staveren 2003; Hill 2003; Iverson 2003; Robeyns 2003; Nussbaum 2003).

Finally, reservations have been expressed that utilising critical realist approach to ontology may distance heterodox economics from dialogue with economists working within mainstream frameworks. Specifically, it has been pointed out there may be advantages to be gained by engaging in discussions using language commonly

understood by those in mainstream economics (Harding 1999; Davidson 1999). This point is acknowledged. It can also be argued however, that utilising methodologies that differ from mainstream economics does not mean that discussions between different schools of thought are prevented *per se*. In some cases, connections between theoretical constructs developed through different research methods can be identified and described in a way that furthers dialogue and debate with researchers from different theoretical traditions. The approach adopted in this study was to acknowledge that there may be links between existing theoretical concepts and the findings from this project. Where this occurs, dialogue might be facilitated by drawing attention to areas of commonality. However, specific areas of commonality are not assumed in an *a priori* manner, as is discussed further below.

6.4. Epistemology: Interpretive

Epistemology refers to the nature of knowledge and, in the context of this study, refers to the way in which we construct or accumulate knowledge about the social phenomena of women's retirement savings decisions. Ontological theories, such as critical realism, have some implications for the epistemological frameworks that can be applied appropriately to a specific research project. The following discussion outlines some of the issues to be considered in choosing an epistemological approach for this current project.

Particularly among feminist economists, it has been argued that in forming knowledge researchers do not act as objective observers of social phenomenon. This is because processes such as language, customs and shared meanings will influence the way in which knowledge is perceived and constructed. That is, feminist economists argue that knowledge is constructed within a socially and historically bounded context and many have long been critical of claims that neoclassical economics is value free science (Lawson 1999d; Kaul 2002; Nelson 1996; Nelson 2003a; Strober 1994; Harding 1987). Therefore, feminist researchers actively engage in projects to demonstrate the ways that supposedly gender free economic analyses are underpinned by significant subjective assumptions that neglect or misrepresent women's economic position in society (Lawson 1999d; Nelson 2003b) and have undertaken a variety of studies to illustrate that:

many of economics' core beliefs and policy recommendations are out of date, products of the peculiarities and politics of the periods in which they were developed and products of sexism in the Western world during the past two centuries...what one chooses to work on and how one formulates theory and recommendations are dependent upon one's culture, one's position in society and one's life experiences (Strober 1994:143).

Thus, as noted in the previous chapter, the application of ostensibly value-free economic models to areas such as the study of household production is seen to reinforce certain institutional arrangements that are detrimental to the interests of women (Deacon 1985; Folbre 1991; Hewitson 1999; Nelson 1993; Pujol 1997; O'Hara 1999; Strassman 1997). In short, feminists (among others) argue that it is not possible to produce culture-free representations of reality because categories, frameworks of thinking, modes of analysis, ways of seeing things, habits and patterns of thought are all affected by life paths and socio-cultural situations (Nelson 1996). Recognition of the interpretive nature of research provides one rationale for adopting different methods and approaches to researching a particular subject area. It implies that research from a diversity of interested standpoints assists in the development of more complete knowledge (Harding 1987; Nelson 1993; Pujol 1992; Strassman 1994; Strober 1994).

A second rationale for adopting a plural approach to epistemology is provided by the recognition of social systems as open and human understanding of reality as imperfect (Dow 2002). Plural approaches to epistemology can therefore address not only the need to take into account diverse viewpoints but also the "parcelling off" of specific aspects of complex social phenomenon, to allow research programs to develop using different methods and different assumptions of closure. This is discussed more fully in the following section on pluralism and research methods.

Recognising the situated cultural and historical context of researchers and the open nature of social systems, this project is based on an interpretive approach to epistemology. This approach is relatively uncommon in economics, as interpretive epistemology is more usually associated with constructivist and pluralist approaches

to ontology (Lawson 1999d; Lawson 2003a; Dow 2002). Nevertheless, a realist ontology and interpretive epistemology are not necessarily incompatible:

(Realism) requires that objective reality both exists ontologically and can be referred to as such. It is not necessary that our perceptions of reality be objective, nor that they be certain; a world realist can regard observations as subjective (and thus potentially different between observers) and uncertain. (Dow 1990:347-348)

Mäki succinctly describes the potential for different views to describe an independent reality as “the one world and the many theories” (Mäki 2002). Adopting an interpretive epistemology involves recognition that our knowledge of a social phenomenon will be influenced by our personal experiences and biases. It is an assertion that knowledge is both partial and fallible. These traits need not be construed as inconsistent with realist ontology; nor are they necessarily disadvantages, as they provide an impetus for further explanatory endeavours. In acknowledgement of the importance of this argument and in order to clarify the social context, personal experiences and biases brought to this research, some details of the author’s own social and economic background are included in Appendix B.

6.5. *Pluralism and research methods*

In the context of this study, pluralism refers to the use of different research methods for investigating economic phenomena. As discussed in the previous section, the arguments for pluralism stem, in part, from the recognition of the role played by a researcher’s standpoint and the need to accommodate multiple points of view in social research. However, arguments for pluralism have also been developed in conjunction with discussions about critical realism as an ontological theory relevant to economics.

Research within the context of critical realism requires a mode of inference over and above the usual forms of deductive and inductive logic, which has been explained in the following terms:

It requires a mode of inference that takes us behind the surface phenomena to its causes, or more generally from phenomena lying at one level to causes

often lying at a different deeper one. This is *retroduction*. (Downward & Mearman 2005)

Lawson argues in favour of retroduction as a type of reasoning that provides explanations of the underlying causes of observed phenomenon. While retroduction appears to have some elements in common with induction, that is, moving from observed events to an explanatory theory of those observations, it has a significant distinguishing feature; retroduction is a thought operation that involves moving from knowledge of events to an explanation of their causes. In doing this, the development of theory or causal explanations involves moving between different ontological domains (Lawson 2003b:80).

Beyond identifying retroduction as the logical basis for explanation, however, Lawson notes that the appropriate research methods will be determined by the specific context of each research project. Retroduction “does not necessitate that only atomistic accounts be contemplated. Retroductive inference *per se* places no restriction on the sort of explanatory conception that may be uncovered” (Lawson 2003b:80). Thus, while Lawson provides general guidelines as to the philosophical framework in which research may be conducted, specific research methods must be sought that are appropriate to each project.

Partly as a result of the critical realism debate, identifying specific guidelines for the conduct of economic research has been the subject of significant discussion in economic literature. The extent of closure that is appropriate for particular economic research methods (Dow 2003; Dow 1999; Chick & Dow 2001), the use of formal economic modelling (Hodgson 2004; Chick & Dow 2001) and the role for econometric methods of analysis (Downward & Mearman 2003) have all been particular areas of debate and this is an ongoing process. One of the emerging outcomes of these and associated debates is a growing literature on the advantages and disadvantages of embracing plural research methods within economics and this too has prompted some lively exchanges (see for example: King 2002; King 2004; Davidson 2004). Thus, while the possibility of using plural research methods has obvious links with feminist approaches to research, there is also a growing literature outside of feminist literature that argues in favour of using plural research methods

within economics (Dow 1985; Dow 1990; Dow 1999; Downward & Mearman 2005; Downward 2004; King 2002; King 2004).

Central to discussions of pluralism is an understanding of the terms methodology and method, which are clearly related but not interchangeable. Methodology, as discussed by Dow and understood in the context of this research, refers to a “vision or world view” that informs our ideas of reality and knowledge formation, defines the aims of theory and suggests criteria for theory appraisal. Methods, on the other hand, guide the selection of particular questions for research and the analytical tools that are employed to address them (Dow 1990:353). It is this distinction that allows Dow to assert that “diversity of method need not entail diversity of methodology” (Dow 2003). Indeed it can be argued that utilising a diversity of research methods can make a significant contribution to understanding economic events:

...since reality is so complex (and open), and cannot be perceived objectively, truth realism is subject to considerable uncertainty in Keynes’s sense. The solution then, is in effect to... employ different methods of analysis and sources of information which, combined with conventions of their academic community etc., generate theoretical and empirical propositions (Dow 1999:22; see also Mäki 2002).

Thus Dow argues that in order for more complete knowledge to be formed, researchers need to employ a range of research methods and in each case be aware of particular aspects of their project design. Specifically, when deciding which section of a particular area of social activity is to be “parcelled off” for a particular study, economists must be explicit about the extent of closure being invoked, “in order to try to identify causal mechanisms which can be regarded as in some sense separable.” In doing so, recognition must be given to the provisional nature of the assumptions of closure. Dow argues the advantages of this approach by reference to an example:

The key difference between the closures of mainstream economics and the closures of critical realism is that the former are regarded as universal and fixed while the latter are regarded as partial and provisional. In mainstream economics, for example, the money supply may be taken as exogenous as a universal principle. In a critical realist analysis, the money supply may be

taken as given for one particular piece of analysis, for a particular configuration of the banking system, while another investigates the mechanisms which generate the money supply for another configuration. Or both types of analysis may be applied to the same context, in an effort to build up knowledge from different starting-points (Dow 1990:349).

Dow argues that she is not in favour of “pure pluralism”, that is, the application of any research method, without selection criteria or philosophical foundations (Dow 1990:349-350). Her discussion provides some criteria for determining appropriate methods in specific areas of economic research. Firstly, the method to be employed must be based on an acknowledgement that economic reality exists independently of our identification or knowledge of it (Dow 1990:349). Secondly, a fundamental goal of research is the goal of understanding real causal processes within the economy; methods concerned *only* with event prediction are excluded as appropriate research methods. This is most clearly the case if fictional or false assumptions are used as a basis for theory formation and/or event prediction because this detracts from understanding the processes that lead to the specific events in question. Dow argues that what remains are methods consistent with the following definition of political economy:

...an approach to economics which puts first priority on practical and policy issues, and tailors theoretical and empirical work accordingly. The economy is regarded as being located in historical time, interacting with a political, social and natural environment. Within the system agents change and interact in a manner which cannot be described adequately by the assumptions of neoclassical theory (Dow 1990:351).

This conclusion means that a restricted but still diverse range of methods remains as appropriate within critical realism, provided that they give priority to understanding economic processes in historical time. Interdisciplinary study can emerge as a preferred approach within this framework (Finch 2002; Finch & Naughton 2003).

Using a different approach, Downward and Mearman (2005) also argue in favour of using combinations of research methods to examine particular areas of economic enquiry (Downward & Mearman 2005). They argue that plural research methods based on a common ontological framework provide a method for “triangulating” the

outcomes of specific research projects and improve the potential for identifying causal mechanisms. Triangulation is a term that refers to combining more than one set of research results when investigating a particular research topic. This might be done by combining insights from: data collected from different times, situations or subjects; more than one investigator on a specific subject; different theoretical traditions; or different research methods. Consistent with the arguments for pluralism in economic research, this project acknowledges the potential usefulness of diverse research methods with a common methodological framework. Within this approach, triangulation, or mixed method research, provides one approach to implementing a retroductive approach to explaining economic events (Downward & Mearman 2005).

6.6. Grounded theory and grounded research

Given the general guidelines provided by the literature discussed above, the approach adopted in this project has been to interpret appropriate research methods as including a wide range of quantitative and qualitative approaches that can be applied to economic and social research. The specific research method chosen for this project is grounded theory. This is a relatively novel research approach within the discipline of economics, although a range of examples exist where it has been applied to studies of firms and behavioural organisation (Finch 2002), Post Keynesian research on pricing (Lee & Downward 1999; Lee 1998) and feminist research on gendered social indicators (Austen, Jefferson & Thein 2003).

Grounded theory was developed by sociologists, and it is more commonly used within sociology and other areas of social sciences than economics (Glaser & Strauss 1967; Glaser 1992). The key feature of grounded theory is that it provides a framework for generating conceptual theory from data. It is an inductive approach to theory generation. In comparison with the more orthodox forms of hypothesis formation and data collection used in economics, grounded theory gives a low priority *to a priori* theorising and relying upon existing theoretical constructs. As outlined below, however, in providing a method for moving from the identification of patterns of events to theorising underlying causes for observed events, it is a research method that aims to produce theory with explanatory power. This aspect of

the method appears largely consistent with the retroductive approach advocated by Lawson.

It should be noted that the term “grounded theory” has been used to describe contrasting approaches to theory development. There is disagreement, even among grounded theory’s originators, about its correct application (Glaser 1992). The specific approach adopted in this thesis is that advocated by Glaser. While Glaser has provided extensive detail on how grounded theory may be applied to an area of research (Glaser 1978; Glaser 1992; Glaser 1998; Glaser 2002; Glaser 2003; Glaser & Strauss 1967), the key process for moving between data collection, hypothesis formation and theoretical development can be summarised as (Glaser & Holton 2004):

- Identification of an area of interest, or a broad research question, for investigation.
- The collection of data and its almost immediate analysis without the preconception of a definitive hypothesis.
- The comparison of pieces of data and the grouping together of data that has similarities. This process is usually referred to as “coding” and results in the formation of “categories” of data. Initial analyses use “open coding”, (which is described further below).
- The increasing conceptualisation of data as a project proceeds to allow the development of theoretical codes from which to develop explanations about the relationships between categories of data.
- The identification of a core variable that relates different categories and explains variations and patterns in the data.
- The use of selective coding and delimiting to focus on data and concepts relevant to the core variable and emerging theory.

It should be noted that the key processes outlined above are iterative. Data collection and analysis are undertaken simultaneously, with analysis informing the direction of future data collection. However, the gradual progression from open coding to theoretical coding and selective coding reflects the shift from an initially broad research question to a more defined research agenda that is relevant to an emerging

theory. Throughout this process the research becomes more focused on specific hypotheses and research questions; this is known as delimiting.

In developing this approach, Glaser warns against undertaking an extensive literature review prior to the data collection (Glaser & Holton 2004:46). He provides two arguments for adopting this approach. Firstly, an initial literature search may impede a researcher's capacity to rely solely on data for the development of theory. That is, it increases the likelihood that data will be "forced" into existing theoretical concepts. Secondly, the relevant literature will be only identifiable after data analysis has taken place and the core variable has been identified.

The feasibility of what has been called a "tabula rasa" approach to theory development is relatively contentious (see for example the discussion in Parry 1998:93). It has been argued, however, that researchers are not expected to approach a research question as though they are value free "blank slates". It is accepted that researchers will bring "theoretical sensitivity" to a research program, including a knowledge of the theoretical constructs and conceptual insights provided by existing literature (Orlikowski 1993; Glaser 1978). However, having framed a research question, the method requires that theoretical constructs developed by researchers be explicitly developed from data without an *a priori* commitment to existing theoretical constructs. It is from data that the most significant issues are identified and the linkages between issues developed.

This aspect of the method is particularly significant given the prior construction of the literature reviews contained in chapters three and four and the researchers' background in economic research (Appendix B). This aspect of the project, together with other significant limits on the application of grounded theory are discussed below in section 6.6.2.

6.6.1. Advantages of using grounded theory

In the context of this project, grounded theory is a research method that offers several advantages. Firstly, it is an appropriate method in cases when researchers are faced with "practical controversies or unsettling observations" which are not readily

accommodated by established theory (Finch 2002). Some selected examples of its application include business studies in China (Adler, Campbell & Laurent 1989); in contexts of rapid technological change (Orlikowski 1993); and in a context when cooperation rather than (the expected) competition has emerged among firms (Browning, Beyer & Shetler 1995; Scott 2000). These examples illustrate the possible advantages of applying grounded theory to research on women's savings and retirement, which are areas that do not readily fit within the mainstream focus of economics upon autonomous, rational transactions within a market context. As demonstrated in chapters three and four, while available research offers several insights women's patterns of retirement saving, the use of a limited range of research methods means that the links between different explanations and theoretical constructs are not well specified. It also appears that some significant aspects of women's experiences remain under-theorised. This makes it difficult to apply existing theoretical constructs in a manner that can potentially extend our understanding of processes and events relevant to women's savings decisions. As a process of theory development, grounded theory offers one way of generating new insights into this subject.

Secondly, consistent with critical realism, grounded theory gives a low priority to *a priori* theorising and, when used to diversify the data collection and analytical processes applied to an area of economic research, it facilitates a retroductive approach to theory development (Downward & Mearman 2005). That is, grounded theory provides an integrated approach to the collection of data relevant to events and the formation of theory that provides causal explanations (Lee 2002). Grounded theory allows for surprising or novel categories of data to emerge during the data collection process and for potentially new causal processes to be examined. Following the construction of key categories of data and theoretical concepts, further instances of the identified phenomenon are sought and the researcher's understanding is extended as the applicability of former categories and concepts is examined. The construction of concepts which apply to a widening range of phenomena allow for explanation at a greater level of generality (Lee 2002; Finch 2002).

Thirdly, grounded theory is capable of accommodating an interpretive approach to theory development (Dey 1999). This feature makes grounded theory compatible with both the contrastive explanation and feminist standpoint approaches to research advocated by, respectively, Lawson and Harding (Lawson 1999d; Harding 1999). Contrastive explanation involves identifying differences within two populations which exhibit different outcomes but which may reasonably have been expected to exhibit similar outcomes. Contrasts such as wage differentials between populations of similar training and experience in a given locality are an example. When using contrastive explanation in, for example, a study of wage differentials, the aim of the research is not to identify all possible causes of wage outcomes. Rather, it is to identify possible explanations for the identified contrasts (Lawson 1999c). In contrastive explanation, the role and motivation of the researcher is particularly evident in the identification of the relevant contrast warranting investigation. The different savings patterns and retirement decisions of men and women provide a basis for research consistent with contrastive explanation.

As noted above, feminist standpoint theory also recognises the significant interactions between researchers' social context and their role in identifying research questions. Social context is seen as shaping both research questions and the interpretive role of the researcher in developing theory relevant to that question. Given the importance of social situation in developing research questions, feminist standpoint theory emphasises the need for a diversity of researchers to be engaged in social research (Harding 1999). Within this context, the identification and use of innovative research methods, such as grounded theory, to an area of economic research on saving can be seen as contributing to the diversity of knowledge in this area.

Finally, in a related argument, using grounded theory contributes to the plurality of research methods used to understand women's savings and retirement incomes. It thus offers the possibility of contributing to our knowledge of this subject in a manner not readily available through the methods employed by previous research in this area (Dow 2003; Dow 1990).

6.6.2. Some disadvantages of using grounded theory

The focus of grounded theory on the generation of new theory has been identified as problematic in some circumstances. For practical reasons, particularly those concerned with time and funding, it is not always possible to continue collecting further data until “saturation” of a specific category occurs (Glaser & Strauss 1967; Morse 1994). Saturation is a term that is linked with grounded theory’s use of theoretical rather than statistical sampling (discussed further below). In brief, it refers to a point in the data collection process where no new or surprising categories of data are emerging. This, in turn, means that the theoretical explanations generated through the theory development process apply to a wide range of relevant data. Without saturation, it is difficult to confidently put forward a theory that will adequately explain all relevant aspects of a research question and generate generalisable research findings.

Limits on specific projects, such as limited time and funding, mean that the outcomes of a particular study may result in contributions that fall short of the development of a new theory. This has led to an examination of the potential uses of grounded theory in contexts where such limitations are likely to exist. Finch suggests that an iterative process of data collection and hypothesis formation allows the emergence “novel contributions to knowledge” which can extend existing theory and be incorporated into future research projects (Finch 2002). This approach is consistent with the view that theory construction is part of an ongoing process rather than an activity which allows formation of a finished product (Glaser & Strauss 1967). That is, while the goal of research projects using grounded theory is to construct new theory, it is unlikely that a project with specified time and resources constraints will generate an all encompassing theory of savings (or any other social phenomenon). Such constraints apply to the context of this research. However, within these constraints, it may be possible to produce insights or “novel knowledge claims” (Finch 2002) which extend or challenge current theoretical constructs.

A second constraint, is the extent to which the existing literature in this case on women’s retirement incomes) is canvassed prior to the choice of grounded theory as a research method. As noted earlier, Glaser suggests that extensive literature searching and reviewing should not be undertaken prior to the collection of data (see

for example Glaser 1992:31-37; Glaser & Holton 2004). He suggests, in particular, that knowledge of the substantive literature may impede the generation of new insights. Whitely suggests that the term “grounded research” be used to describe the use of grounded theory in a constrained context that requires modification of either its application or goals (Whitely 2000). This distinction is acknowledged here, and the term “grounded research” is used throughout this thesis when referring to specific aspects this project. That is, this project represents an application of grounded theory in a context with some predetermined limits on its ability to contribute to the development of new theory.

6.7. *Research design and implementation*

As outlined above, the decision to implement a grounded research method in this project was based on methodological arguments. The remainder of this chapter moves on to more specific issues and outlines the detail of the study’s research design, implementation and the analysis processes.

Given the diversity of approaches within the grounded theory literature, it is relevant to identify the specific literature that formed the basis of the research design in this project. The specific approach adopted in this research is that associated with “Glaserian” grounded theory, with its focus on data, that is “to allow the data to tell their own story” (Stern 1994). This means that, in the first instance, texts by Glaser were used to inform the research design and analysis (Glaser 1998; Glaser 1992; Glaser & Strauss 1967; Glaser 2003; Glaser 2002). Further, different disciplines appear to have some variations in their applications and discussions of grounded theory and, currently, the guidance provided by literature specifically concerned with economic research is still developing (Downward & Mearman 2005; Finch 2002; Lee 2002; Austen, Jefferson & Thein 2003). Thus, in order to apply grounded theory to this research project, some elements of the data collection process, particularly issues involving interview design were informed by literature within the broader heterodox traditions of economic and feminist research. In some cases it was also found necessary to consult a broader literature concerning the application of grounded theory to the social sciences in order to clarify specific issues relating to

data management and analysis. The relevant literature is cited throughout the following discussion.

6.8. Research Question

As emphasised above, this study was not designed to verify the validity of an existing hypothesis or pursue a narrowly defined research question. Rather, the aim of this research was to gain a fuller appreciation of the way in which economic, institutional and attitudinal factors operate and interact to influence women's patterns of saving for retirement. In addition, it was hoped to identify whether there are some important issues which are not currently recognised within the existing literature relevant to women's retirement incomes. The research question in this context was therefore framed as being:

To extend our understanding of Australian women's decisions about saving and retirement within the broad context of the experiences and institutions that inform and constrain those decisions.

Framing the research question in this manner had significant implications for the way data was collected and analysed. These issues are now considered in detail.

6.9. Data Collection

Grounded theory is often associated with qualitative research and, in particular, data collection through interviewing. Despite this association, grounded theory can utilise a range of different data, both qualitative and quantitative (Glaser 1998:42-3; see also Lee 2002; Finch 2002; Glaser 2003). Within grounded theory, the collection of specific forms of data is justified by reference to the suitability of data to a specific research question.

The issues examined in this research project were not readily accessible through existing quantitative data collections. The research question involved the discussion of meanings, descriptions of values and the relating of experiences over time. Issues

relating to the complexity and dynamic nature of social structures which may impact on women's retirement savings decisions were also relevant.

Interviews and conversations which facilitate the collection of detailed qualitative data appeared particularly suited to these questions. While these methods of qualitative data collection are not common place within economics (Jacobsen & Newman 1997), they have been recognised as providing a method of clarifying concepts used in quantitative analysis and for understanding processes underlying economic outcomes (Berik 1997; Pujol 1997). Further, "an obvious way to learn about motives, constraints and the decision-making process is to ask decision-makers about them" (Bewley 2002:343). In some cases, rich qualitative data may challenge insights gained by quantitative research by enhancing our understanding of concepts of power, individualism and preference formation (Olmstead 1997). Further, interviews and conversations are consistent with feminist, interpretive research methods as they provide a way of articulating and recording women's own accounts of their life experiences (Oakley 1995; Hirschfeld 1997).

Focus group discussions have been recognised as particularly valuable when gathering data about women's ideas and concerns and can allow for significant themes to arise through discussions which are largely undirected by a researcher (Van Staveren 1997). However, information about household financial arrangements has been recognised as particularly sensitive and confidential within Australian society and in previous studies this has resulted in a reluctance by participants to openly discuss such issues (Singh 1997; Olsberg 1997). For this reason, individual interviewing, with an emphasis on confidentiality, was adopted as the specific data collection method used in this study.

6.9.1. Interview process

The interviews carried out in this project were semi-structured and relatively informal. This was done so that participants could raise issues important to them and to allow the interview schedule to be adapted to the insights and interests of each participant. Any questions participants had about the project or personal questions of the interviewer were answered. In keeping with previous research on women

interviewing women, the communication process was conversational, with the two way nature of information flows acknowledged in the flexible nature of the interview prompts (Oakley 1995; Hirschfeld 1997). This format meant that women who took part in interviews shaped, to varying degrees, the content and structure of their own interviews. For this reason, women who took part in an interview are referred to as “participants” in this research, in preference to terms which imply a more passive role, such as interviewee or subject.

The initial interview schedule was designed following a review of previous research about women’s retirement incomes. It was designed to have two main sections. The first section comprised an initial discussion that covered demographic details such as age, place of birth and marital status and revealed major work and household milestones in the participant’s life experiences, such as education, workforce entry and exit, occupation, household formation, child rearing, marriage, divorce and future expectations in these areas. This discussion was initiated with the question, “Could you give me a five or ten minute version of your life story?” The aim of the discussion was for participants to identify the experiences they perceived as most significant in their life course. In gathering this particular data, the aim was to gain insights into the interactions between different life course events and experiences regarding labour supply, earning an income and savings. Specific questions from the researcher within this section of the interview were confined to matters of clarification of the participant’s story, for example, querying the participant’s age at the time of particular events. The opening question generally put participants at ease with the interview process. In particular, this style of question appeared to make it clear that there were no “right” or “wrong” answers to the question and participants had a high degree of control over the content of their answers. The research topic was also one that participants appeared to feel knowledgeable about and confident in discussing.

The second section of the discussion focused more specifically on approaches to saving and retirement planning. Again, the goal was to allow for the emergence of issues perceived by the participant as significant and for participants to define the actions they believe constitute savings and retirement planning. Interview prompts were based on the following questions:

- Can you tell me about how you manage money in your household?
- Can you tell me about your strategies to accumulate savings?
- Could you describe the bank accounts that are held by members of your household?
- Can you think of ways that the source of income influences what money is used for?
- Can you tell me about your current savings plans?
- What are discussions like when you talk about savings with others in your household?
- What would you do with the money if you won \$1,000 in a raffle?
- What would happen to the money if (your husband/children) won \$1,000?
- Can you describe how you keep your savings?
- Can you tell me about things which have made it very difficult or easy to save?
- How would describe the importance of saving to you?
- What thoughts have you had about saving for retirement?
- How do you think you will meet your financial needs in old age?
- How much money do you think you will need in retirement?
- Can you describe how you plan to achieve this level of savings?
- What kind of information have you used to assist with retirement planning? What sort of information have you found most useful?

The above schedule was piloted in a set of three interviews. The three pilot interviews were conducted with two personal contacts of an administrative staff member of Curtin University of Technology and a senior academic with experience in grounded research methods. Following these interviews an initial analysis revealed that the schedule facilitated a relatively free flowing discussion that generated significant, although complex, data relevant to women's life experiences and their approaches to savings and retirement. It was also found that it was sometimes unnecessary to specifically ask every question, as participants often covered particular issues without prompting. The main finding from the pilot program of interviews was the desirability of ensuring that participants had sufficient time to

consider and discuss particular prompts before further questions were asked. It was decided to maintain the initial interview schedule for the remainder of the study.

6.9.2. Interview location

Interviews were held at a location and time which was convenient and comfortable for the participant. Some participants had a strong preference for meeting somewhere 'neutral', while others preferred to meet at their own home or to meet at the university campus. This meant that interviews were conducted at private homes, workplaces, coffee shops, a local park or offices at the university.

6.9.3. Payment of participants

At the conclusion of the interview, participants were paid \$40 to compensate them for expenses and inconvenience incurred in attending an interview. This money was made available through funding provided by two state government offices: The Office for Women's Policy and the Office for Senior's Interests and Volunteering, together with funding from the Australian Research Council through a Linkage Project (LP0347060).

6.9.4. Participant recruitment and selection

Using a grounded research approach means that data should be collected within a framework of theoretical sampling rather than through the process of statistical sampling more commonly used in economics. Statistical sampling is used to test or verify existing theory and to make inferences about the extent to which the relationships between identified variables hold in a specified population. In contrast, theoretical sampling is used to establish an iterative process between theory development and data collection. At the outset, identified variables and causal relationships are not defined in grounded theory research. Initial sampling is carried out with the aim of developing themes and categories directly from data. Further sampling is then carried out to facilitate a knowledge of the applicability of these themes and categories to further cases (Finch 2002).

Recruitment was designed to facilitate the collection of data from a heterogeneous sample of participants. This process of selection facilitates the collection of two types of data: high quality case descriptions, which document uniqueness; and common experiences across participants (Morse 1994). Selecting this form of sampling was consistent with the researcher's interest in studying areas of commonality and diversity within a varied population.

In the context of Western Australia, which is a large, culturally and geographically diverse state, some initial "areas of diversity" were identified which could possibly impact on women's motivation and ability to save for retirement. These were: socio-economic background; cultural background; age or stage in the life cycle; geographic location; and attachment to the labour market. However, these identified areas of diversity are not exhaustive and do not include, for example, sexuality and household structure. It was recognised that this meant the data collection process may require modification if it became apparent that insights could be gained from participants with characteristics not identified at the commencement of the research program. In keeping with grounded theory methods, data collection and analysis necessitated flexibility with respect to decisions about the collection of data throughout the project.

As outlined above, the interview was piloted in a program of three interviews. It was intended that these three interviews would form part of a planned program of twenty interviews. It should be noted that Glaser cautions that, in grounded theory, specific programs of data collection cannot be determined in advance of the analysis process. As analysis and data collection are iterative processes, data collection should be guided by the development of emergent categories and concepts. However, the institutional constraints that provided the context for this research, particularly funding applications, required, in advance, a detailed specification of the data collection process. The specific number of twenty interviews was initially determined by funding made available through the project's partners, the Office for Women's Policy, the Office for Senior's Interests and Volunteering, Curtin University of Technology and the Australian Research Council.

Following initial analysis of three pilot interviews, approximately 150 invitations to participate in the research project were distributed in two rounds of approximately 75 invitations each. Invitations were distributed to the parents of children in three classes at two different primary schools attended by children aged approximately between six and 12 years; to parents of children aged between one and four years attending a pre-school playgroup; to members of two community-based multicultural social groups; a social walking/exercise group of women who meet on a weekly basis; and an office which employed a number of women in full time, part time and casual positions. A further two invitations were issued in response to requests from women who contacted the university because they had heard about the research project through friends or colleagues and wished to participate. The groups were chosen to provide an opportunity for women from diverse socioeconomic backgrounds to participate in the project. The invitation broadly outlined the subject and goals of the research and provided a brief description of the interview process. A copy of the invitation is contained in Appendix C.

Participants were given a choice of methods for replying to the invitation, including a phone number, email address and a document that could be completed and sent in a reply-paid envelope. All participants used the reply-paid envelope option.

The response to the first round of invitations was low, with only eight replies being received. These invitations had been distributed to parents of children in classes at two primary schools and a play group in geographic areas with socio economic indicators signalling relatively low access to economic resources. The timing of the distribution of these invitations, in December 2003 and quite close to the end of the school year, may have contributed to the low response rate. However, one of the responses was from a senior staff member at one of the primary schools. The staff member participated in an interview and, upon request, agreed to distribute further invitations among her school community. These invitations were distributed, along with invitations to the remaining groups, as part of a second round of participant recruitment in March 2004. The response rate from the second round was much greater: 20 replies were received, giving a total of 28 responses.

As the total number of responses exceeded the intended total of twenty interviews, a decision was made to expand the interview program. The Women's Economic Policy Analysis Unit at Curtin University made further funding available. This enabled interviews to be conducted with all women who responded to an invitation. This facilitated the collection of data from a greater diversity of participants. During the period in which interviews were conducted, one participant suffered injuries in an accident and withdrew from the project. This meant that a total of 30 interviews, including the pilot interviews, were conducted. The first (pilot) interview was conducted on 27 November 2003 and the final interview was held on 17 June 2004.

An analysis of some the participants' socio-demographic characteristics confirmed diversity in terms of age, occupation, workforce participation, household structure, number of children, marital status and country of birth. Despite this diversity, it is possible to identify some populations that are unrepresented in this sample. For example, there were no participants who identified themselves as being Aboriginal and all participants had stable places of residence. This means that it is likely that there are some significant perspectives on saving and retirement that are not represented in this study.

Two further features of the sample warrant mention. Firstly, it was not expected that five participants who had emigrated from the same country, in this case Sri Lanka, would offer to participate in this project. This occurred because a group of women from one of the multicultural groups that distributed invitations decided, as a group, to each participate in individual interviews and donate their participation payment to a family with a child undergoing medical treatment. While initially this raised some concerns about the diversity of the sample, the five participants showed considerable difference in terms of their age, socio-economic circumstances, views and experiences. While they had some experiences in common, particularly that of moving to Australia, these appeared to be no greater than those that could be identified by choosing other groups that had a characteristic in common, such as being born in Australia.

Secondly, it was not planned that seven participants, comprised of four teachers, one school principal and two education assistants would have the same employer, the

Department of Education and Training, Western Australia. This occurred because several school staff used spare invitations remaining after distributing invitations via their classes to offer to participate in the project. Again, there was considerable diversity in their experiences and views on saving and retirement. They did, however, have membership of the same superannuation scheme and this became particularly evident during the data analysis phases of the project. This provided an interesting point of contrast with the experiences of other participants, as noted in the following chapter.

When using grounded theory, adequate theoretical sampling is assessed in terms of whether further data collection no longer yields results which are surprising or providing exceptions to previously developed themes and categories. This is termed “saturation” and implies that there is a limited scope for further understanding to emerge from continued sampling. As noted above, constraints of time and funding meant that the project was completed before saturation was achieved. As demonstrated in the following chapter, some categories contained a great deal of recurring information about experiences and perceptions. In contrast, there were categories that contained relatively small amounts of data. This is discussed throughout the following two chapters.

6.9.5. Ethical considerations

The most significant ethical issue for this project was the need to ensure participant confidentiality. Previous Australian studies of household financial arrangements have demonstrated that participants find the discussion of household money and financial decisions to be a particularly sensitive issue (Singh 1997; Edwards 1984). The ability to collect high quality data in an ethical manner was therefore closely aligned with the need to ensure that data could not be matched with identified participants. However, records of participant names and contact details were required for two reasons: firstly, to facilitate arrangement of the interview and, secondly, to arrange delivery of an interview transcript to the participant for verification and, if necessary, alteration.

To facilitate these arrangements, transcripts included a non identifiable code which could be linked to a list held only by the researcher and the project supervisors. This list was a hard copy kept in a locked office cabinet. In addition, any identifying information within the transcript was altered in such a way as to protect the identity of the participant while preserving the meaning of the discussion.

The written invitations informed participants of the objectives of the project and of the intention to record discussions for transcription and analysis. These details were confirmed in writing when interviews were arranged and the written consent of each participant was sought before any interviewing or recording proceeded. Copies of the information sheet posted to participants prior to their participation and consent forms are contained in Appendices D and E.

Following analysis of interview data in June 2005, a summary report outlining the main issues discussed in the interviews was sent to each participant, together with a letter thanking participants for their input. The summary report was based on the themes and data categories contained in chapter seven of this thesis. As with other outputs from this project, no identifying information was contained in the report.

All relevant details of the data collection process were described in an application to Curtin University of Technology's Human Research Ethics Committee. Approval to proceed with the project was granted prior to the first pilot interview proceeding and continued for the duration of the project.

6.9.6. Data format

It should be noted that Glaser cautions against taping and transcribing interviews as part of the data collection and analysis process and expresses a preference for relying on field notes (Glaser 1998). In this project, however, a conscious decision was made to tape and transcribe interviews for two reasons. Firstly, it was felt that taping and transcribing interviews would increase confidence in the data collection process among those assessing funding applications. Secondly, it was decided that this process might increase the confidence of participants in the research. In particular, it

was felt that participants should be given a record of the interview and an opportunity to alter and clarify the views that it contained.

Therefore, with the written consent of interview participants, each interview was recorded and later transcribed by the researcher for analysis. Each transcript was checked by replaying the interview tape and confirming that it was accurate. Copies of the relevant transcription were then sent to each participant to ensure that they were satisfied that it was an accurate account of the interview and to invite alterations if this was desired. Four participants requested changes to their transcripts:

- One participant returned her transcript with some spelling corrections; these were made according to her suggestions.
- One participant was concerned about some information that she felt might reveal her identity, at her request this part of the transcript was deleted.
- One participant did not like the names that had been used in the transcript to replace the real names of her family members. Names were changed to reflect her wishes.
- One participant asked for a specific adjective to be changed. The word was changed to an alternative adjective suggested by the participant.

The decision to tape and transcribe interviews meant that transcriptions formed the main body of the data analysed in this project. However, after each interview, the researcher completed field notes that, in addition to details about the time and place of the interview, canvassed thoughts about the issues discussed throughout each interview. These memos and others written throughout the project assisted the data analysis process, as described below.

6.10. *Data Management and Analysis*

The interview transcripts and field notes yielded approximately 650 pages of text. This comprised the data set for the project and was managed using N*Vivo software which has been developed specifically to facilitate qualitative data analysis.

Data analysis commenced following the first interview. Upon completion of the first transcript, open coding was commenced by reading through the transcript and noting the various issues and experiences discussed by the participant. It was intended that this process would be repeated for subsequent interviews, with each being transcribed and subject to an analysis before the next interview proceeded. The aim of this process was to implement an iterative approach to data collection and analysis. However, at about the mid-point of the interview schedule, it became impractical to complete transcripts prior to the next interview taking place. This occurred because of the constraints of accommodating the wishes of participants with respect to the timing of their interview. Most participants wished for, or expected, their interview to be held reasonably soon after posting their reply. At various times during May 2004 there were up to six interviews to be transcribed when subsequent interviews were held.

A conscious decision was made to allow taped interviews to accumulate in preference to spacing interviews to accommodate the requirements of the researcher. Many of the participants' lives were busy and it became apparent that the capacity and willingness of people to participate in the project could change quite quickly. For example, one participant experienced an accident that required her to undergo extensive medical treatment and this resulted in her withdrawal from the project. Some other participants were pregnant and it suited them to have their interviews scheduled prior to the birth of their baby. Other significant examples of changes in participants' circumstances included the death of a parent (in the case of two participants), moving house and an impending marriage and holiday.

Within these constraints, analysis of each interview transcript continued alongside the data collection process. Analysis commenced with the generation of categories from the transcript data. This was done through a process of open coding. Open coding proceeds by developing categories of different data, for example by grouping together all participants' comments about allocating to children's savings accounts, but it does not assign priority to specific categories, nor define relationships between them (Dey 1999; Miles & Huberman 1994; Finch 2002; Glaser 1992).

In developing categories of data, priority was given to Glaser's guidelines that data "be closely examined and compared for similarities and differences, while constantly asking of the data the neutral question "What category or property of a category does this incident indicate?" (Glaser 1992:39, emphasis in original). Throughout this process it was recognised that categorisation involves an interpretation and conceptualisation of the data by the researcher (Dey 1999:252-260; Finch 2002:202). However, the intention throughout the initial analysis was to focus on the content of participants' comments and to develop a system of categories that reflected their experiences and perceptions relevant to savings and retirement. That is, to develop "data driven" categories (Richards & Richards 1995:80; see also Lee 2002:794-5). By August 2004, 88 categories had been developed containing extracts from participants' transcripts. These categories are listed in Appendix F. The relevant text extracts varied in size depending on their relevance to a specific category. Some consisted of only one sentence while others continued for more than a page of text.

As can be seen from Appendix F, the initial analysis of transcripts contained several different categories with quite similar labels, for example, "risk, distrust" and "risk, uncertainty, distrust" and in some cases, repetition of the same category name, such as "intergenerational transfers". It also contained a number of categories that, inadvertently, related to the researcher's previous knowledge of economic theory relating to money, such as concepts like "fungibility". The use of such concepts signalled to the researcher the difficulty of suspending prior knowledge and the possibility that existing theoretical constructs were being imposed on the data.

In late August 2004 it was decided to recommence the analysis process, with a more determined effort to rely consciously on the specific words and meanings of participants and to more explicitly develop categories from comparisons within and between transcripts. If the intended meaning of a section of transcript was unclear, interview tapes were referred to in order to assess or confirm categorisation. The categories developed throughout this process can be labelled "referential categories" in that they were textual references relevant to a particular topic or issue (Richards & Richards 1995:85). Regular back up copies of developing lists of categories, together with the initial field notes and memos of various thoughts relating to the emerging

categories, allowed the processes behind the development of specific categories to be reviewed.

While the development of categories requires interpretation and conceptualisation by the researcher (Dey 1999), interpretation of data became even more apparent when categories that dealt with similar issues were grouped together to assist analysis. There are several different terminologies that describe the grouping of categories of data. For example, Glaser uses the terms “concepts”, “properties” and “categories” (Glaser 1992:38). Within the context of N*Vivo software, different levels of grouping are referred to as “nodes” or “trees”. Other terminology exists, such as “children”, “siblings”, “trees” and “roots” (Richards & Richards 1995). For the purposes of analysis in this thesis, groupings of categories were labelled “constructs”, reflecting the active role of the researcher in identifying specific categories as related and then constructing labels, to group them together. This part of the process reflected the theoretical coding described by Glaser. During this part of analysis there was relatively less use of computer aided data management. Instead, memos and field notes were utilised and more memos generated, as possible constructs were considered. The development of constructs continued simultaneously with the process of writing drafts of the research findings, as the writing process also provided an opportunity to consider and assess different possible constructs.

Finally, different constructs were grouped together into broad concepts. This represented another level of abstraction and interpretation. Three broad concepts were developed in order to develop a theoretical discussion from the collected data. A detailed description of the concepts, constructs and categories generated from the data and used as the basis for organisation and theorising is given in the following chapter.

6.11. *Criteria for assessing causal explanations*

A final part of the research design for this project was the need to specify criteria that could be used to assess the adequacy of the data collection and analysis process. This important issue poses some challenges because appropriate criteria for assessing the outcomes from grounded theory research method are rarely discussed in economic

literature. As grounded theory is not a process of theory verification and uses a process of theoretical sampling, the adequacy of data collection and analysis cannot be based on “traditional” assessments such as the representative aspects of the data or relationships between data and hypotheses.

In their discussion of the application of critical realism to economics, Downward, Finch and Ramsay (1999) summarise the following criteria for appraising the explanatory power of knowledge claims developed through retroductive research methods:

First the deduction of the consequences and the effects of an operative mechanism are identified in retroduction. Second, these consequences are compared with empirical observations...Third, the causal mechanism should itself be explained by checking whether a mechanism was operative. (Downward, Finch & Ramsay 2002)

The third criterion, which goes to the issue of identifying causal mechanisms, has been discussed in further detail by Runde (Runde 1998), who suggests it is possible to assess causal explanations in economics by reference to four criteria. His first two criteria for assessing the adequacy of a causal explanation are relatively straight forward. The first is that the factors cited as possible causes of an event were relevant aspects of the situation in which that event occurred. The second is that, given that the factors cited as possible causes of an event were in fact aspects of the situation in which the event occurred, the identified factors were causally effective.

Runde’s third criterion is that the identified causes should provide a satisfactory explanation of the event of interest. Within the context of causal explanation, Runde notes that this means “sufficiency”:

Not in the sense of some cause being sufficient to produce some event under certain circumstances, but in the sense of being satisfactory to an intended audience, taking into account the background that audience can be expected to have...(Runde 1998:160).

This criterion actively recognises the role of the academic community in interpreting specific types of explanation as valid. Within this context, Runde notes that

explanations may be viewed as insufficient because they are either too remote or too small to provide an adequate explanation of a particular event. For example, a particular cause may be considered too remote if the “links in the causal chain” are unspecified or taken for granted, or may be considered too small if it is only one of a “composite” of causes that led to the event of interest.

The fourth criterion relates to whether the identified explanation provides “causal depth”. Runde identifies two ways in which a cause may be considered “too shallow” to explain a particular event:

First, it may be that if [the identified cause] C_1 had not occurred, [some event] e would have occurred anyway in the situation under consideration because [another cause] C_2 would have produced some causes substitute for C_1 bringing about e ...

The second way in which a causal account may lack depth is where C_2 is a condition in which C_1 arose and caused C_1 , in part, in causing e . In this case C_2 is causally prior to C_1 and yet too closely related to e to be passed over or omitted from an explanation of e . Here C_1 lacks ‘depth as priority’ (Runde 1998:162).

As is demonstrated in chapter nine of this thesis, these criteria were utilised to evaluate the causal explanations proposed as a result of the data analysis. Given that his research project uses a methodological framework, research method and data collection and analyses procedures that are relatively unfamiliar in economics, the issue of assessing the outcomes from this project are particularly significant. Using the criteria outlined above, the causal explanations proposed as a result of the data analysis in this study are discussed in chapter nine of this thesis.

6.12. Summary

This research project utilises a research methodology that is innovative in the context of economic studies. The ontological basis of the study, critical realism, has been the subject of detailed debate for the relatively short period of approximately a decade. The interpretive epistemological basis, while widespread in feminist research, is not traditional within the discipline of economics and is only infrequently associated

with realist ontology. Finally, research specifically utilising grounded theory methods have only recently appeared in peer reviewed economic journals.

However, each of these components of the research philosophy and design offer specific advantages in the context of examining women's strategies to plan or save for retirement. In particular, they allow for the collection of rich data that does not predetermine the relevant variables for analysis. Thus, motivations, attitudes, decision-making processes, social institutions and, as yet, unidentified constraints or influences, can potentially be revealed through data collection and be integrated into the analysis process. Thus, in adopting this approach, it is possible to consider a broad range of experiences and meanings that have not yet formed part of the economics literature on women's savings and retirement decisions.

Therefore, the design of this study has two potential contributions. Firstly it offers an opportunity for producing empirical findings and theoretical concepts relevant to women's retirement savings strategies. Secondly, it offers an opportunity to gain potential insights into the advantages and disadvantages of developing research projects applying relatively innovative methods in economic research. The results from the application of this unusual design are presented in the following chapters.

7. A conceptual framework: Constraints, compromises and visions of retirement

7.1. *Introduction*

This thesis was undertaken to contribute to understandings of some underlying causes of women's financial insecurity in later life. As outlined in the previous chapter, the study's research method involved the collection of data through individual, semi structured discussions held with thirty women in the metropolitan area of Perth and some adjoining districts in Western Australia. This section presents the conceptual framework developed to categorise and analyse the data collected during the interviews. In presenting this conceptual framework, the goal is to clearly articulate the links between data, analysis and theory formation. Each category is illustrated with specific examples of interview data. As outlined below, this presentation reflects the issues and experiences described by participants and the conceptual organisation of data by the researcher.

7.2. *Ordering and grouping data*

As noted in the previous chapter, data analysis of participants' interview transcripts was initially facilitated by using N*Vivo software. Using open coding, transcripts were coded using "referential" categories, whereby each category was developed to refer to the issues, experiences and thoughts discussed by each participant. Each new category was given a different code. This was an iterative process, involving revisions and recoding of data as new transcripts were included and previous transcripts revisited. As the analysis proceeded, categories of data were formed by grouping together sections of each transcript with the same code. Categories are therefore the most detailed level of organisation of data. In the following presentation, categories are numbered with a capital letter followed by a number, for example "A1: Doing the child thing". Where an appropriate quote or paraphrase was available, category titles were formed using a participant's own words, reflecting the relative closeness of this level of results to the data and the referential nature of the coding.

The 30 individual discussions resulted in over 600 pages of transcript. As a result, some categories contained relatively large quantities of data in the form of sections of transcript text. The large quantity of relevant data required some decisions about the way categories can be illustrated in a reasonably concise manner without losing the diversity of views expressed by participants. As a result, this presentation has been assembled using the following guidelines:

- Unless otherwise noted, only one piece of relevant coded transcript from an individual participant has been included in any discussion relevant to a specific category. In most cases, the quote contained in this chapter and its accompanying appendix is a short excerpt from a larger quantity of text held within the N*Vivo data files.
- Where a specific comment related to more than one category, a judgement has been made as to the most relevant category in which to place that quote in the context of this chapter. It should be noted, however, that for the purpose of category development, text was coded in more than one category if it held relevant, multiple meanings.
- Within the text of this chapter, a maximum of three quotes has been included to illustrate any specific issue. Where this resulted in the omission of relevant quotes from the body of this text, additional quotes have been placed in Appendix G, cross referenced with the appropriate category label.
- For the purposes of selecting quotes to place in this chapter, attention has been given to including comments from all participants. This does not mean that each participant has their views represented by an equal amount of text: some people talked more than others, some expressed themselves more concisely and some raised more issues. The intention, however, has been to ensure diversity of views rather than dominance by a few.

These guidelines represent a trade-off between inclusiveness and concision. The main goals guiding these decisions were to limit the size of this chapter and avoid duplication while illustrating the diversity of participants' views and experiences relevant to the development of theoretical concepts used in this thesis.

The quotes in this chapter have been taken directly from transcripts and have been amended only in order to protect confidentiality or to clarify meaning. Whenever a change has been made, the edited text is enclosed in square brackets, for example [*Doug*], [*my husband*] or [*both*]. In some cases text has been omitted from a quote in order to make it more concise. This is indicated by three consecutive full stops, for example, “*I take her shopping... I don't like her to get on the bus because she's got a bad leg*”. There are a small number of quotes where an explanatory note has been added. This is indicated by the relevant note being presented in non-italicized text in brackets, for example: “*He'd much rather have shares.* (Note – this household does not own any investment properties)”. Quotes from different participants are separated with a double forward slash://.

As part of the analysis process, categories that dealt with similar or related themes were grouped into constructs. The term “construct” reflects the role of the researcher in interpreting these categories as being related and then constructing a thematic heading under which to group them. In this chapter, constructs are labelled with a capital letter, for example, “Construct A: Life events and earning an income”.

Finally, groups of constructs were formed to reflect central “concepts” that will become the basis of further analysis and discussion in the following chapter. Like constructs, concepts reflect the researcher’s interpretation of the data. However, they refer to broader and more abstract ideas, capable of accommodating the variety of linked constructs and categories contained within the data that they are comprised of.

The results are presented to reflect three broad concepts:

1. Contexts of constraints and catalysts
2. Compromises
3. Retirement plans and futures

The first concept, “contexts of constraints and catalysts”, refers to features of the social and economic situation described by participants: their access to resources and their capacity to make decisions about the use of those resources. The second concept, “compromises”, examines how participants address the constraints and catalysts relevant to their context: how they participate in the workforce, organise their household finances, make financial decisions and achieve access to information.

The third concept, “retirement plans and futures”, contains constructs relevant to the outcomes of participant’s contexts and compromises. It examines participants’ comments about their savings decisions and issues relevant to retirement from the paid workforce.

In total, the three concepts incorporate fourteen constructs and 72 categories. Throughout this chapter, tables are presented to outline the categories and constructs that comprise each of the three concepts.

7.3. Concept 1: A context of constraints and catalysts

During discussions it became evident that decisions about work and managing financial resources are made within the parameters of overlapping social and economic institutions and norms. Some features of the social environment appear to prevent, or make it difficult to, access particular options or choices. In this discussion, these features are labelled “constraints”. Other features appear to extend access to financial resources and expand participants’ range of options or choices. These features have been described as “catalysts”. That is, in this discussion, a catalyst is defined as ‘a person or thing that precipitates an event or change’ (*Merriam-Webster's Online Dictionary: 10th Edition*) and, unlike constraints, facilitate decision-makers’ capacity to pursue preferred choices.

The constraints and catalysts described by participants and grouped together in this discussion give insights into the “what” and “who” aspects of participants’ financial lives: What resources can they access? Who makes the decisions to spend and save? Who or what influences spending and saving decisions? What expertise can be accessed to assist decision-making? What makes particular decisions easy or difficult to implement?

In some cases, the categories included within this concept are clearly a part of the decision-making context over which the participant has little direct control. References to the legislative or regulatory framework are examples of such categories. In other cases, the social and economic context described by participants could be construed as one that participants can potentially influence or change. That

is, the context they are describing could be seen as the outcome of their earlier decisions. The guiding principle in deciding that categories can be included as constraints or catalysts has been the manner in which these issues were discussed by participants. For example, several participants spoke about their responsibilities for caring for their children as a constraint on their ability to engage in paid work. When spoken about in this manner, relevant pieces of transcript were categorised together and discussed as a constraint. Similarly, some participants mentioned that their access to income earned by a partner increased their available financial resources: they felt this expanded their range of options and these comments have been included in this discussion as catalysts.

Adopting this approach to grouping data categories and developing constructs means that many of the identified constraints and catalysts are social norms, either within households or in larger social groups. This approach emphasises the dynamic nature of social institutions and the way in which they are both reproduced and altered by human actions over time. Table 7-1 provides an outline of the categories and constructs that comprise the concept of “a context of constraint and catalysts”.

Table 7-1: Development of concept: A context of constraints and catalysts

Category labels	Construct labels
A1: Doing the child thing A2: After I married I didn't work A3: But if you divorce A4: As Mum gets older there is a lot of caring A5: We moved over here A6: Society has changed	A: Life events and earning and income
B1: It's too difficult to decide B2: I avoid it like the plague	B: Planning ahead
C1: I learned about his from my parents C2: What I will teach my children C3: I don't understand how C4: The type of information I want is C5: Everything's so complex C6: I might get some advice	C: Developing and accessing financial skills
D1: Marriage and financial decisions D2: We don't really talk about it D3: One person decides D4: I tell him all the time D5: We discuss things D6: Negotiating and bargaining	D: Distributing decision-making authority
E1: Our money, his money, my money E2: Children's money E3: That money is separate	E: Pooling and separating household resources
F1: I help out my son F2: I don't expect anything from my kids F3: He still pays me money F4: We'd like to give you a bit of money F5: I knew exactly what that transfer meant F6: Leaving an inheritance F7: Receiving an inheritance	F: Family networks and caring responsibilities
G1: Credit cards and debt G2: Savings and tax G3: Money and peer groups G4: Get away from money	G: Another thing is... the society we live in

7.3.1. Construct A: Life events and earning an income

The first construct relating to the concept of “catalysts and constraints” includes data on participants’ capacity to access sources of income that accrue directly to them in their own name. Most commonly, participants discussed their individual access to an income by describing their participation in the workforce and receiving an income

through a wage or salary. Categories of data were included in this construct if they were classified as affecting participants' income earning capacity and were:

- Discussed as significant events by participants when they were asked about their "life story"; and
- Part of the context the participants provided to explain the rationale for specific workforce participation decisions.

7.3.1.1. *Category A1: Doing the child thing*

Caring for children has been placed first among the categories relevant to participants' lives and incomes because of the way in which many recognised it as integral to other aspects of their social and economic lives. Chronologically, 'child care' was often preceded by other important events in participants' lives such as education, marriage and geographic relocation. However, raising children was pivotal in many women's discussions of a wide range of other events.

When discussing their life story, most participants integrated their remarks on child-rearing experiences with explanations of their patterns of work and household finances. The perceived need to explain, jointly, workforce participation decisions and responsibilities associated with raising children was significant enough to be included in discussion even by participants who did not have (and, in one, case does not plan to have) any children:

I suppose generally I only look for full-time work because I think I'd be bored stupid being part-time. I have no kids, have no pets... //...I think in the next ten years we'll do the child thing and probably continue working for a while. After two I think that becomes a bit difficult. //...and then I plan to go part-time to have a few kids and then when they go to school, I can go back full-time.//

Most of the discussions confirmed that the role of women as primary carer for children is a significant reason for broken patterns of employment. In some cases, broken employment patterns were attributed to a past lack of maternity leave provisions, leaving participants with little option but to exit the workforce upon the birth of a child:

And so when I was pregnant I asked for twelve months leave to have my third child and they said there's no provision for this, you have to resign and I was made to

resign...//...so there I stayed until I married. And I stayed after I was married and I had a baby but he died, so I went back to work, but not there. Because there was no such thing as maternity leave when I left...//

However, most of the comments included in this category indicate that participants viewed their movements in and out of paid work as either a favoured or unremarkable outcome of their role as a primary carer:

*I was working late evenings, afternoons, in a job I really enjoyed and we both made the decision that when we started a family that I wanted to take on the role of a mother and do it full-time.// Well during my maternity leave redundancies were suddenly offered at the level that I was. And I just went, 'hang on, I would rather be paid for redundancy' rather than go back to work and then down the line realise that I want to spend more time with my child anyway... and not get a redundancy package.// I met my husband and I got married, then when I was expecting my daughter I left the job. From that time I am a mum. Like a housewife and a mum.//
Further data in Appendix G*

For others, changes in workforce status were necessitated by the difficulties of fulfilling multiple roles in paid and unpaid work. In these cases decisions to leave the workforce demonstrated a more overt assessing of costs and benefits, with the relatively short to medium term requirements of accommodating the demands of raising young children weighing heavily:

*So the children were small... I couldn't, you know, cope with the work and looking after the kids and the house and all that... So I thought I'll stay home. // I thought it would be full on but I didn't expect that much. I didn't think I'd miss out with the family that much and that's not what I want. I want to work but I want to be able to be there for my kids too.// I had problems with my pregnancies, instead of having all my children young and going back to work later, it spread the child bearing years out to ten years... So all that time, I was basically just doing part-time, low paid work. //
Further data in Appendix G*

While most participants with children appeared either relatively comfortable with or resigned to the perceived effect of child-rearing on their working life, one participant voiced strong objections to the social and economic costs she associated with becoming a mother:

I ended up having children only because I lived in a country where I couldn't have an abortion... That's the only reason that I had a child... women have to be assured that having children is worth while. //

Of course, all participants with children had important and interesting stories to tell about their decisions to accommodate their role as a mother with their other roles in society. The story below is included as indicative of the unpredictable linkages between different aspects of participants' lives and the long-term implications that can result from workforce participation decisions made when children are young. This story has been chosen because it demonstrates the interconnections between child-rearing, workforce participation, health concerns and social norms. It emphasises that child-rearing is not a discrete part of an individual's life but affects it in a range of complex and unforeseen ways.

And then [my son] was born. And you know all I wanted to do was go back to work. And it just didn't happen... I was called at work, [my son] was really quite sick... the doctor couldn't find any thing... he said to me later on in the week... "I think your child is missing you and he is working himself up...you've got to decide whether you want to go back to work and put him in day care... or whether you stay at home with this baby and look after it". And it was funny, when that was put to me, I just thought, "what the heck, this is my child if he needs me that much well that's it"... interestingly enough, years down the track, when I was able to go out to work, I guess, one, I didn't have the confidence and, two, I'm more than happy to be at home and do all the things at home that [my husband] never has the time to do.

7.3.1.2. *Category A2: After I married I didn't work*

Rather than associating her movement in or out of the paid with having children, one participant mentioned that she was required by the terms of her employment to leave the workforce when she married. Following this, her partner was transferred overseas and she experienced further regulatory limits on her capacity to undertake paid work:

After five years high school I went nursing... and I got married before I completed my nursing. Of course you weren't allowed to be married in my day, as a nurse... Then we went from there [overseas] for three years, where I couldn't work actually, I wasn't allowed to work...//

Another participant recognised that she was lucky to be working in the public service at a time when married women were permitted to continue in employment:

...there was legislation in '72 that meant that as a married person I could stay on...//

Further participants mentioned that marriage, rather than children, was the reason for a change in their patterns of workforce participation. However, in these cases they did not link it to legislative or regulatory provisions. Rather, it was mentioned as a preference, or expectation of their partner, or the relevant social context at the time of their marriage:

He didn't want me to work so my career stopped then and there... Confined to the kitchen now (laugh). //...of course the era that I was married in, people got married young and had their careers on hold basically. It was quite different to how it is now.// After I got married I never worked. I worked here and there but not like full-time work, I never have. //

Additional data in Appendix G

7.3.1.3. *Category A3: But if you divorce...*

Some participants mentioned that the earlier effects of marriage on their workforce participation decisions became more apparent when they later divorced. For three participants aged in their fifties divorce prompted not only a reassessment of their financial situation but also required major decisions about their participation in the paid workforce. For two of the women, this was because the period of their marriage was characterised by sporadic or part-time employment. For the third, divorce meant leaving a small business jointly owned with her husband:

But if you get divorced... you haven't got a job, really, that you can go and make your money on...// So it [marriage] was all a pipe dream... I came back with four pounds and fifty three pence and two small children...// And I mean I really wasn't career minded. Because I was getting married, you know... I thought I would be married for ever and ever. //

7.3.1.4. *Category A4: As Mum gets older there is a lot of caring*

Some participants had caring responsibilities for household members who were part of their extended family and this affected their ability to participate in paid work. Participants' discussions revealed that there were several differences between caring for children and caring for other family members. Firstly, the care of older family members is relatively unregulated in terms of employment related provisions and one participant told of how she had lost her job because of the time commitment required to care for her father. Secondly, even in cases where caring responsibilities were

willingly accepted, participants appeared to have relatively little capacity to affect the timing of these responsibilities. Changes in household caring arrangements and responsibilities sometimes occurred quite abruptly. Participants told of circumstances in which the significant responsibilities associated with caring for their relatives constrained their range of viable options relevant to their choice of housing or participating in the workforce:

... it became very evident that Dad was getting sicker and sicker. And there was something really wrong, he was really an albatross around my neck. So they said, you either have to resign or go back to work... I've got a feeling that that pressure was put on me at the wrong time. // [Mum] loves the garden here. And she wouldn't let it go...// For the last six and a half months I have been, [my husband] and myself... have been looking after our four year old granddaughter, which we thought was a permanent thing, because my son's [wife]... she sort of left, deserted the family... we were going along quite nicely and then just out of the blue on Saturday, her Mum just turned up...//

Further data in Appendix G

7.3.1.5. *Category A5: We moved over here...*

It was relatively common for participants to experience disruption to their employment as they relocated from other towns, states or countries to settle in or near Perth. The motivation for relocation included their partner's career opportunities, seeking a politically and socially stable environment to raise children and pursuing educational opportunities for children or a partner. In these cases, however, the selection of Perth as a destination was determined by the workforce opportunities available to participants' partners. As many participants were the secondary earner within their household, the task then remained to adapt their workforce participation to their new location:

So we travelled from here to [Australian city]... Then we went from there to [overseas] for three years, where I couldn't work actually, I wasn't allowed to work [there]... then we got posted back to [second Australian city] and I worked there...// ...I don't know how many houses there were, twenty houses. Changing houses, changing places...// We've moved. At one stage I moved house five times in two years, three countries. That wasn't nice. //

Further data in Appendix G

7.3.1.6. *Category A6: When you're in hospital...you can't work*

In some cases, participants had experienced ill-health and this had limited their capacity to participate in the workforce and earn an income.

... when you're in hospital for a long time... you start getting threats from the hospital, saying if you don't pay this account now we'll take you to court. And you're still on crutches and you can't walk. And you can't work.// I was diagnosed with depression... and so I've had a bit of an emotional battle and that has made things harder for me...//...I had three sons and one pregnancy in between that ended up in a still birth and one miscarriage...it spread the child bearing years out to ten years. // Further data in Appendix G

In category A4 it was noted that providing care for older family members sometimes constrained participants' ability to undertake paid work. However, one participant described a different kind of link between ill health among family members, her education and eventual choice of career:

...when I came back I went to university. Failed hopelessly, because it was in this dreadful environment while my brother was having psychiatric treatment and my father... he was taking drugs, he was getting drunk. //

Several participants recognised the difficulties that can be caused through ill health, including the direct costs that it imposed. While some expressed hope that ill health would not affect them in the future, one participant, aged in her fifties, mentioned she had taken steps to actively implement a health strategy as part of her long-term planning:

So we hope we don't have too much of bad health, so we can manage. Because if you get bad health then you're in trouble.// It just depends on your health I suppose, you don't know what's around the corner. ... People get sick. People get cancer and I think, well, it could happen to me. It can happen to anyone.// And I've got a health strategy in place to make sure that my health stays as best as it can for the next twenty years or twenty five years of my life. So I guess I've consciously thought about over the last year, what's the quality of my life, what is my life going to be for the next twenty five years?// Further data in Appendix G

7.3.1.7.

Category A7: Society has changed

Some participants expanded the conversation to associate particular events in their lives with specific social changes and what this meant for women's workforce participation and financial position. Some of these participants emphasised the view that women currently aged in their fifties had lived through a period of significant social change. There was a concern that women in this age group may be financially disadvantaged in retirement by decisions made in a social context that differed significantly from the current situation:

if I'd had a lower end job I just would have been stuffed basically... It's different for my daughter in law because she's paying super. ...[but for] a whole lot of women who are say, forty, fifty,... my concern is that they will be caught in a poverty trap of not being able to access the pension but not being able to live well enough either on their super. ...society has changed from the model of my mother...//... my nieces and nephews...have planned their life really well and are a lot more financially stable...but I just hope that the government is aware that there is probably a lot of women out there my age who have not had that kind of background and are going to be struggling in retirement.//

In summary, construct A contains specific categories of data that show the multiple and linked effects of family and household formation, caring responsibilities, ill health, geographic relocation and social change on participants' workforce participation and income-earning capacity. As such, the data categories in this construct contribute to the development of the overarching concept of "a context of constraints and catalysts".

7.3.2. Construct B: Planning ahead

The previous construct examined some effects of key events in women's lives and their ability to earn their own income through workforce participation. Over the long-term, access to financial resources is also affected by other factors. For example, at an individual level, this might include the ability to utilise available money in a way that helps meet both current and future requirements. Some participants mentioned that this was hard because of the difficulties of choosing between current expenditure and future savings.

7.3.2.1. *Category B1: It's too difficult to decide*

Some participants felt that they had sufficient money to undertake some saving or long-term financial planning. However, making these decisions required addressing the internal conflict they felt when having to decide to constrain current spending in order to save:

I can see a little internal battle going on with me thinking yes I really need to be setting money aside for my future here but I'd really like to go to, wherever, Vietnam, or wherever... And you know, I might be dead by the time I'm fifty anyway so, you know, maybe I don't need to worry about later on and you know, what about life in the mean time and these sorts of 'live in the moment' versus 'plan for the future' arguments that one may have.// There's two ways of looking at it. I would spend perhaps ten, twelve thousand a year on travel. Part of me thinks should I be putting that into shares so that in my old age I'm not destitute but then I think what if I die in two years? And somebody else gets all the money? // I suppose if I didn't go on holiday I'd save money. //

Further data in Appendix G

7.3.2.2. *Category B2: I avoid it like the plague*

Several participants commented that they would rather not think about long-term financial planning and retirement. There were a variety of reasons for this. Some found that thinking about retirement and ageing was unpleasant and, as they were not in a financial position to save, served little purpose other than making them feel depressed:

I don't even want to do the figures ...because then I might get depressed... there's no point in even worrying about it. What's the point in knowing how much I haven't got when I can't change it? // I just think, I'm going to have nothing, I've got nothing... I'll be on the bones of my arse in some bloody nursing home on the pension...// Broke, on the streets of Fremantle. I really don't know, I really don't know...//

Further data in Appendix G

Other participants had different reasons for not wanting to actively engage with the issue of retirement. It appears that for some participants, actively considering retirement involves addressing some troubling issues they prefer not to confront, such as exiting the workforce, the long-term implications of a partner's ill health or the need to prioritise yet another issue in lives that are already busy:

I've just entered back into the workforce full-time and I'm really loving it. So I don't know what I'm going to be like in twenty years time... I haven't really thought about it. I guess we've been so busy with life and everything it entails you just don't stop to think about [retirement]. // I know I have to but it's... way off in the distance in my mind. You know, like there's too much other stuff going on, immediate needs, I suppose. // I think I've deliberately tried not to think about that because [my husband's] always had such bad health...//

This perspective was even evident in the comments of one participant who had outlined particularly well formed plans for securing a retirement income:

...this is how I felt about seeing a financial planner... when you hear all the different bits and pieces that they say to you and you start thinking about that, I almost went into a panic there and then... sometimes it's better to have your blinkers on I think.//

While this construct contains only two categories of data, they illustrate that some participants stated a preference to avoid long term planning. The perceived difficulty of planning ahead, along with motivations for avoiding long term decisions act as a second area of constraint relevant to the overarching concept of constraints and catalysts.

7.3.3. Construct C: Developing and accessing financial skills

A third feature of participants' social context that affected their ability to plan or save for retirement was their level of financial skills. A common theme in these discussions was the need for additional skills or resources to assist with making decisions. In these cases participants sometimes discussed, either spontaneously or in response to questioning, their attitudes to seeking professional advice to assist them. In other cases, participants reflected on the type of information they would find useful in assisting them make financial decisions.

Reflecting the issues raised by participants, this construct contains categories that are relevant to:

- Participants' acquisition of skills and experiences in managing finances;
- The types of information that participants have found useful or would like to access; and/or

- The perceived advantages and disadvantages of seeking professional advice on financial matters.

7.3.3.1. *Category C1: I learned about this from my parents*

When discussing their knowledge of finances, several participants mentioned the lessons they had learned from their parents. In some cases the lessons were learned through observation, in others, parents had made overt efforts to provide an education in financial management. Beyond this, lessons seemed to fall into two main categories. Firstly, there were positive lessons, about the best ways to organise the household's finances. These included advice about saving, interest, superannuation, as well as more general approaches to earning and spending:

...we learnt that from my mother... we all had to understand simple and compound interest and so forth when we were teenagers...and to understand what bank interest was and what they charged... and that building societies charged more because the interest was reducible quarterly, not daily, all of those rules, we learnt from my mother. // Once they actually retired and worked out all that they could live on, Mum said it's actually quite frightening. You really should start thinking about it. And it's one of those things, yes, when we're forty we'll start thinking about it and we really should. // I know my husband's mother keeps going "put more into your super"... Mum just tells me not to spend so much. //

Further data in Appendix G

Secondly, there were negative lessons: several participants mentioned that they did not wish to replicate the actions of their parents:

[My husband] would have seen exactly what happens to someone that doesn't do anything. They had nothing. 'Cause then, they went on to the pension... and I think that's why, in fact all [his] family turned out to be very cautious, very money orientated, they've all done exceptionally well...// I guess I wasn't educated a lot when I was younger about making money or managing my money from my parents. They were... very poor too. And my Dad's always said "never get into debt, never get into debt". But I don't believe that. I think you have to create debt to get ahead. //...but I think my attitude towards money comes from my experience with my mum... I remember she would throw credit cards down the back of her wardrobe so she couldn't get them. And then, like, dig a hole in the back of the wardrobe to get at it again. And that taught me an important lesson about credit... I still learned about it from her. I just learned what not to do.//

One participant mentioned that her father was willing to teach his sons about managing finances but that these lessons weren't extended to her because he thought daughters didn't need to know about it. This participant commented that her father's approach continues to affect her attitude to learning about finances:

...Dad saying "oh you don't need to know about this"... what it feels like, it feels like you're sneaking into the boy's loos to see what they look like. That's just a horrible image but it's true. That's just what it feels like. //

7.3.3.2. *Category C2: What I will teach my children*

While some participants expressed mixed feelings about the financial lessons they received from their parents, several mentioned that they would provide financial lessons for their own children. This was seen by some participants as an important part of their role as a parent. In some cases the lessons they provided, or planned on giving in the future, were specific to particular types of transactions and strategies, such as purchasing a property or operating a savings account:

And I loaned to my children. And in the process of loaning the money to them and going into the deals, I sat down to say, this is an opportunity for you to learn financial management from me. I don't want to control your real estate but I want you to make wise decisions and I want you to have this information. //... I think if a child is willing to put half of his pocket money into the bank then I'll match that and so all of a sudden his savings is growing and growing and growing... they won't connect it to the fact that you're putting in half, they'll go "wow this really works. If you put it aside it does grow." //

In other cases, however, lessons were more in the nature of providing general advice on financial priorities:

But I'm going to teach them a different way, you know, to maybe save some of it and use the other to go and see the world. // I admit I have made mistakes, so I can tell my kids you know, I tell my kids all the time, "you should really plan." // You know, like my kids, now they are year six and year eight, I tell them, "you know, you need to save, who's going to get a roof over your head when you are married?" (Note - in years six and eight, children are usually about 11 and 13 years old) //

Further data in Appendix G

Some participants conceded that they have met with limited success in providing financial lessons to their children:

They don't work for pocket money or anything ... I tried last year for him to do the dishes and I'd pay him money and that lasted for two nights. // She sort of thinks I'm getting on her case if I say [anything]//

7.3.3.3. *Category C3: I don't understand how*

During discussions, it became apparent that many participants felt they had received most of their knowledge about how to manage finances through a process of discussion, observation and learning at home. Very few mentioned discussing or learning about money through other avenues. This seems to have contributed to a situation in which some participants lacked confidence in their ability to manage money or access financial information.

I was born without a financial management gene, I basically spend everything. // I have to say finance has never been my forte and I don't understand superannuation, I don't understand shares, I don't understand the government's budget and country deficits and floating the dollar. None of that.// And he said he makes more on the stock market than he does on teaching... And I was so envious. Because I'm quite convinced that if I could be taught how to, I probably would be okay at it. Because I'm quite interested in that sort of thing. But I've never been taught how.//

Further data in Appendix G

7.3.3.4. *Category C4: The type of information I want is...*

Some participants felt that they had sufficient information about their financial options and did not envisage seeking further information or advice:

...general financial information...I'm not looking for it... a lot of what I find tends to be beneath the way I feel... I already think about it... people talking about budgeting makes no sense to me... it's just irrelevant, I don't need that. //... people have come to us from time to time. Someone phones and my husband says "yeah, yeah, we'll just see what they have to say" ... [information], it's been coming to us. //

One participant didn't feel that she needed any information about managing finances because she currently had little money to manage:

I don't kind of need to think about where I'm going to access this information... when I've got this money that I want to invest or whatever, then I will.

Some participants, however, felt that they would like to be able to access information to assist them with making decisions about their finances. Sometimes the desired information was quite general:

...information about services that could help you or about packages that might help you start to think about how to start saving for your retirement... yeah if there's some way to do it, to get started...//I'd like to have a nest egg at the end but I don't know how to do it on the little money we have...//...with just one person's salary how we could save, [that] is the main thing... show us, how we can...//

Further data in Appendix G

Some participants particularly wanted to see information that addressed or compared a range of options rather than focusing on particular forms of asset or wealth accumulation:

I'd like to see what options there were... what possibilities are out there. ...I mean options for accumulating wealth. So ways of doing that.// There should be a catalogue on a wide range of different things you can do. Not just superannuation. //...information on how to plan for your future and things you need to know... just information about how to do it and how to save, that sort of thing.//

Further data in Appendix G

In other cases participants wanted very specific information relevant to investment plans, accommodation in old age residences or legislative provisions governing the Age Pension:

... the prices of land or where there's something cheap but it's not being built on yet but it's going to be built on//...there are retirement homes here... they have different schemes I was told. I really don't know how it works. // I'm very hazy on how the pension is means tested, the Age Pension. I don't know what I can earn, I don't know how much I can own in terms of shares... I'm very, very hazy on all that sort of stuff. (Note – the means test refers to criteria for eligibility to an Age Pension. This is discussed in chapter two)//

7.3.3.5. *Category C5: Everything's so complex*

Comments made by some participants provided insights into possible reasons for the perception that relevant information is not readily available. In particular, there were comments that the available information was often in a form that did not appear relevant or was too complex to be readily applied to their lives:

Basic information for women, in layman's terms, which would be brilliant... Just straightforward, simple things that people can understand... Everything's so high faluting and complex.// I think that investing is... more geared to the men, you know the language and things like that... sometimes the things that you read are a bit difficult to digest...//... what are the options for women if they can't buy a house and have a major asset increasing in value for their lifetime? What if they have to pay rent all their lives? What are the strategies, the same way that I went to family planning when I was young because I didn't have a clue about contraception and all that sort of stuff, I don't know if I would have gone to something about financial planning but I suspect this generation might.//

7.3.3.6. Category C6: I might get some advice

When participants mentioned that they wanted better knowledge about how to manage their finances, the discussion often turned to where to go for advice and the potential role of financial advisers. At a general level, comments about financial advice were negative although this was for a variety of reasons. Of those who mentioned having directly dealt with a financial adviser, the comments were either negative or heavily qualified:

... my one experience is mixed. It was good for a little while and bad for the rest.//... it was badly done and she [the financial adviser] didn't actually tell us it was superannuation. I thought it was going to managed shares... I said "so can we have the money" and she said "no" because it was super, so I was a bit cross about that. //... I went and spoke to him [a financial adviser] and he just wanted to sell me his product. Oh, the guy didn't have a brain.//

Further data in Appendix G

Some participants mentioned meeting a financial planner but were reluctant to go ahead with their advice because they didn't feel comfortable with the strategies being suggested:

... the investment advisor just gave us the initial sort of advice and we haven't followed through that yet. //... so this is what he sort of recommended. But I just didn't have the confidence to go through with it... It's not that I didn't trust the person, because I did, even though he himself, moaned about twelve months after we had got this loan that he had lost money on shares and stuff. So, I just don't think you can predict it. //

For several participants, however, the most significant problem with seeking investment advice was finding an appropriate starting point and concerns about the costs involved. Discussions about seeking advice in these cases showed a very tentative approach and sometimes, a degree of procrastination:

I haven't seen anybody... I might. I don't know. // I have been thinking of it but we haven't done anything. // I've thought about it but my son in law... he went and got advice and lost so much money... and my sister went and got some advice from a bank to put some super away and it cost her five hundred dollars up front. //

Other participants described their experiences of actively seeking financial advice, only to be told that the professional they had consulted was not the appropriate person. This happened to participants who had met with bank representatives or accountants and the experience seemed to act as a deterrent from seeking further advice or information:

I have absolutely no idea [where to get advice from]... I tried going to the bank once but they weren't very much help.// So I saw an accountant to work out what my capital gains tax status was and I just had no idea how it all worked but they don't give advice. So I was a bit let down there. //

Further data in Appendix G

Finally, some participants expressed general perceptions about the finance industry and mentioned that this strongly deterred them from seeking professional advice:

...there are not many people who do a very good financial plan. They do not give enough advice...// I've always been very suspicious of investment brokers. //... one of the things I hate about it is, you know, going and talking to someone that you don't know and you don't know if they're telling you the truth...//

Further data in Appendix G

The difficulty of knowing where to go for professional advice was significantly reduced when participants felt they knew someone, either personally or through previous experience, they trusted or had confidence in. In two cases, this apparent confidence was coupled with the offer of a free consultation or waiving of fees:

...a friend's father worked for the [bank]... instead of charging me the application fee he said I'll waive that for you, which saved me like eight hundred dollars. And I thought, "well do it now, yeah."//... he's a mortgage broker... he's a nice bloke, he's always given us honest information, he's got a banking background, so he's not just a fly by night. I'd probably go to him and ask him for some advice. // I think they

approached [my partner's employer] to see if they could get on board with [partner's industry] and I think they actually offered [my partner] some incentive for him to come on board... probably a free consultation. //

Further data in Appendix G

In summary, the data categories contained in construct C illustrate a range of perceptions about the need for financial management skills commensurate with the complexity of Australia's retirement income framework. Participants' comments reflect a range of constraints that flow from their lack of confidence in financial planning and the difficulties in accessing relevant and appropriate information.

7.3.4. Construct D: Distributing decision-making authority

As illustrated above, at an individual level, participants' conversations revealed constraints on earning an individual income and having the necessary skills and information to address issues they perceived as complex. However, when participants discussed the management of money in their households, it appeared that another layer of complexity was added when participants needed to make their financial decisions jointly with a partner.

This construct focuses on decision-making by participants who lived in households with more than one adult member. It contains discussion about the sharing (or otherwise) of financial decision-making authority between household members. The categories contained in this construct are characterised by comments relevant to:

- the difference between making decisions individually or with a partner;
- the way in which couple household develop ways to apportion responsibility for making financial decisions; and
- conflict, negotiation or cooperation in making decisions with a partner.

As becomes evident throughout these categories, the distribution of decision-making authority and participants' satisfaction with that distribution varied significantly.

7.3.4.1.

Category D1: Marriage and financial decisions

As noted in category A2, some participants associated changes in their workforce participation with getting married. Among some younger participants, marriage was associated with a change in their responsibility for, or approach to, managing their finances rather than a change in working patterns:

I mean when I was single I thought about it [managing money] a lot more because I had to sort of control it a bit more and think about what I was doing. But since we've been together I've been very slack. //...I thought I had my own account (laugh) it's funny... my pay cheque, I thought was in my name...but it's actually got his name on it (laugh)... I had no idea. Oh well, go figure. So no, we don't really have separate accounts. // I suppose first when we got together we obviously had separate accounts and had our own money but it was still I suppose, after a period of time, I can't tell you exactly when, it was sort of like, it wasn't like his money, my money...//

The possibility that marriage leads to changes in responsibility for financial matters was clearly recognised by some participants who had experienced a divorce:

I didn't realise until now and until my marriage has broken up ...I relied on my husband's income being there... [and now I'm] getting my head around well, I'm it and I'm responsible for me...//...when I was married I probably pretty much relied on my husband's superannuation, because he had a good job and a good superannuation fund so I sort of probably thought that will set us up. // I truly think a lot of women rely, and it came as a shock to me, rely too much on their husbands. ...but if you get divorced, and it happens, even though you think it's never going to happen, it can happen easily, and if you're like me, you've got nothing. //

The above stories provide a marked contrast with two other participants, aged in their fifties, who experienced divorce but had stable, ongoing careers and had actively maintained a strong responsibility for the financial arrangements in their households. The first of these participants described an arrangement with joint financial and caring responsibilities for the children:

...we just had an absolutely amicable arrangement whereby my share of the mortgage was taken out and I did these calculations and said look this is what it comes down to... we did a fifty-fifty split and... we co-parented the kids... we met those responsibilities jointly and... that was when my career took off and I built another house... and off I went...//

The second story stands out for a number of reasons. Firstly, this participant was the only person to describe herself as the main “breadwinner” in a marriage. Secondly, during the seventeen years of her marriage she made payments to superannuation and life insurance funds on behalf of her husband who had experienced broken employment patterns. Interestingly, no other participants mention such an arrangement being made on their behalf by a male breadwinner. Thirdly, these contributions later resulted in an unexpected boost to her own finances:

...along the way my husband and I split up in 1993 and then he died in 1996... all the superannuation and life insurance that I'd been paying all through my working life, because I was always the major breadwinner, was paid out. So I had an unforeseen windfall...//

Particular approaches to distributing the authority for decision-making within households are provided in the following categories.

7.3.4.2. *Category D2: We don't talk about it*

Tacit understandings, or unwritten rules, appeared to play a major part in the financial decisions of participants' households:

... we don't talk about it but we're very aware of what goes where. // But that works out fine because we've sort of got the same ideas about how much to spend and what to spend on and stuff, it's just, it's not a problem // I buy the, like, the essentials... and it's about seventy, eighty dollars for the week... so I know I cannot exceed. So he doesn't say but then I know I have to keep it to that...//

Further data in Appendix G

The importance of a mutual understanding of a household's ‘unwritten rules’ is apparent in one participant's comparison of financial arrangements with the two partners she has lived with at different stages in her life. In particular, she noted that “being on the same wavelength” about household finances played a significant role in the way joint decision-making operated within each of her partnerships:

Anyway, that sort of continued where there was a lot of account keeping probably for the first five years of the relationship. Partly because there were children and partly because this was a new bit of a relationship and there were a lot of negotiations. ... and you realise how important culture is here, you know, family culture about who does what and what it should be spent on...//

However, tacit arrangements are not necessarily easy or acceptable for both parties:

I find that whatever I want to spend [the money] comes from him, so even if there were little luxuries that I want to buy, I hold back. It is hard. // So his [salary] would pay for the smoking, the booze, his booze, his petrol. He'd hand stuff over to me and that would go into a sort of a pot and I would juggle the other bills that we would have as best I could... we didn't ever sit down and say well this how much you're getting, so you need to contribute this much to the household...//

7.3.4.3. *Category D3: I'll leave that up to him*

In some discussions it was apparent that one particular household member might have a particular interest in specific aspects of household finances, for example the 'big picture' or 'getting an asset base'. In these cases it appeared that while one person in the household took on the main role of financial manager, this was to the mutual satisfaction of both partners:

Oh, I'm pretty good with the day-to-day, you know the little views of it all. But [my partner's] really good at the big picture stuff... like he's the one who will bring up the idea of refinancing... he's always got ideas for investing. // I mean he'll discuss it and he'll tell me,... but I do leave it up to him.// So I'll leave that up to him.... If it went to me I'd probably spend it. So it's best he keeps to that side and I don't see it. //
Further data in Appendix G

In other households, the adoption of primary responsibility for long-term decisions was not always to the satisfaction of both persons. Feeling solely responsible for, or left out of, the long-term financial decision-making can be sources of frustration:

I find that the men are not so into investing. I find that I have to be the active one and push him. And because he's not very into it, there's no support... and because there's no support, I'm a bit cautious about what I want to do... but I think we should actively participate in investing. // I was far more conscious about, because I came from a reasonably wealthy family, so, like getting an asset base and all that sort of stuff. Whereas he wasn't really fussed about that. He was quite happy to have his money come in and go out the same week. //

7.3.4.4. *Category D4: I tell him all the time*

Two participants expressed some frustration because they wanted their partner to engage in long-term financial planning, particularly for retirement but their partners were reluctant to do so. In each of these cases, the participant's partner was the

household's only income earner and it seemed to be assumed that he had the responsibility for making major financial decisions. Each of these participants felt that there were constraints on their capacity to make decisions and that they were dependent on their partner's willingness to take a more active role in financial planning:

I'd really like to know what we are going to do as we get older. I'd really like a plan but at the moment we don't. I'd really like to... I tell my husband all the time because it's hard as you get older. // I always tell him, my mother died at... seventy one. His mother's eighty eight, his father died a few years ago at eighty six... so I said you're the one that's got to [think about retirement], he doesn't like to think about it. //

7.3.4.5. *Category D5: We discuss things*

Despite the widespread use of unspoken rules about the division of decision-making roles, open discussion did take place in some participants' households. One participant described the very active and open discussion about financial management that is integral to the functioning of her household and extended family:

... in the family, amongst my brothers and so forth, there's not a high level of [formal] education, but there's a high level of management and knowledge about money. And how you do it. And how you budget and things written down and people owe people things, and it's all clear about what's owed. And all those things are discharged and then there's generosity on top. But the bottom things must all be clear and discharged. //

For most participants, however, it appears that so long as expenditure is part of the "normal pattern" there is little discussion of household finance. In these circumstances it seems to require a "trigger" of some sort for household finances to warrant a discussion about who decides to spend money and what it is spent on. The prospect of a major purchase appears to act as a common "trigger" even if other household members are not particularly interested or worried about the expenditure occurring:

And I suppose we think about things before we get it and we discuss things or... he puts the idea out there and tries to make me think it was my idea (laugh). // You know, even jewellery I wouldn't buy unless it was, probably a hundred dollars I'd go up to, and after that I'd be thinking yeah it's getting big enough to, I'd better ask about that. Not that he'd say no. // I tell him but then it goes off his ears. He knows that I won't overspend and I don't spend unnecessarily. //

One participant mentioned not making a particular purchase because the chance to consult about the decision was not available:

... they had this fabulous, fabulous wool outfit a sort of poncho thing with a sort of scarf and it was three hundred and forty bucks and I didn't feel I could spend that without checking with him. //

A common pattern in discussions about major purchases was that while both partners felt that a particular purchase was highly likely to occur, they felt it was necessary to at least inform or consult with the other person. This pattern of joint decision-making appeared to be an established courtesy in some households.

Other triggers for discussion included tight budgets, credit card statements or unexpectedly high expenditure. Sometimes these discussions involved an element of negotiation rather than merely an exchange of information. However, this did not necessarily mean that there was disagreement or conflict about the allocation. Sometimes concerns were reconciled by participants taking their partner shopping with them or going through records of transactions:

It's just like, "we spend too much on food"... I actually really like it when he comes shopping with me now. // But then when we see the credit statement, it's like a budget, we can see that we have spent too much or too little. And next month we can organise it more carefully. //

The potential for conflict to arise was, however, evident in some participants' comments. One participant appeared to adopt a degree of self monitoring in an effort to avoid discussion of expenditure:

I prefer to do it [go through credit card statement] on my own, I really don't want him saying to me, "well, you know, what's this for? And what's that for?" and then I go through and it makes me think that, you know, I really should be trying to cut back. //

Another participant expressed a wish that she could sometimes totally avoid consultation about some forms of expenditure:

It's just, I just feel that I should have my own account of some sort. ...It's there and I can access it and not have to talk to him about buying something frivolous. If I want to buy something frivolous it's like, do it. Spend three hundred bucks on a really pathetic jacket of some sort.//

7.3.4.6.

Category D6: Negotiating and bargaining

While some participants described decision-making processes that indicated relatively amicable arrangements and shared authority, there were also descriptions of overt demonstrations of conflict or resentment. Issues of power within household relationships appeared relevant to the way financial allocations were negotiated in these circumstances:

...because anybody knows that rich men don't necessarily have rich wives... they spend enough on them to make themselves look good, and nothing more. //... sometimes I overspent and I got into trouble ..., when I did, I remember going on strike one time and I said "okay, that's it, I'm not buying anything" and we didn't have anything to eat for a week. So he gave in then and didn't sling off again, came shopping with me. //... but generally the discussion of money would be like, I'd be getting sick of it and it would be getting me down and I'd spit the dummy, you know, "it's all too hard and why don't you take responsibility" and blah, blah, blah. So it would be a brawl. ... then, you know, somehow or other we'd get through it and he'd take some interest for a couple of days or however long a period he thought was going to ameliorate my annoyance and then we'd get back to a normal pattern.//

In this study, the above comments stand out for their frank acknowledgement of conflict between partners. Other conversations did not, as in the above examples, lead to stories about overt conflict, but showed some level of dissatisfaction with the financial priorities and decision-making role that had been adopted by a partner:

Now at the moment my husband is telling me now is a good time to buy property. (Some minutes later in the discussion)... my husband doesn't want to go into the share market. But I would be quite happy to put money on it.//...actually he has taken an insurance, life insurance cover, ... I was very much against that because I calculated ... we are not gaining much, those two expenses are fairly uncalled I thought. But he says it's not. There we have a little disagreement. So he went ahead with the insurance this time.// There's one thing where we disagree. I've always wanted to have an investment property, always. And he's quite anti. He'd much rather have shares." (Note – this household does not own any investment properties)//

Further Data in Appendix G

The reverse situation also occurred. Two participants discussed how their preference to invest in property had achieved priority in the household's longer term plans, despite the wishes of their partner:

...with the investment property which is going really well, we've had it for a couple of years. This is sort of my thing. [My partner] didn't want anything to do with it. And so I researched it and did all the numbers and got the tenants and I manage it and it's working out really well. And we're actually getting positive income from that currently, up to ten percent interest. // [My partner's] always been so careful about not owing money. That's always been his big thing, his driving force has been not owing money. And he actually couldn't get his head around the fact that that's how people make money... we owe money now (laugh). But that was a big life change for him. He had to really get his head around that. //

Two participants spoke about differences between themselves and their partners that had proven particularly difficult to reconcile. Each of the two participants related contrasting methods of addressing potential conflict. In order to avoid conflict, one participant has resigned herself to her partner's wishes. The other is going to discuss possible plans with a financial adviser in an endeavour for her and her partner to arrange a mutually acceptable long-term plan:

And he's a person who doesn't like people questioning him because he has so much confidence in what he's doing... he decides, you know. And I just tag along... my attitude and his attitude is different. So the less confrontations the better. //... he doesn't say a lot, ... but he's given up on asking me to try and formulate a budget... I think his plan of getting us to see a financial adviser was probably a wise one and he was probably thinking along the lines of I'm bashing my head against a brick wall let's see if someone else can talk some sense into her. //

The role of financial advisers providing options for integrating the financial goals and practices of household members is an interesting issue, although it was only mentioned in this particular case. Perceptions about professional financial advice, particularly those associated with accessing advice that is reliable and trusted, are particular issues raised in category C6.

In summary, the categories in this construct show that financial decision-making in households of more than one adult contains a range of additional constraints and catalysts. In some cases these can be fairly clear and explicit, for example when overt conflict occurs it may result in constraints on the ability or motivation to allocate household resources to "contentious" purposes. However, in other cases, constraints can be subtle and involve little conflict. The distribution of decision-making authority can reflect unwritten rules and understandings of the roles of each partner.

Further, some participants felt that the financial decisions in their household were enhanced by their partner's expertise or interest.

7.3.5. Construct E: Pooling and separating household resources

Throughout discussions, participants used terms to distinguish between their different sources and uses of money. The conversations indicated that money is not considered to be homogenous in some households. Rather, it had different meanings and uses, usually depending on its source. This construct has been developed to consider categories relevant to different "types" of money. It contains illustrations of participants' comments relevant to:

- the identification of different types of money within their household;
- ownership of different sources of income by household members; or
- implications for the control of resources associated with households' development of different types of money.

7.3.5.1. Category E1: Our money, his money, my money

Terms like "my money" or "his money" were often used by participants who lived in a household with another adult, usually a partner. However, the practical implications this posed for women's access to resources differed between households. In some cases participants pointed out that they pooled their resources and there was little perceived need to distinguish between their own money and that of their partner. The participants who mentioned a complete pooling were either living in very long-term relationships or were in a household with a single source of income:

...they both go into the melting pot... // No, no we don't have his and hers. Just one lot. //... we've only really been getting the one source of income... that just covers everything. So we don't divide our money into I pay groceries and he pays mortgage. No we don't do that. //

The possibility that partners increasingly pool their resources over time was evident in the statements of some younger participants in stable relationships:

...we're not very stringent about oh, your money is only for this and your money is only for that. If it has to overlap at any stage it's fine. // Before we had kids, we used to have more separate accounts when we were first married... but now, because my wage is a bit more sporadic... we just pool it out and divide it up... there's no his money...// I suppose first when we got together we obviously had separate accounts and had our own money ... after a period of time, I can't tell you exactly when... it wasn't like his money, my money...//

One participant who had experienced a divorce described how resources in her previous relationship had been pooled. The experience of dividing assets after divorce caused this participant to be cautious with the formal arrangement of finances in her new relationship, especially during the relationship's early years:

...if you drew a line in the sand and tomorrow we said quits, we could work it out. In other words I could [divide assets the way] I'd been able to do, but not anticipated doing with [my former partner]... I sort of did a little bit of accounting ...when we were settling into it, the relationship. //

In participants' descriptions of household finances, pooling of income only occurred among those in a marriage-like relationship. Participants living with other adults, such as grown up children or other relations, did not mention the income of others in their household finances, except in one case:

She's got hers and I've got mine.//

The low likelihood of pooling all income within a household was especially clear when participants' spoke of "children's money" and this is discussed below in category E2.

Sometimes when participants distinguished between their own money and that of their partner, they also distinguished between the likely uses of that money. This was particularly the case if one person received their income as cash rather than a cheque or electronic transfer:

If I got more money I'd probably put more in the savings account. But if he got more money, because it's cash, you know nothing goes in there, we'd probably end up spending it. // My income is not that much compared to his... whatever I have to spend with cash, ... various things for school... [school] lunches ... the lawn mowing... I pay that... vegetable shops, they don't accept the card. Where we have

to use cash, I use that [my income]. //...any dental stuff I would pay for myself out of my money... you know, my salary sort of thing. //

As is discussed later in category J3, attaching sources of income to particular areas of expenditure is one way in which households determine expenditure and savings levels. The likelihood that money is used differently depending on who ‘owns’ it was most obvious when participants were asked how they or their partner would spend a windfall gain of one thousand dollars. Some participants thought that both partners would use the money the same way:

It would probably go on the Visa account at the moment... he probably would too, yeah.// I think we'd probably just treat ourselves in some way with something... He'd probably treat it the same way.// I would put it against the mortgage... he'll do the same I think.//

Further data in Appendix G

One participant mentioned that her husband had recently won a thousand dollars and then automatically spoke in terms of how she and her husband spent it jointly:

...we got the air conditioning done. ...if we won again, we [would] put it on something like that.//

For several other participants, however, it made a difference whether they personally won the hypothetical thousand dollars or whether it was won by their partner. In these cases, participants imagined that the money would be used for different purposes. If they won the money personally, participants commonly imagined choosing something for themselves or the household and/or ‘treating’ the children and/or their partner:

I would spend it on renovating the house I think. // I'd either put it in the savings or get, we want a sail for outside... so do one of the two, but probably end up going towards his tax. //... maybe, have a good time with my children and give the rest to my husband. //

Further data in Appendix G

One participant didn't know what she would do with such windfall because she felt she was already able to purchase anything she wanted:

...you know there's nothing that I ever want that I can't have...//

Participants who were not living with a partner mentioned a range of ways to use the money to meet their own financial commitments or goals:

*I would put it towards getting a new kitchen. // I would probably pay my debts off//
I've got a ten thousand dollar tax bill from last financial year...//
Further data in Appendix G*

In some cases, a windfall gain to a partner meant that participants identified it as their partner's money and they felt, ultimately, it would be up to the partner to decide how was used:

... I'd probably try and influence him but no, it would be up to him... he would probably want to have a party or something... I don't know. Probably clothes, he needs some clothes so he'd probably do that. //...well I would put it to him. I don't know what he wants to do with it, if he wins it's up to him...//

In other cases, participants could readily identify a purpose that their partner would be likely to use the money for:

He will put it in a fixed deposit. // [he] would probably pay off a loan. What would he do? He would probably use it to buy some sort of strange equipment... like some audiovisual thing or something. //...he will not have a good time, he will put that in the bank...//

One participant was quite definite that she would try to influence her partner's decision:

I'd make him put it in his tax.//

The discussions revealed that it is not possible to automatically assume that household resources are always pooled and evenly distributed. Who 'owns' a source of money and how it is received can make a difference to how it is allocated to different forms of saving or expenditure.

7.3.5.2. *Category E2: Children's money*

When discussing their household accounts, some participants drew a line between household money and children's money. Some participants mentioned that their children had separate accounts that were allocated to specific uses such as the children's own purchases or education:

... we also get family payments and they go into an account for [my son]. They just sit there. We only use that account for stuff for [my son] that we wouldn't normally buy...//...now they have money from their relatives, Christmas, birthday and Chinese New Year, all the money goes to them and then every month we just give them a fixed amount. // So we've got those [accounts] and we've got an account for [my daughter].//

In another case, the existence of an account in a child's name did not get mentioned as part of the household's accounts and only arose later, in response to a question about what would happen if a participant's child had a windfall gain of a thousand dollars.

...At least half of it I would ask him to put into an account ... My mother has opened an account for him. //

Not all participants were asked what would happen if their children won a thousand dollars. In some cases it was not relevant and in some cases it would have involved interrupting a participant's own description of household accounts and financial management. When this question was asked, however, participants always expressed the view that the money would be seen as the children's money rather than as part of the household's pool of resources:

[My son] would have games galore. [My daughter] would go down the shop and buy lollies. //...it's his money... I will put it somewhere safe because in the end it's going to go towards either his education or something anyway. // The older one, would probably spend it on his car, the twenty six year old. The middle one, would spend it on music, CDs or whatever. Younger one may put some in the bank and spend a bit.//

Further data in Appendix G

7.3.5.3. *Category E3: That money is separate*

Several participants mentioned that they owned, either individually or jointly, investments such as rental properties, shares or managed funds. In all cases, the income from investments was viewed quite separately from wages and salaries:

...[the rental property] it's another loan, so it [the rent] will go into that loan... we don't mix it. // I have a couple of dividends, but only very small, very small... they're separate. // We've got a mortgage out on that [investment property]... it obviously offsets [my partner's] tax... that is separate. //

Further data in Appendix G

The only case where returns from an asset were viewed as income that could be used to finance recurring expenditure occurred in a situation where the returns were from investment in a small business:

...but if it [the business earnings] does go up... it stays in the business unless I decide to pay myself more and if I do pay myself more it will go to my cheque account... paying every day expenses. //

In summary, while there are only three categories of data in this construct, “children’s money” and “separate investment money” provided particularly clear examples that incoming money into a household is not always considered a pooled, homogenous resource. In both these cases, participants described situations in which income would be allocated to specific purposes because of the source from which that income derived. Similarly, discussions of windfall gains demonstrated that some participants felt that the person who “won” the gain had a prior claim on its allocation.

The relevance of this construct to the concept of constraints derives from the extent to which these conversations lead to a questioning about assumptions regarding the pooling of household income. Incomplete pooling may constrain women’s retirement incomes in two ways. Firstly, it may restrict access to resources that might be saved for future retirement. Secondly, it may restrict access to income that accrues to other household members, for example a partner, after retirement has occurred.

7.3.6. Construct F: Family networks and caring responsibilities

Some discussions about household and family finance showed strong links between the caring responsibilities and obligations that family members have towards one another. This included discussions about transfers of money between family members outside of participants’ immediate households. Household finances could be supplemented or reduced through these transfers. This construct contains categories of data relevant to the transfer of money between households including:

- discussions about financial transfers between parents and children;

- financial transfers from family or friends other than parents or children; and
- comments demonstrating that financial transfers can reflect a range of very different obligations and meanings.

As illustrated through this construct, whether intrahousehold transfers serve to increase access to resources and/or decision-making authority depends closely on the context in which they occur.

7.3.6.1. *Category F1: I help out my son*

Participants who were parents sometimes described the way in which they would transfer resources, either money or goods, to their children. Some transfers were substantial enough to enable children to buy a house while others provided assistance with recurring expenditure. Descriptions of these transfers were often accompanied by comments that connected these transfers with the role of caring for children. Participants did not speak about transfers to children in response to a specific question, rather, transfers to children or from parents were mentioned because particular participants raised this as a relevant issue when describing their financial situation.

I thought what's the point of giving them that money when I'm dead? I'll give it to them now. But I'll only give it to them for things that I value... so now I am co-owner with my children of each of their houses... I think also my family's tradition is that, if you've got money, then you loan it either to the next generation or you put it in, you don't hoard it. You don't finish up with a rich family member and a poor family member. // I had to lend my son some money. He bought a house. // I help out my son... I get the specials... and I'll get stuff for him as well as for me... And I'll drive my son around because he hasn't got his license at the moment, so I help him out like that... his income is fairly erratic and he's studying as well, so I'll just buy a chunk of things for him... My daughter's very good with budgeting... she runs a very tight budget but I still contribute to my son...//

Further data in Appendix G

There were also participants who were the recipients of transfers from their parents. For two participants, comments about transfers from parents were expressed with some gratitude and this again appeared to reflect perceptions about the parents' role as carers:

Mum gave us everything. That's why she hasn't got anything... she was on the pension, but she would still give you a hundred dollars. Or the grandkids would go over and she would give them twenty dollars each... but she had nothing.// I expect my parents might fish me out a bit more if I've got bills, if my car blows up or something until such time as I get work.... So, yes, despite the fact that I'm thirty-eight years old, it's a bit embarrassing taking money from your parents but they have helped and I have needed their help.//

7.3.6.2. *Category F2: I don't expect anything from my kids*

Several participants who had immigrated to Australia compared the situation in their previous home country with that in Australia. Two participants felt it was unreasonable to expect their children would transfer money to them, even though this was a common tradition in previous generations of their family:

We can't expect that from them now because they came here when they are only like, ten years, eleven years. So the society they're moving in is different... I'm trying to sort of make them aware but we can't expect it. // I also don't expect anything from my kids. Like it's traditional, my background it's traditional, once the kids work they... supplement the family income... But I don't expect a lot from them because by the time they work everything will be very expensive. //

By contrast, three participants mentioned that they either do, or may in the future, make transfers to their parents:

I don't know if we're going to have to financially help them out in the end. We won't with [my husband's] but with mine we might. // I've never had an issue with money... I got my first job when I was fourteen, because I didn't want to not have money. And I've been lending my mum money ever since. // ...I can speak for all my siblings that if Mum needs taking care of we'll be scrambling [to do that]. //

Thus while some participants expressed a reluctance to expect financial transfers from children, it appears to be a responsibility that some children accept in particular circumstances. Of course, as discussed in category A4, providing care for parents as they grow older is also an event that can have indirect financial implications for children.

7.3.6.3. *Category F3: He still pays me money*

Two participants mentioned receiving transfers from former partners. The first participant has been separated for only a short time and it appeared that, in an informal with arrangement her partner, he continued to provide some sporadic financial support. The second participant has been separated for about fifteen years. However, when married, her husband's employment conditions in the armed services provided for some of his wages to be accumulated as "deferred pay" and paid as an annuity after his resignation. A proportion of this payment continues to be transferred to her:

...he'll help me out occasionally if I've got things I need to do. We, I've got two dogs... and when they have big vet bills or something, my husband will pay for that so he does help out in that sense. // He still pays me money actually. He pays me sixty per cent of that [deferred pay scheme from when we were married] now, which I sort of have to fight for a lot of the time. ...really I should have got the house and he could have had his [deferred pay]. But because he wanted some cash, I didn't do that, so I finished up without a house. So he pays me every three months, he pays me about six hundred dollars, that's all.//

7.3.6.4. *Category F4: We'd like to give you a bit of money*

Two participants mentioned specific occasions, such as Christmas or weddings, where gifts from the extended family and friends were made in cash. In both cases cash gifts were saved to be used for future 'major' purchases.

Christmas presents and all that, they just go ... "we'll give you cash"... and we appreciate that; we ... put it in the Dream saver. (brand name for a specific savings account)//...then I've got my other savings [account]. Which very little usually happens in, except with the wedding some people sort of say, 'we'd like to give you a bit of money' and that goes into that one.//

7.3.6.5. *Category F5: I knew exactly what that transfer meant*

One participant described circumstances that involved complex emotional and financial manoeuvres by family and friends. She described how, when she was young, she had been the recipient of financial transfers from her father that would later involve unwelcome obligations to care for him. Later in life, a 'friend' placed her under considerable duress in order to secure a transfer of funds from her. Both of the quotes below are from the same participant – one describing her experience as a

recipient of a transfer and the other as a potential source of a transfer. In contrast with many of the previous quotes, her story provides the insight that it is not possible to always assume that financial transfers are voluntary or welcome. For this participant, they reflected conflict and positions of relatively unequal bargaining power:

Dad had been putting money in [to my housing account] and I knew exactly what that meant. He meant to come and live in my house when I bought one and I just felt the prison doors were slamming shut on me. My independence was just going...//...he said to me, 'I can see you're getting very angry', because being angry for him equates with psychotic...he talked about this before, 'I find when people get very angry they need a weekend or a week or two in hospital.' And he knew, and I knew, that what he meant was that he was going to certify me until I would give him the money.//

7.3.6.6. *Category F6: Leaving an inheritance*

Another form of transfer between households occurs through the inheritance of resources. Inheritance was not a specific issue canvassed through interview prompts but emerged as an issue in several participants' descriptions of their plans for the future. Some participants mentioned that they did not want to save and amass wealth that they would not personally benefit from. Several participants mentioned that they did not plan to leave an inheritance for their children.

I don't want to amass so much wealth that when I die, they think, 'oh all this money', it's not that important to me. To live life well and be happy is more important than to have x amount of money in the bank when I die. Not much good to me then. //...he [my son] is married to a girl who I don't think is ever going to have any [children] because she's got a lot of health problems... so I don't really feel as if I've got to have something to leave, too much to leave behind. // There's no intention to leave money to the children either. Each of them was given a really good education... so there's no intention of trying to leave them \$200,000 each. //

No participants explicitly spoke about the wish to accumulate an inheritance for their children, although several expressed views about not wishing to spend money that was viewed as belonging to their children. However, the issue of inheritance did arise indirectly when one participant commented that among her friends it was common to plan *not* to leave an inheritance. She explained that her friends had a common

acronym they applied to their approach of ‘spending the kid’s inheritance’ (SKI). This particular participant pointed out that she didn’t share her friends’ approach:

SKI, you, “Spend the Kid’s Inheritance”...there you go, they’re into SKI. They work on spending the kid’s inheritance. There is nothing for the kids... I couldn’t live like they live.//

In contrast, two other participants spoke about inheritance and illness among family members. In one case, a participant’s brother had been ill and did not want to draw on his household assets so that he could access expensive medical treatment because this would deplete the financial resources he could leave for his wife. In another case, a participant was worried that her family history of breast cancer could mean she will need to access household savings in the future to receive treatment. She felt that she would rather take her own life than deplete her family’s financial resources:

He couldn’t access his super, because it happened very quickly...and he didn’t want to because he didn’t want to draw anything down from his wife...// I know how hard my husband’s trying to earn and save and everything, some days I think okay if I get sick I might as well take my life away... for the children’s savings and everything. //

7.3.6.7. *Category F7: Receiving an inheritance*

Several participants mentioned that they expected to receive an inheritance from their parents. This was generally seen as an event that relieved them of some of the need to save or plan for their future financial needs:

...there is only myself and my sister and in the back of my mind somewhere, I know that there will be some money coming from them at some point. Now, one probably shouldn’t rely on these things but I think that does affect my thinking. // Well, once you factor in the three quarter of a million family inheritance, I mean everything else almost pales into insignificance. // [My husband] is an only child and...so, you see, [my father in law] is in the retirement villa. So, you know, we’ve got that and he’s got... some money left over. So there’s also that, that I guess we know, well we hope, will help us.//

Further data in Appendix G

Of course expectations don’t always come to fruition, as one participant learned from her experiences:

...there was this expectation that this block of flats was to be a family trust to come into existence on my mother’s death. ... It didn’t exist.//

In summary, while households are sometimes considered to pool resources, the financial boundaries between the resources of one household and another, especially within family networks, are not always clear. Household and individual resources can be constrained or supplemented by transfers between households. Participants' descriptions of the patterns and obligations associated with such transfers varied significantly and appeared to be relatively specific to particular relationships. It is difficult to discern, based on these findings alone, the extent to which such transfers ultimately serve as a constraint or catalyst on women's retirement savings.

7.3.7. Construct G: Another thing is the society we live in

Some contextual features discussed by participants relate to broad social norms or institutions that extend beyond the confines of specific households or peer groups. This construct has been developed to consider elements of the broader social and economic context that participants discussed. Some of these categories are only loosely connected. However it is difficult to overlook comments indicating that apparently general features of our social and economic environment can have quite specific effects on individual and household decisions about work and money. For example, one participant mentioned that her mobile phone bills made it hard to save:

... our mobile phone bills are very high... bills make it difficult to save. //

This construct serves the purpose of including comments about some broader social features that are not covered elsewhere.

7.3.7.1. Category G1: Credit cards and debt

A context of relatively easy access to credit was relevant to some participants' decisions about their current expenditure. Credit cards appeared as particularly relevant to some specific discussions about overcoming short term financial constraints:

...I've had a lot of bills coming in... I probably will end up having a credit card debt of about a thousand dollars... I sort of thought, "oh it's a matter of time until I've got a job" // ... we have a credit card. I just got a Virgin one with a low percentage because I had to get my car fixed and [my husband's] got one that's got a three thousand dollar limit on it. (Note - "Virgin" refers to a brand of credit card)//

However, other participants felt that access to credit cards made it relatively easy to spend rather than save:

...all bills and everything is ... B-paid or physically credit card details given... we hardly pay cash for anything... we find it a good way of keeping track of where everything is. Unfortunately it's not a good way of reducing what we spend. (Note - B-pay refers to a form of electronic funds transfer) // I don't use credit cards 'cause I don't want at the end of the year, New Year, to get this huge bill, so I use what I have...//...because I don't have any credit card debt it's quite good, but before when I did have credit card debts it was very difficult to sort of make a fortnight's pay last.//

There were no specific interview questions relating to credit cards and apart from the above quotes, they were generally discussed only in relation to descriptions of accounts and the processes used to pay bills or monitor finances. However, the above comments indicate they are a feature of the institutional environment perceived as relevant by some participants to their ability to meet financial commitments or to save.

7.3.7.2. *Category G2: Savings and tax*

As with credit cards, there were no specific questions relating to tax and this category contains only a few, diverse comments. However, it emerged as an issue in two discussions when participants identified tax as an imposition that acted as a disincentive to increase earnings or to undertake risky investments:

...we have to pay tax as much as we earn. So I don't go beyond that tax limit. I can earn only five hundred a month, or less, six thousand two hundred a year. So anything in excess of that I have to pay tax. So there's no point in my earning a lot and spending on tax. // I think our tax is too high. If our tax is not that high we would have more money and I wouldn't be afraid of spending it on risk, increase our risk...//

For another participant, the goals of minimising tax payments partly determined the type of investments she and her husband would undertake. It was also an incentive for assets to be held in the husband's name:

It's all about tax really. Because he does have quite a high package, a high salary, and you know a lot of that gets eaten away with tax.//

A further participant predicted that debt incurred during her recently completed tertiary studies would have an impact on her future finances:

this loan [Austudy]... that obviously has to be paid back and I've clocked up a good twenty grand or so on that... the repayments are a bit like HECS..., you pay back in your tax. (Note – Austudy and HECS are types of loans and repayments administered by the Federal Government to finance post-compulsory education)//

Perhaps reflecting the lack of specific questions relating to tax, this category did not emerge as a major one. This makes it difficult to determine any specific findings. The above quotes have been included only to indicate that it was a relevant issue for some participants. Further investigation would be required to assess whether it plays an important part in retirement income decisions.

7.3.7.3. *Category G3: Money and peer groups*

Several participants commented on their social and peer groups when discussing factors that influenced their financial decisions. Having a social group or lifestyle that did not encourage high levels of expenditure was mentioned by several participants as a positive aspect of their ability to manage their finances. Perhaps it is interesting to note that all these participants were aged either in their fifties or late forties:

...our social life is very limited so therefore social expenses are really negligible...// In terms of going out we only go to the local Chinese [restaurant]... so our outgoings are very low. // We've never succumbed to peer pressure. We always did things our way. Like we brought our children up, we've got a comfortable home, we've got what we need. My children are very simple, never demanded designer clothes, wouldn't have got them anyway, they would have got a lecture. //

Further data in Appendix G

In contrast, having a peer or social group with relatively high levels of expenditure was a source of difficulty or frustration for some participants. Such pressures were not necessarily exerted by friends but could emerge from other relevant peer groups such as children's school friends, work mates and extended family:

I like a good social life and, of course, none, well not many of my friends are in the same situation, they've got more money and stuff and I tend to go out and spend more than I should. // But it's probably the little things like food and, you know, socialising... there's a school ski trip coming up, so of course we let her go. We don't

let her go to everything, but like [my other daughter] got to go on her school trip to Italy and she gets to go [skiing]... there's no way you would deny [the children] any of that. //...money just seems to go through our fingers like water. As I'm sure it does with everyone else... it must, because we don't go out for dinner a lot and I've got tons of friends who always seem to be out for dinner...//

Further data in Appendix G

7.3.7.4. *Category G4: Get away from money*

Two participants made comments associating financial dealings with an unappealing lifestyle or inappropriate priorities. While their full conversations revealed a wish to have a relatively comfortable and secure life, they expressed a strong desire not to have a lifestyle or live in a community dominated by financial concerns:

...it was one of these rich bitches' schools. And I never fit in there. ...the values people held were all about money and clothes and that sort of thing... I'm not like that... I equate having money with those lack of values and principles and so on. // [my husband] used to get a financial magazine... and I absolutely hated the fact that he would spend ... a lot of his spare time... reading this fucking financial magazine all the time. And it's like, get away from money. I mean that's the thing... we don't have huge expectations... our lifestyle is really quite simple and we forgo a lot of stuff to keep things reasonable... to have a reasonable stress-free sort of life. //

In summary, this construct contains disparate categories that illustrate that constraints and catalysts on savings exist which extend beyond the boundaries of individuals' households and family networks. It is difficult to draw specific conclusions on the basis of the categories developed here. The broad social context of savings decisions was not a focus of the interview protocol and it is quite likely that further data collection would generate new and relevant categories. However, these categories do serve as a reminder that decisions are not made only within the context of households and family networks, broader social factors are likely to have important effects.

At a general level, the constructs and categories contained in the concept of "constraints and catalysts" illustrate that participants were able to access economic resources through both their individual earnings and through pooled or shared resources of their households or larger family networks. However, the range of purposes for which these resources could be used was subject to some limits. For example, participants perceived limits on their wishes or abilities to make long term

financial plans, there were limits on their “claim” to income that derived from particular sources and some participants described perceptions about the need to prioritise certain types of expenditure in the household, particularly when children were involved. These limits were combined with the need to share decision-making authority with others in the household, particularly partners. There were, of course, exceptions to this generalisation. In some cases, participants described their appreciation of access to additional economic resources or expertise that was forthcoming from partners or family members. In all cases however, the contexts described by participants involved considerable complexities and nuances relevant to accessing and allocating economic resources.

7.4. Concept 2: Compromises

This section focuses on the decisions and processes that take place within the decision-making context described by participants. The construct contains categories of data that focus on how participants earn an income, manage their household finances and make decisions within their particular context. The processes have been collected under the label of “compromises” to reflect the constrained nature of many of the decisions described by participants. That is, in response to competing demands on their time and energy, together with complex decision-making contexts and restricted information, participants described a range of compromise solutions to how they: participate in the workforce; earn an income; manage money; make decisions; and access financial information. Table 7-2 summarises the categories and constructs used to develop the following discussion of compromises.

Table 7-2: Development of Concept: Compromises

Category labels	Construct labels
H1: I went to work part-time H2: To keep the job and have a bit of time out H3: So I went and retrained	H: Adjusting patterns of workforce participation
I1: Doing the “spending” I2: Being careful and shopping around I3: Paying the bills I4: Making major purchases I5: Rainy day savings I6: Real saving	I: Simplifying household financial management
J1: No decision to be made – what’s coming in is going out J2: Deciding to decide later J3: Use ‘this’ income for ‘that’ purposes J4: Spend what you need and save what you can J5: Save a set amount then spend J6: Targets, goals and special accounts J7: Automatic deductions and ‘compulsory’ payments	J: Making decisions
K1: I just read the papers K2: In one day everything was done K3: I do have a friend who’s quite canny K4: See what everyone else does	K: Finding easy information

7.4.1. Construct: H: Adjusting patterns of workforce participation

As discussed in chapters three and four, the link between women’s relatively low levels of wage income and retirement incomes has been the basis of several gender analyses of retirement income frameworks. In this study, participants often described changes in their context, usually associated with unpaid caring roles, and then linked these changes with alterations to their pattern of employment. This construct contains participants’ comments about their household/social contexts affected their patterns of workforce participation. That is, it extends the discussion of context, particularly the categories in construct A, to consider the effects that it has on decisions to undertake paid work. Most commonly this category contains comments relevant to:

- exiting the workforce or changing to part-time employment;
- decisions to retrain and/or establish a new occupation or career path; and
- periods of lower wages in order to accommodate unpaid duties and obligations.

While such changes in workforce participation may be viewed as a choice made by participants, some of the categories, for example category H2 which contains comments about the need to retain employment, illustrate that workforce participation decisions can be severely restricted.

7.4.1.1. *H1: Category: I went to work part-time*

Many participants discussed the way in which their patterns of workforce participation changed when they assumed primary responsibility for raising children in their household. Generally, having children was accompanied by a period of absence from the workforce followed by a resumption of work on a part-time basis:

I remember going back to work when our eldest was about four, five months old. Just one day a week. And I've always worked off and on part-time except for when we had our last [child] and I took about three years off, three or four years off.//...stayed there until 1986 by which time I'd had my children, took six months leave and then went back to work, including job-sharing part-time work. // I was working for a very short time and then, I had a family. So I decided not to work for about two or three years. I didn't think of work and then after that, eventually, I started looking for work and retraining in computer systems and things like that. So still doing part-time work, not full-time. //

Further data in Appendix G

One participant aged in her late forties linked her move to part-time work with social expectations when she had her children:

...I started off doing part-time work, shop work in the beautician field, child care, all those sort sorts of areas. My main thing I wanted to do in life was to have a family. And so I prioritised that and, of course the era that I was married in, people got married young and had their careers on hold basically. It was quite different to how it is now. //

However, some younger participants also had an expectation that they would undertake a period of part-time work after having children:

I might look into it part-time but I wouldn't want to go back full-time.// And then I plan to go part-time to have a few kids and then when they go to school, I can go back full-time.//

For most participants, the move from full-time to part-time work was commented on as an unremarkable progression. However, one participant mentioned she preferred and undertook part-time work prior to having children:

I've always sought part-time work... after uni I landed a job as an associate editor... and I really enjoyed the first two years but the last year, I just found it was an imbalance. The full-time work load it wasn't suited to me at all...//

In contrast, another participant mentioned that after the leaving the workforce, having children and experiencing divorce, she was only able to access part-time employment despite her wish for more stable, full-time employment:

...for the next five years I worked ... only part-time, poor pay and no holidays or anything like that... and I thought I can't do this any more and I went to TAFE. //

For many participants, constraints of time and energy associated with caring responsibilities were addressed by moving to part-time work. A decline in personal earnings appeared, in general, to be accepted as unremarkable.

7.4.1.2. *Category H2: To keep the job and have a bit of time out*

When discussing their employment patterns, some participants commented on their current motivations for being in the workforce. One spoke about the financial necessity of going to work even though she would rather leave her current job:

I'm tired of working (laugh)... I've been doing it since I was fifteen, so I'm tired of it.//

For another, convenient hours that allowed her accommodate the needs of her young children provided the motivation for remaining in a job she did not particularly enjoy:

I can do it up to four hours a day, but... on a Saturday it's just murder. Absolute murder. But I don't plan to stay, it's just a convenient job, where you just go in and go out... you don't have to think about anything. //

However a number of participants viewed paid employment as an enjoyable experience that provided either some 'time out' from household responsibilities or a feeling of independence:

Well we were talking about it today, just in the office and one of the girls said "most of my friends just don't work and I'd really like to be at home all the time". And some

of the others said “well most of my friends do work and I enjoy being at work”. And it was quite a different range. I guess if we won a million dollars we would all stick our feet up. But I quite enjoy working at the moment. // I haven’t gone back for financial reasons, just for, as I said, to keep the job and just to have a bit of time out from the kids. // I like having lots of different avenues... you’ve always got something else to fall back on.//

Further data in Appendix G

Two participants mentioned that they would prefer to participate in the workforce and have their partner primarily responsible for household activities. The first has a young child and feels that social norms mean that she will continue in her role as primary carer in the household. The second is close to retiring but would like to remain employed for about a year after her husband retires:

... well, it’s either [my husband] or I will be part-time. But the reality is it will probably be me... he reckons he’ll be laughed at the moment in his workforce... it is do-able. It’s just a matter of him sticking his neck out...// Probably I’d rather see [my husband] give up his job because I really enjoy mine and I haven’t really got a lot of pressure on. //

The comments suggest that participants’ patterns of workforce participation were partly a matter of choice and partly a result of social expectations of women fulfilling the role of primary carer. This supports the finding in category H1 that, for some participants, changes to part-time work involved limited choice.

7.4.1.3. Category H3: So I went and retrained

The dynamic nature of unpaid caring responsibilities, marital relationships, geographic location and health lead some participants to reassess their patterns of employment and undertake either further training or a career change to accommodate their new circumstances. Changes in occupation and workforce participation were frequently accompanied by periods of lower earnings as participants re-established themselves in their new position.

Some of the circumstances necessitating a change of plans or retraining included the death of a parent or immigration:

And then my father died when I was sixteen years old, so I finished school and I had to go to work because I couldn’t go to university because we didn’t have the money.

//...we thought, well, we don't want to go to England, where we were allowed to go because we were both born there, so what can we do? So we went and retrained. We both went into a dress factory. He became a sewing machine mechanic and I became a pattern cutter of dresses... dress designer, pattern cutter, that's me. //...we settled down in Australia about twelve years ago. And when I came here I completed a degree, an accounting degree. And then I started a family and then gradually started getting back to work. //

More commonly, retraining and changes in occupation and/or employment status were associated with responsibilities for caring for children. Particular milestones that prompted changes included both the birth of a child and the ability to re-enter the workforce as children grew older and/or started school:

...she was five, four or five, so I started studying... during that time I also got part-time work... since I got my degree I've just stayed on working here. //...I got married, had one child and then took a redundancy and got into small business for myself. // ...all that time, I was basically just doing part-time, low paid work. [when my] last child was heading off to school I decided "I'm going to have to work now, what am I going to do?" And so I decided I'd like to go into teaching... studied part-time and then when I found I actually could do it, I went full-time, and I've been working now for about eight or nine years.//

Further data in Appendix G

In some cases there were no specific changes in a participant's life that prompted a change of direction at work. In these cases, dissatisfaction with one job or just the need for a change, lead to retraining or a change of occupation:

I got sick of the public service environment... I decided then that I was going to go back to study. //...I worked running a night club first... then I ran a theatre for a while...I worked as a travel agent... for about six months until I just got sick of it and then I retrained and became a massage therapist which is what I'm still doing. //... you had to work with so many people who were pains in the bum and I thought I want to be able to choose who I work with and that's why I sought consultancy...//

Further data in Appendix G

In contrast with the above comments, one participant discussed how she actively sought to retain her current employment, even though her children were young and it was not always easy for her to arrange child care. In this case the participant was concerned that if she broke her continuity of employment, she would need to retrain to regain access to her occupation:

...that's another reason I want to keep the job, you know?... 'cause to go anywhere else I would probably have to go back and do a course of some sort. //

In summary, participants mentioned a range of household circumstances that resulted in their decisions to engage in particular forms of employment or to retrain and change occupations. Only some participants mentioned that such changes were prompted primarily by an expressed wish to engage in part-time work or change their occupation or area of employment. Instead, such decisions were often made in response to the short term demands imposed by new or changing constraints on participants' capacity to undertake paid work. There were few comments to link part-time work or career changes with longer term outcomes such as reduced life-time earnings or capacity to engage in saving for the future.

7.4.2. Construct I: Simplifying household financial management

This construct contains categories that are relevant to how households define the task of managing household resources. Rather than being viewed as a single process, it appears that household financial management is often viewed as comprising of a series of relatively small, overlapping tasks. The process of handling household finances then becomes a relatively simple proposition of carrying out specific tasks, rather than regularly addressing the household's goals and priorities. It is possible to identify the following types of financial tasks from participants' discussions:

- short term, routine actions such as buying day-to-day supplies, shopping around and comparing prices or paying bills;
- short term, irregular purchases of items such as consumer durables or services such as household repairs and maintenance;
- “rainy day” saving for unexpected emergencies; and
- “real saving”, or accumulating assets.

One of the key features of these areas of discussion is the way in which saving receives little focus as a relevant feature of regular or daily household activities.

7.4.2.1. Category II: Doing the “Spending”

If there is a general tradition of picturing men as the household breadwinner, it seems that this has a counterpart with women being perceived as the household spender.

Some participants gave very brief initial answers when asked to describe how their household managed finances:

I'm the spender.// Yes, he earns and I spend.//...he is well aware of where the money is and I spend it.//

Further data in Appendix G

As discussions proceeded, it became apparent that “spending” meant day-to-day expenditure on routine household supplies such as groceries. Other forms of expenditure, such as paying bills or buying non-routine items, were often described separately, as discussed below. No participants mentioned that they had a partner who was predominantly responsible for spending on day-to-day expenditure, although in some households it was a shared task.

7.4.2.2. *Category I2: Being careful and shopping around*

In some households, doing the spending was closely associated with the task of saving money by shopping for “specials”, “being careful” or engaging in activities such as dressmaking that could replace purchased items. Participants seemed aware that they were actively contributing to the household’s financial situation by adopting particular strategies when doing the spending:

...it would be interesting to see if I actually save money because I'm buying washing powder when it's really cheap, if it's a really good special I'll buy half a dozen. // I'm quite proud that I'm not like those people who on the spur of the moment, they 'oh I like that, I have to buy'. // I don't have an income but I help a lot with the saving because I'm very careful with what I have... by shopping carefully... that's my input into my family thing. //

Further data in Appendix G

One participant mentioned that shopping carefully for every day items was more indicative of her husband’s shopping practices than her own:

I will normally shop around but I don't shop around for groceries and things like that. I will go to a convenient shop and buy all the things but my husband's not like that. He will go around and say 'oh this shop is cheaper'. But I don't do it that way.//

7.4.2.3. *Category I3: Paying the bills*

Although considered as routine expenditure, paying bills was often mentioned as a separate financial task from that of purchasing household supplies. In some cases it was identified as the responsibility of one household member, although not necessarily the same person responsible for day-to-day purchases. In contrast with purchasing supplies, the task of paying bills was not closely associated with gender.

I'm always the one who's thinking about the day-to-day, week to week bills. //...and he plans out all the bills for the year and works out how much he has to put into his bills account. // So basically I leave most of it up to him ... Yes, because I hate dealing with bills and I hate paying bills...//

Further data in Appendix G

7.4.2.4. *Category I4: Making major purchases*

In addition to routine items of expenditure, participants remarked how additional “major” purchases would be required occasionally. In the context of the participants’ discussions, a major purchase was not necessarily very expensive but generally possessed one or more of the following distinguishing features:

- It was a “one off” or irregular form of expenditure.
- It could not be accommodated within the household’s routine level of expenditure.
- It was perceived as warranting consultation or discussion with other household members.

This meant that major purchases were often discussed simultaneously in terms of the item purchased and the type of decision-making process involved:

So major decisions, major things we always discuss. And things that don't have to happen, we discuss...but if we are going to do something like putting in an air conditioning system or something, then we talk and say okay, we'll get that done or something like that. But on a daily basis we don't... if I thought [my partner] and I could buy [our daughter], for example, a pram, we would talk about that before and I don't think I've ever heard the words we can't afford it, so we would buy the pram...//

Further data in Appendix G

The strong identification of major purchases as being characterised as both a type of irregular expenditure and by a type of decision-making process makes it a difficult category of data to group within a specific construct. The decision-making-processes

described by participants are considered in some detail in the following construct (J) and the relevance of major purchases is again addressed. At this stage the main point is to recognise that some participants tended to distinguish between spending, paying bills and making major purchases.

7.4.2.5. *Category I5: Rainy day saving*

With one exception, the issue of saving for the longer term did not play a major part in discussions about short term or day-to-day financial decisions in households. To some extent, this aspect of organising household decisions illustrates the same tendency to meet short term constraints that was evident in descriptions of workforce participation (in construct H).

The key exception to the lack of explicit discussion of saving as relevant to everyday household activities was the perceived need to accumulate, or have access to, sufficient funds to cover unforeseen emergencies. Some felt this was particularly necessary when income was low because this was when household budgets were vulnerable to short term fluctuations in expenditure. In some households this type of saving was an ongoing routine, while in others it ceased once an acceptable amount of money had been accumulated:

*Well because if we've just got that little buffer in the account well... that's fine. //...and then there's always something put aside... I think I always had two thousand minimum savings, that was there in the account... the rainy day sort of concept. // We've got about, I don't know, about five thousand dollars in that, just sitting aside for, I don't know, if we have an emergency that we need money for.//
Further data in Appendix G*

Two participants discussed a particular type of rainy day savings, which one termed “secret women’s business”. These savings appeared to be covert and took the form of a separate account or accumulation of money that could be used at the woman’s discretion. It fulfilled the function of allowing the account holder to have sole control over a particular allocation of funds. The first participant explained that this practice had allowed women in her family to financially manage their way through periods of severe marital problems. While neither of the women who mentioned this form of

savings followed this practice, they mentioned that they were aware of it occurring in other households:

I came from a family where my mother was always in charge of the finances... And my grandmother had done the same and... both of them always made it very clear to me that women put aside money that their husbands don't know about... there should always be a woman's bank account as a fall back position... women have to look after the household finances but they also have to, in a sense, look after themselves and that is secret women's business. And that sort of continues very much in the family. // I've got a girl friend, I don't know if she does it now but she was given a budget... she would always take, make sure her spending was always so that she would have, ten or twenty dollars to spare and she would put that away... so if she wanted something that's what it came out of. Which isn't a bad way to be. //

7.4.2.6. *Category I6: Real Saving*

In contrast with rainy day saving, it seems that “real saving” is seen as a longer term process that involves accumulating assets, particularly housing. In many discussions participants remarked on the close links between home ownership, property investment and their household’s longer term plans to save for the future:

... money in the bank is that thousand or two thousand, these days probably about five thousand, and then the real saving, which for mum was building society shares, for me is real estate... and always owning your own home. Which is why I suppose, the kids own their own home, I see it as important. // Savings to me is, I would put any money extra that I had, which would be savings, into the house because that's my priority at this time, is to get that paid off. And we've got money in the house that we can redraw...// So our plan, I guess, will be once he [partner] finishes uni and gets a job then we'll sell the [current] house and hopefully make enough to buy a [different] house. So I guess that's where our savings is. //

Further data in Appendix G

However, the routines associated with “real saving” appeared to be quite separate from the readily recognised tasks of household financial management described in the other categories in this construct. In the context of the current construct of simplifying household management, the category of “real saving” exists as a contrast or comparison, with the “rainy day saving” that participants described as relevant to their routine household financial procedures. The importance of home ownership and in some cases, further investment in real estate, is a significant feature of construct L which examines participants’ long-term financial plans.

7.4.3. Construct J: Making decisions

Construct D demonstrated the different ways in which households share decision-making authority. For some participants, the sharing of decision-making appeared to impose constraints, while for others it represented a welcome sharing of a burden. This construct extends the discussion of household decisions by considering the decision-making processes that participants described. In particular, it illustrates that households develop a range of “routine” processes to address “routine” financial transactions. Discussions of financial routines reveal implications for the savings decisions made by households. This is outlined below, following consideration of two initial categories in which participants describe situations in which they feel there are no active financial decisions to be made.

7.4.3.1. *Category J1: No decision to be made – what’s coming in is going out*

Income constraints were mentioned when budgets were seen as too tight to allow a great deal of decision-making. In some households, there was a set of expenses and bills, often including a mortgage, that needed to be met and managing the household finances consisted of facilitating payment for these items or determining in which order they should be paid. Of course, this does not mean that no decisions were being made about household finances. Rather, it appears to mean that the household’s customary standard of living was such that it used all available income and so it feels, to the participants involved, that they have little room for active financial decision-making. In these circumstances, changes to expenditure would, of necessity, involve significant, and possibly difficult, changes to the household’s current standard or pattern of living. Saving was not seen as a realistic option in the financial management decisions of these participants:

We are struggling with three children, paying mortgages and looking after expenses, it’s so hard. //... managing the money is more prioritising what we need to, we never have enough to pay our bills but it’s just prioritising which one that’s necessary to pay and urgent. //... savings as such, it’s hard to save. Really hard to save, you know. We can manage but it’s so hard to save. //

Further data in Appendix G

7.4.3.2. *Category J2: Deciding to decide later*

Another type of decision-making process is one distinguished by a “decision to decide later”. While a decision to postpone decision-making was rarely seen by participants themselves as an active process, it does of course have a potential long-term impact on the finances of a household. Deciding later was particularly relevant to decisions about long-term financial planning. It was closely linked with life events that were perceived as having a significant effect on people’s financial resources and participants described how they would more actively engage in long-term decision-making when particular milestones were reached. There was considerable variation in the types of milestones mentioned, including the conclusion of studies, after having children, children finishing school, when the mortgage was paid off and/or upon reaching a certain age:

I mean I guess when you have children and you’re all sorted and that’s when you look but in our situation, in our situation, no, we don’t do that. // I don’t know, I don’t know what our plans are there. Get these kids through school and we’ll think about it. That is actually how we’ve felt. I know it’s not a good way to think. // It’s funny, it’s like when I hit thirty it’s just like this major housekeeping and now that I’m going to turn forty, it’s just like that again. It seems to go in a ten year cycle with me. Every decade I just sort of think... I’ve got to do this and I’ve got to do that. //

Further data in Appendix G

The above two categories show that some participants, while meeting a range of expenditures, did not feel that they were actively making financial decisions. These approaches contrast with the following categories which demonstrate more active processes for allocating household income to particular purposes.

7.4.3.3. *Category J3: Use ‘this’ income for ‘that’ purpose*

Some participants described approaches in which their household used different sources of income for different expenditure or saving purposes. So, for example, equating day-to-day expenditure and bill paying with a particular source of income allowed households to define acceptable levels of routine expenditure. Alternatively, the level of one source of income may determine the rate at which mortgage repayments are made:

...basically what we do, we try to live as much as possible off my husband's wage, pay all the bills and do all the things like that through his income. And mine is more for the nice things in life. //... everything bar my salary comes in the alternate [week] and when I get all my maintenance and pension and everything I pay my mortgage... I put some into savings and then the rest, I just, I put some away for bills and the rest is just to live on. And then on my other fortnight, well the plan was to pay my Visa card...// Husband takes on the paying back the mortgage and some bills, like big purchases while I do the groceries and such. //

Further data in Appendix G

One participant commented that while she and her partner used this method of monitoring routine expenditure she was aware that it allowed changes in total routine expenditure without a great deal of deliberation:

It's been a gradual increase, so it's not like he went from this suddenly to that... okay he's gone up to the next [salary] step or something, which is another three grand or something a year, but what that correlates to in the fortnightly salary might be say, twenty or thirty bucks or whatever it is, it's not significant for us to really notice. And so we just buy things. //

7.4.3.4. Category J4: Save what you can and spend what you need

An alternative routine for managing finances was to limit expenditure to those things that were needed and then save the remaining income. This approach does not necessarily involve a predetermined level of saving: the onus is on the household members to restrict their spending so that saving can occur:

As far as we're concerned I know that we're putting away as much as we can right now and I don't worry about it because I know that we have been fairly cautious and that it will be okay because we save what we can and we spend what we need. // I do save, I save well because I tend not to go out as much... just buy what I need rather than... all that waste, money going out the window. // By not being extravagant. I sew a lot of my own clothes and always look for sales and things like that. So we are quite reasonable, like we own our house outright. We've never had a mortgage. So those are the things that feel like comfortable for us. So we've got our savings. //

Further data in Appendix G

The success of adopting this process for determining savings levels appears to depend on the capacity of household members to voluntarily restrict their spending to what is ‘needed’:

Well funnily, I find more and more that the more money we have the more we spend. But I guess that's like everybody else, you tend to find things...// [My husband] had got a payout when he was retrenched ... and we thought 'great, we'll have all this extra money.' We didn't see it at all. In fact, what we did, we were living within those means... we thought we would have a whole lot of extra money because we didn't have a mortgage. And we found we didn't. // [My husband] just hadn't thought about it. He just earned and spent. So he spent what he earned and if that increased so did his spending. And I'm not like that at all. I live on the same, I've probably, I earn more now but I probably live on the same amount that I was earning when I was working in the night club. //

As with monitoring expenditure by reference to a particular source of income, some participants recognised that this strategy accommodated the possibility that new habits of expenditure could become gradually incorporated into the household budget over time.

7.4.3.5. *Category J5: Save a set amount, then spend*

Some participants described how they budget in advance for a specific level of ongoing saving and then use their remaining money for discretionary expenditure. An important theme in these discussions is that undertaking savings is a matter of living a lifestyle that accommodates regular saving, which becomes part of the household's financial routines:

... it's having a mind set that you live within your income... that you should save. // But I put money away and what I have left I pretty much live on for entertainment and other stuff, you know shopping and I've always, always, put money away... ever since I started work, I've always saved. That's what I pretty much do. // But we find it really easy to save if we need to. Because, it's an ongoing thing. We don't kind of think this is the end point... we don't really have major obstacles for savings.//

Further data in Appendix G

One participant mentioned a particular habit that she and her partner had of saving their loose change on an ongoing basis. While not part of their longer term savings plan, this money would finance the occasional “splurge”:

We also have this funny habit... any change over at the end of the day we actually put in a jar... it adds up so quickly...//

7.4.3.6. *Category J6: Targets, goals and special accounts*

Some participants were aware that, while they wanted to save, their spending equalled or exceeded their income unless they actively took steps to ensure that saving occurred. For some participants, establishing a goal or target provided a routine which ensured saving:

I've just started putting a holiday account in, so I just take fifty dollars a week I think, or a pay, I can't remember, into a separate account, so that doesn't get touched. So we can start saving for holidays. // Well, I think you need to know what you're saving for... so I am saving for a trip... that's what I save for. // I've always been fairly good at saving, like, but saving for something. Like I know when I first started work, I saved for a trip to Europe and then I got back and I saved for a car... so if I have a goal then I'm actually better than if I just have to save. //

Further data in Appendix G

Other participants discussed processes that relied on the use of multiple bank accounts to facilitate household decisions and allocations. For some participants, different accounts are a method of simplifying the account keeping they are required to do. For others, the purposes of different accounts are less well defined:

So we use one credit card for his [business] expenses, sometimes we purchase petrol or something like that here and there. The other card is only for our home purchases. //... my salary goes straight into our equity loan... [my husband's] salary, goes into a regular bank account. //...well we've got the mortgage, we've got the offset attached to the mortgage... then we've got two credit cards... we've got another account at my husband's work... and we've got an account for [our daughter] //

Further data in Appendix G

One participant felt that her ability to use multiple accounts to facilitate saving was limited because of the costs associated with opening special accounts for specific purposes:

If there weren't fees so much attached to... having a number of different accounts then that's the way I'd do it. Like I really would do it that way. I'd have an account for a holiday, an account for this, an account for that, and actually save up for it... even if it was only five bucks a week...//

7.4.3.7. *Category J7: Automatic deductions and ‘compulsory’ payments*

Some participants found it useful to implement a process that would make saving seem like a “compulsory” action, much like paying a bill. Establishing “automatic deductions” to specified accounts was one such method:

So basically I live on what I get in, because all the other money’s already gone. I don’t have to then disburse the money out. //... we just had as many regular payments going out of my pay as possible because it meant that we didn’t have to worry... // My little bit of saving that I do works because it’s automatically deducted as soon as my pay comes out and is put in a separate account. So I just don’t touch it until I need it... prior to that, trying to save was a joke because I’d just run the account dry. //

Further data in Appendix G

Other participants described the compulsory aspect of debt repayment or some other form of compulsion, such as contractual payments to an insurance policy, as the process that assisted with carrying out savings in their household:

... we know, in the past, when we haven’t had the mortgage, we haven’t had something that we have to pay off, we don’t save money. // So enforced superannuation I think is good because for me, I wouldn’t have saved all that money. // We are sort of thinking at the moment about what we’re going to do when [the mortgage] runs out because, I suppose, we just don’t want it to come into our account because that could be dangerous because you’ve got it there... I could see that we could start spending it. //

Further data in Appendix G

In summary, participants described a number of financial routines that had become established within their households and assisted with the ongoing need to allocate income to specific purposes. The routines ranged from processes which allowed little role for saving, to those which allowed for saving from “residual” income, to those that prioritised saving through the use of special accounts. Throughout the descriptions of allocating income to expenditure or savings however, participants described their use of routines which prevented the need for overt, regular decision-making.

7.4.4. Construct K: Using cheap and easy information

A number of participants identified a lack of financial skills and access to appropriate information as a constraint on their capacity to make financial decisions (see in particular construct C). Further, seeking professional financial advice was considered by many participants as inappropriate or undesirable. In the context of such constraints, an obvious question is that of how participants attempt to overcome these perceived shortcomings. In order to consider the effects of participants' self-identified lack of financial skills and information, this construct contains categories of data that are relevant to key approaches used by participants to access sources of financial information.

7.4.4.1. *Category K1: I just read the papers*

Information that was perceived as low cost and easy to access was viewed favourably by a number of participants. Preferred sources of information mentioned by participants were print media and internet sites:

I just read the papers. I get Investor magazine. //...we go to the internet because you don't need to go to a financial planner these days. You can go to the internet and you can download information about the best mortgage accounts and how to save and things like that. You can get a lot of that kind of information. //...you can get everything and anything off the web now. And all the information's there. If I have a specific question that is not in their frequently asked questions then I'll ring up the company...//

Further data in Appendix G

7.4.4.2. *Category K2: In one day everything was done*

One participant gave a detailed account of her experience with buying an investment property in Queensland. At the time, she had not lived in Australia for long and was unfamiliar with Australian property markets. She felt that the firm involved in marketing the properties was applying subtle pressure on her to purchase a property. Despite some uneasiness, she decided to go ahead with the investment because of the convenience of the services offered:

...the package, everything is in there. They find you the loan, they find you the lawyer, they find everything, they find you the house... they fly you there... in one day everything was done... If at that time I was to invest in a property I wouldn't know

where to start. Who do I go to? What lawyers and stuff? Because this was a package I say "okay, we can do it." That was quite a good experience and also I think that we were lucky. //

7.4.4.3. *Category K3: I do have a friend who's quite canny*

Several participants identified friends as sources of financial advice. Discussions about advice from friends or colleagues were not accompanied by the negative sentiments used to describe professional financial advice. While ease of access to such advice may play a role, it appears that the trust that exists between friends or peers overrides possible concerns about expertise or accountability

Oh my financial adviser is the deputy over the road... he knows that he's got to have this multiple of his super to get this much a week. // I do have a friend who's quite canny with investment and she has done a lot of research in the area... I'd probably speak to her... About (a) what she knows and (b)... who she spoke to. // she [my friend] was the one that really talked us into, well talked me into buying an investment property because she knows all the ways of writing things off and, I mean it's all pretty straight forward stuff, but the fact that she has done it for so many years over so many properties, she's sort of found the pitfalls and things and the sort of places you should buy and shouldn't buy. //

Further data in Appendix G

7.4.4.4. *Category K4: See what everyone else does*

Perhaps reflecting a lack of widely recognised 'rules of thumb' or social norms with respect to saving and retirement planning, there was a keen interest expressed by some participants to see what other people do:

... see where people are heading... what other people are doing... finance is something people are very conscious not to talk about, nobody wants to say 'this is what we're doing', so it will be interesting to see. //...to see if I'm like pretty much the norm sort of person. ...[do] most people ...know they've got to do it and, but don't do it? // I'd like to know about other people... just what their views are and how they have planned or what they think about doing. //

Further data in Appendix G

In summary, while a number of participants perceived that their financial skills were limited, few described active steps to address this perceived constraint. However, when participants identified situations where they required assistance with financial

decisions, many were willing to use information that was readily available or freely accessible as a reference point. Generally this was done to guide particular decisions, such as buying a house. In these cases, no one expressed reservations about seeking information or guidance from relatively unregulated or unqualified sources.

7.5. Concept 3: Retirement planning and futures

This concept contains categories and constructs particularly relevant to the outcomes of the constraints, catalysts and compromises discussed in the previous two sections. The first construct, where to keep savings... and why, examines the savings decisions and long-term financial decisions that participants described as relevant to their situation. The other two constructs are more specifically concerned with the issue of retirement. They include categories relevant to participant's images of their retirement and their expectations about their sources of income when they, or in some cases, when their partner, leaves the paid workforce. The constructs and categories that are contained within this concept are outlined in Table 7-3.

Table 7-3 Development of Concept: Retirement plans and futures

Category labels	Construct labels
L1: Buying a home L2: Investment properties L3: Superannuation L4: Managed funds and shares L5: Avoiding risk L6: Providing for the children's education	L: Where to keep savings... and why
M1: There are things I want to do M2: Accommodation, transport and health	M: Thinking and planning for retirement
N1: I don't know N2: I guess it will be N3: I hope it will be N4: The plan is N5: The plan was N6: I don't think I'll ever retire N7: Maybe pensions aren't going to be around N8: I'd like to see that everything will be fine	N: In retirement I will live on

7.5.1. Construct L: Where to keep savings... and why

As noted in construct I, participants defined specific short term financial tasks and sometimes grouped them according to their regularity and their relevant decision-

making processes. By contrast, longer term financial tasks were closely associated with outcomes such as paying off a residential property, buying an investment property or saving for the children's education. This construct contains categories relevant to:

- participants' identification of long term financial goals; and
- reasons for favouring some long term goals above others.

Within this construct, discussion of housing as an investment strategy is relatively lengthy. This has resulted from the large number of comments participants made about this subject. Although, as described below, only two participants were specifically asked questions related to housing, all thirty participants mentioned their housing arrangements or goals when discussing their long-term financial arrangements.

7.5.1.1. *Category L1: Buying a home*

Mortgage repayments may at first glance appear to be a category of routine expenditure in the same way as other regular purchases or bills. However, buying a home was discussed in a different way from other regular forms of expenditure. Perhaps because of the size of the financial commitment, the long-term nature of mortgage contracts and the gradual accumulation of equity in an asset, buying a home was readily identified as a significant long term financial goal by most participants:

...what we do is basically the mortgage, whatever the savings are we pay to that, so that the balance will be less at the end of the year. That is our main aim, so that we have at least one house debt free. // My aim is to clear the mortgage before twelve years. So that we can think of saving something for later life. // Well, of course mortgage repayments, that's the most important thing and I try to pay more than what I have to. I really want to pay it out as quickly as I can. //

Further data in Appendix G

When weighed against other potential long financial options, housing was generally seen as a relatively favourable investment vehicle:

...neither [my husband] nor I had super, but what we did was we put a lot into paying our house off early. I've always sort of seen real estate as the alternate to super. //... some day we can sell this house and move into a smaller house, that's the main reason that that this house doesn't have very many fancy things, but we built it so

that then at least we can have something. This is our savings, sort of. //...we had bought our house for, in [Gardiner] Road, back in 1988, for about a hundred and fifty thousand and we sold for four hundred and forty five thousand, so I thought that was a pretty good investment on our part. //

Further data in Appendix G

In most discussions the high priority given to home ownership was largely unquestioned and was mentioned as an obvious and widely accepted financial decision. Two participants who did not appear to share this approach to home ownership were specifically questioned about their perceptions of the need to own a home. The first described how, having moved to Australia from overseas, she had observed that the financial benefits of home ownership appeared to be higher in Australia and that she needed to accommodate this in her thinking. The second felt that she would be able to reside in housing provided by her parents for the foreseeable future and that this lessened her need to consider purchasing a house:

It's just the house; you've got to have the house. Like [before moving to Australia], I thought about getting a little condominium or whatever, but... it was better off putting my money into shares and stuff, and investments than actually getting a little unit or whatever. But moving over here, yes, everybody's got to have the house. You must have the house, got to get that mortgage paid down. // I am reasonably confident that I can stay in this house. When I start working I will be paying rent to my parents again... but unless they sort of last until they're a hundred or whatever, I think I am kind of safe in this house so maybe that's why I don't think of houses necessarily.//

More commonly, however, making mortgage payments was an integral part of household's financial arrangements and participants related this to a wide range of other aspects of their lives, including plans to have children, retire or to examine other types of investment:

We're kind of funnelling [money] into the house. So as much as we can spare goes into that. I mean we don't go without but we don't, there's no extravagances. So hopefully within the next three years the house will be paid off. Which will put us in the position that if we want to have children, that's when we'll look at it. // It's important that I save enough to be able to pay the mortgage when I'm not working [after having children]. // I think my main worry is making sure that I've got my house paid off well before I retire...//

The imperative to achieve home ownership is such that some participants considered it a necessary part of their goals, even though it was financially challenging:

...we're trying to save to buy a house at the moment... this year is going to be scrimp and save to the max... probably everything that he can spare we will put in. //... we had heaps and then we took it all to pay for this house and we just, you just can't catch up. //

One participant who didn't own a house was concerned about what it might mean in the longer term:

I do worry about what's going to happen, because I don't have a house and I am hoping one day to go into a retirement village or something like that. //

7.5.1.2. Category L2: Investment Properties

Investment in property, particularly the purchase of a rental property was another relatively popular long-term strategy mentioned by participants. For many participants this was the main form of “saving” that they envisaged for the future, aside from purchasing their own residence. Although there were some comments about risk, return and ongoing costs, these issues attracted little discussion compared with alternative forms of investment, discussed below. For some participants, investing in property was literally considered to be as “safe as houses” (see for example the final comment in Appendix G, category L1).

So basically we are planning that we can sort of, through the rental property we can upgrade it and through that we can have some lump sum and have one or two rental properties into retirement. // I don't really think about saving for my retirement. The only way I think about it is, is with the investment property. This is the first of many... the plan, is to buy more... come retirement time, we will be able to sell them or just live off the investments or whatever. //... we thought, hang on, we're not really investing any money... you know bricks and mortar have always seemed to me, considering that I really don't know the stock market... it's always seemed a bit more secure. We actually went and bought ourselves an investment property. //

Further data in Appendix G

Not everyone considered that buying a property for investment purposes was a part of their long-term financial plans. In some cases this was not because of an aversion to owning an investment property but was related to a perception that the household's current financial situation was currently unsuited to this type of investment:

I don't know about property though... I think I just want to pay this one off and I don't think, I don't have enough equity to use this to get another property. So I wouldn't want to go into property. // If my life was different maybe I'd like to do that but that's sort of far too far way away for me to even think about. //...if [my husband] was a full-time employee with long tenure, we would consider buying an investment property...//

In two cases there was a perception that investment in rental housing posed an unacceptable risk:

...we have thought about getting an investment property, we did think about doing that, but it just didn't seem, the market didn't seem right... too risky...// ...my daughter said, why don't you buy a house and rent it out? But when you hear of that many stories of people that have really bad rentals and you know, they wreck the houses and skip the rent, too stressful. //

7.5.1.3. *Category L3: Superannuation*

Superannuation operates as a long-term savings device. However, some participants did not automatically associate superannuation with long-term financial planning until prompted, for example:

Participant: "I have no savings."

Therese: "What about, do you have super? From previous work?"

Participant: "Some. I've got some, the main one is from the government, they had a contributory and a non-contributory scheme..."

In the case above, having been prompted to consider superannuation, the discussion continued in detail for some minutes.

Discussions about superannuation contrasted with discussions about housing and investment properties in a number of ways. Firstly, it was associated with negative opinions, not always related to financial aspects such as risk, security or return:

...my mother had then said, "you should have super, you're educated, you should have super". This was her definition. And so I got into it. I still thought that it was trash, because I'd heard all these people who said they wouldn't change jobs because of their super, it was a justification of middle aged men being boring. That's what I associated super with. //

Secondly, in contrast to the discussions about housing and investment property, superannuation was associated with fees and other ongoing costs:

...it's pathetic. It just gets eaten away by fees.// I've got one super [account] from when I worked at the tavern. But because money doesn't keep going in there it just seems to be, um, taken out for fees and stuff. I'm going to end up with nothing anyway in there.// When I sat down and worked out all the fees and charges that were coming out of it and the lack of earning potential I got from that policy, that turned me off superannuation as well.//

Further data in Appendix G

Finally, while participants spoke about housing with familiarity and confidence, some discussions revealed a lack of knowledge about participants' own superannuation accounts, what superannuation is, or how it operates:

I don't even know how much is going into my super at the moment, I don't know how much I've got in there and I've got a variety of them, which I must roll over, through previous employment. // I'm hoping to do a job. I'm looking to do a job but then I don't know at the moment, I'm so new in this country I don't know even, even what superannuation is, I don't have a clear picture. These words are all new to me. So I don't have any idea. //

Despite contrasts with discussion about investing in property, some participants were interested and knowledgeable about the operation of superannuation and their individual entitlements. This was particularly the case among participants who were members of superannuation schemes that were perceived to be relatively generous, all of which were employment-related schemes. Most of the participants who belonged to such schemes were in occupations such as teaching or state public service positions where a scheme known as "Goldstate" was available to employees who joined the Western Australian public service prior to the mid 1990s. New employees cannot join this scheme. Entitlement to participate in such a relatively generous scheme was seen as something to be valued and in some cases, protected, through employment continuity:

Yeah, seventeen per cent... which makes you think twice before you would leave this place. It's taken me forever to get a permanent position here so it's not something that you want to give up quickly either. // I do the maximum that I'm allowed because I've got Goldstate super which closed early in my teaching career... it was sensible for me to keep to the maximum amount. // I'm also in the super at school... I did go into the one, Goldstate, yeah, three to one I think... I

should have gone into that when I started... in hindsight, that would have been the way to go but I joined just before it closed. //

Further data in Appendix G

Participants in less generous schemes or in no scheme at all expressed considerably less enthusiasm for superannuation fund membership or optimism about its likely outcomes. However, discussions revealed that participants with little or no superannuation could be well aware of what superannuation is and how it operates. Although less enthusiastic, participants in this situation articulated thoughts on fees, employment benefits, and voluntary contributions and compared their experiences working overseas with the Australian superannuation regime:

I've never thought of actually putting money into super because the super thing really pisses me off... I think the fact that you've got to choose between so many different funds, like within your manager, your funds manager, like do you go international shares, domestic shares, cash, whatever, blah, blah, blah. So you make that choice, even then, you go the low, low risk ones and it's like it still, well then you get eaten away by the fees. // I wish now that I'd sort of put something into it as soon as I started working... I left it until my late twenties, which is a bit late, I feel and so I sort of took out a couple of policies and was putting stuff in but... I wasn't getting much return. So I rolled them over into a managed fund, probably about, maybe four or five years ago. Yeah, so that's what I've got, I've got like a managed fund now. // We had what we call the CPF, which is about the same as the super here... but our super is very high... that time when I was working I was contributing about twenty three per cent...and your employer pays in to match up with whatever you put in. //

Further data in Appendix G

A further way in which participants expressed an awareness of superannuation and its operation was when they discussed the superannuation arrangements of someone else in their household, usually a partner. In most of these cases, it was the partner's superannuation that represented most of this type of savings in the participant's household. However, there were some cases where participants acknowledged that their partner's low superannuation accumulations provided an incentive for them to continue in employment:

[my husband] has good superannuation. I have very small superannuation that will increase if I intend increasing my working hours...//... for superannuation and stuff we're just doing the minimum, just the company ones... and not putting any extra in... through my husband's and through my little bit that I get. //... he does have

some superannuation from various places he's worked which is carried over and I think the current place he's working at, they pay super as well. So he's got a little bit, probably about half what I've got, it's not huge. //

Further data in Appendix G

Some participants who were self-employed reached the conclusion that there were relatively few advantages in contributing to a superannuation scheme when they compared their situation with that of employees:

...the teachers that I employ, I contribute to their super, but I look at my earnings, because I am probably unfair to myself, when the business is running out of money and it's pay week, I don't pay myself. I know it's a bit harsh, but because the business is me, I don't pay myself...// because we're just thinking about [my husband's superannuation] and the benefits of putting money into [his fund] is so much greater... because I'm employed by myself. //

In summary, among some participants, discussion about superannuation revealed less of the enthusiasm or optimism expressed in discussions about housing and property investment. However, this did not mean that participants were unaware of superannuation and the way in which it operates. This was most readily apparent among participants who are members of relatively generous employment related schemes. However, other participants were also articulate about many aspects of superannuation, even if it was only to express reasons for their limited engagement with the superannuation system.

7.5.1.4. Category LA: Managed Funds and Shares

Among the thirty participants in this study, shares and managed funds were not popular forms of investment. For a number of people they were closely associated with gambling or high levels of risk. This was particularly the case among people with little experience of share ownership:

I figure you only invest in shares what you're willing to lose... to me it just seems like a real gamble. // ...to me the share market always seemed a bit of a gamble. That's probably a bit of a backward way of looking at things but I can't get over that... a lot of people it seems to me, want these get rich quick schemes and so I've always shied away from that. // I'd like to [buy shares] but I'm a little bit nervous in doing that because I think I've worked hard for this money, I'd like to keep it.//

Further data in Appendix G

There were some cautious responses by some who had experience in buying shares. In these cases, past losses made the participants reluctant to invest further in shares and/or managed funds:

That's the only one I've invested in and... I've been bitten... I've got an investment account... that's made nothing either in the last few years but you've got to do something. You can't just hang on to your money. // I'd never borrow to invest like that and I'd never borrow to invest in something you can't see, like shares, I wouldn't borrow. But property I would. Because there's always something. //

These responses contrast with those from those of other participants who had more positive experiences of share or managed fund ownership:

Yeah, it tickles my fancy. I'm always checking the papers for how well the shares are doing. // I did that [had a share portfolio] when I was younger with my bit of money and that was quite good... I was quite lucky with what I invested in but then I pulled out all the money and brought it over here... so I wouldn't mind doing that again but I'll just see what happens. // I don't mind shares... I don't want to go too high risk but I don't mind a little bit of risk. //

Further data in Appendix G

Unlike housing, comments about shares of managed funds were often only in response to specific questions. Other points of contrast were the perceptions of risk associated with this form of investment. Investment in property was characterised by some as particularly secure (category L1). Investment in shares and managed funds was discussed as a strategy that was, at worst, a form of gambling and at best, a risk worth taking.

7.5.1.5. *Category L5: Avoiding Risk*

As noted above in the preceding category, participants were particularly concerned with the perceived risks associated with certain types of investment, particularly shares and managed funds. A more general concern with risk was discussed by some participants. In these cases, risk was seen as something to avoid, even though this was sometimes accompanied by recognition that potential returns may be reduced by using this strategy.

[investment needs to be] safe, that you're not going to lose it all... because something crashes, that you're not going to lose all that money. // ...we wouldn't

take any risks... if we had taken risks we probably would have been [able to afford to be] retired by now. // I guess I wouldn't go without to try and put an investment portfolio together and I think if I did invest in something it would go down the hill anyway. If I barrack for a football team they always lose... (some minutes later) Maybe there are opportunities out there and I've missed them because I won't stick my neck out. //

Further data in Appendix G

7.5.1.6. *Category L6: Providing for the Children's Education*

A quite different form of “investment” was evident in the discussions of some of the women who had children and who spoke about the effect of education expenses on their household finances. This was not generally labelled as “investment” by the participants themselves. However, education has been included in this section because discussions revealed that for some participants:

- Long-term financial planning was linked with providing for their children's education.
- Education was seen as a valid use of household money held in assets, such as shares or savings accounts.
- Both short and long-term benefits were identified as deriving from expenditure on education.

Conversations about providing for children's education sometimes overlapped with discussions of “children's money” (category E2) and were also associated with the caring responsibilities that parents assume in relationships with their children. However, while associated with these other issues, some women were also aware that education was a long-term financial commitment that took priority over other financial plans:

I inherited some money and I've got some money put away for them in their account which I will use for their school. //... I'm putting money away for the kids for when they go to school... I'd rather put the money away, the little money I've put away for them, for them to use to go to school and go to uni if they can, than to look after myself when I get older. //...we've got an account for [my daughter] that, because my parents and a few other people have given her a bit of money over the time, saved up a bit of money and we put that into her account and my husband puts in, I don't know what it is, about ten, fifteen dollars a fortnight from his pay, goes into her

account, just for later on, for education or whatever it's going to be used for, whatever it will be needed for later on. //

Further data in Appendix G

In households where the children were older, education was sometimes recognised as a significant part of the household's previous financial commitments:

... they were educated, we've done everything that way. That's where all our money went. // We've got a chemical engineer, an ed [education] support teacher and a dental hygienist, they've all got degrees, it's up to them. Once you've got an education you can never lose it...//...we did the Telstra thing and made a little of money on that, we're talking a few hundred dollars and at that time my son was going on a school trip to England with his school singing thing, so that went in to helping him. //

While not always related directly to financial aspects of the household, the significance of education was particularly relevant to families who were prepared to relocate internationally to secure their child's education:

...we'll plan around him, like if he's happy to stay in Australia, then we will. Otherwise if he thinks, okay, he wants to study in the USA or wherever, we might move around a bit. // The education system, we prefer the education system here... we could have... sent the children to study later on, in Australia or maybe in some other country, but then we prefer to be with the children. // ...my husband said "the way things are going our children may not be able to get into university" so he said we must have enough money put by to send them overseas, to overseas universities if necessary. So, going to Zambia was also part of that, to collect what was known as foreign exchange,... then we went off to Singapore...

Further data in Appendix G

In summary, categories relevant to participants discussions about long term asset accumulation were dominated by participants' discussions of buying a residential property and, if possible, buying investment properties. There appeared to be strong perceptions that housing was a relatively secure, or "risk free" vehicle in which to hold savings. There were some positive comments about superannuation but it did not appear to have the appeal of housing as an investment strategy. In comparison, shares and managed funds were perceived as either risky or considered to be a form of gambling. While the discussions of children's education were rarely discussed as

investment, they had the feature of involving relatively long-term planning and being perceived as an appropriate expenditure of households' "capital".

7.5.2. Construct M: Thinking and planning for retirement

Despite the detailed way in which participants spoke about their longer term financial strategies, particularly buying a residence and planning to buy investment properties, relatively few participants described specific plans or visions of retirement. This became particularly evident towards the latter part of most conversations when participants responded to specific questions about their plans for retirement. This construct contains the only two categories relevant to participants' descriptions of specific activities or plans that they have for retirement.

7.5.2.1. Category M1: There are things I want to do

A few participants commented that they were looking forward to retirement as a chance to engage in a wide array of interests:

...there's a whole lot of things I want to do. They're much more associated with the community... and community businesses and that sort of side of it. I would probably get involved in that. //... really, be able to have a really good life and still travel. // I have purposeful things to... if I'm widowed, I'm very much into meditation and spiritual practice. So it's going to be very easy for me. I just need a little room, one little room somewhere, close to one of the monasteries, and that's how I see myself, meditating, helping others. I love helping people, even now. So that's how I see for myself, if it's going to be me alone. //

Generally, however, specific thoughts and plans about aspects of retirement were focussed on financial aspects, discussed in the next construct. This is perhaps to be expected, as participants were informed in advance of the project's goals of examining financial aspects of women's lives.

7.5.2.2. Category M2: Accommodation, transport and health in retirement

In addition to describing some lifestyle goals for retirement, some participants mentioned a range of specific issues that they had thought about or had concerns

with in relation to their own retirement. Maintaining a degree of independence or autonomy in relation to accommodation choices was seen as particularly important:

I just want to finish paying this [house] off. As long as I've got somewhere to live when I'm retired, so that I don't have to go and knock on my relatives' door, ... as long as I've got my own four walls then I'm fine.// [My son] says when he gets a job... he's going to put us into a retirement home and I said 'no, no, no, we'll put ourselves into a retirement home.' You know, it's not going to be something that he has to worry about. We want to sort out our own lives in that sense. // I have got clients in the retirement villages... I think it is a very good service... but how long can you go on like that? There will be so many, there will not be enough homes to cater for all the people who require this. //

Further data in Appendix G

Similarly, maintaining access to transport and services was another aspect of retirement specifically identified by participants:

One thing my husband and I disagree about. He thinks we should maintain one car when we retire. I don't want to do that, I've always had my own car. I'm not working hard every day and driving eighty kilometres a day to end up sort of beholden on him and his car. //...if I move back into [suburb] and move into a small house, small unit, I wouldn't have to travel very much. A lot of people screw their nose up at [suburb] but it's got a lot of facilities. //

Finally, health was seen as an issue that could impinge on finances and decisions about when to retire:

"Health care is a big one. HBF is expensive but I would like to keep going with that... My husband doesn't agree, he has no problem with the public system. But I do.// I don't know... when we'd be able to retire... it might depend on health too. //... as long as your health is there, I think that's really important. I think that's something I think about a lot more than I ever did. //

Further data in Appendix G

While this construct contains only two categories, it provides some interesting comparisons with construct L, which considered the question of vehicles for term savings. It demonstrates that, in many cases, the long term savings or asset accumulation strategies described by participants were developed independently of specific ideas about lifestyles or other needs in retirement. For those who had specific ideas about their retirement, the relevant issues were broad and important: the capacity to engage in specific activities, access to accommodation, transport and

health services. These participants however, were a small proportion of those who had discussed the need to accumulate assets.

7.5.3. Construct N: In retirement I will live on

In addition to describing particular views about their expected life-style in retirement, several participants spoke about their plans to secure an income in retirement. This issue exhibited a great variety of comments. The most common responses, generally from younger participants, commenced with comments such as either “I don’t know...” or “I guess...”. Responses such as these are contained in the first two categories below. Other participants, however, described a range of expected income sources, including rent, dividends, annuities and the Age Pension. Categorising participants’ responses according to the source of income would have involved splitting individual conversations among a range of categories. Instead, categories have been developed according to the degree of confidence that participants expressed about their future plans. Participant comments that describe “hoping” for particular sources of income have been placed in one category, while income expectations based on well defined, implemented strategies to secure a retirement income comprise the fourth category.

7.5.3.1. Category N1: I don’t know

Some participants described how they had given little thought to the issue of retirement incomes and had little or no idea what their income would be in retirement.

I haven’t consciously thought about it. Which is, I guess, why I haven’t done anything about it. // I honestly haven’t gone there. Not in recent years, not in the last few years I haven’t. Not since my life has changed, since I’ve become single again, I haven’t even gone there. // So I don’t really know. I don’t know what a good retirement plan would be... definitely not what we’re doing. //

Further data in Appendix G

7.5.3.2. Category N2: I guess it will be...

Some participants who said that they didn’t know what they would live on in retirement qualified their initial comments with a guess about possible sources of

income. In these cases, sources of future income were based on hopes about future income rather than specific plans that were actively being implemented. Expectations of relying on a partner's superannuation were evident in some answers, as were expectations that current partnerships will last into retirement:

I don't know... that's a hard one... I guess three or four or half a dozen investment properties, plus my husband's super...// No. I guess we'll both work and hopefully our superannuation will be able to look after us. // No, I mean ideally, we would have enough money to live independently in a nice little unit and support ourselves. But... unless you have a few million you're not going to be able to support yourself... So I guess I have concerns about it but I also think what can I do? //

Further data in Appendix G

7.5.3.3. *Category N3: I hope it will be...*

Some participants had hopes that were based on relatively loose, long-term financial plans, some of which were in the early stages of being implemented. Again, expectations about continuing partnerships and access to a spouse's accumulated assets were evident in these comments:

I would hope that we'll have enough equity in property that we'll be able to sell off and invest and with [my husband's] super as well and my super, hopefully, because I will get some super eventually. //... maybe we'll have a rental property and the shares... the price will have gone up so we just draw from there every month. // Well we've got a little nest egg there and... my husband has a few more years working life and we hope that will give an income. Perhaps... two thousand a month is plenty, you know, after tax. We can manage on that. //

Further data in Appendix G

7.5.3.4. *Category N4: The plan is*

Some participants had well formed plans for their sources of retirement income. As noted previously, often these sources were held in their husband's name, for example in an occupational superannuation fund viewed as a joint asset. In these cases, however, participants appeared relatively confident in their knowledge of the funds that they would have access to. Perhaps surprisingly, comments about well formulated plans were mentioned by participants with widely varying ages. They were not restricted to participants who could be reasonably expected to retire in the near future:

but what I will do, I know that my Commonwealth super... becomes available when I'm fifty five... there's the other super which I hope to make grow over the next ten or fifteen years... when my mother dies... I'll get an investment of extra cash and shares... and my aunt will also leave me money. // He knows exactly... he does it all, I mean he tells me and I know, but he's got it under control and I've never seen him thinking, saying anything that's a bit concerning. // I figure that we'll be self funded retirees... ultimately that this [our house and shares] is our saving strategy for us for later on and not to just spend our money. //

Further data in Appendix G

7.5.3.5. Category N5: The plan was

One participant has been diagnosed with a serious medical condition, often considered to be terminal. She commented that she had planned and implemented a reasonably thorough retirement income plan. Her story emphasises the uncertainties that can arise even after extensive planning has taken place:

if you asked me before I was sick, I was reasonably clear. I saw myself as working up to about sixty. ...taking my super... knowing that all my rental properties would be paid for, I would have a stream of income from there and I would be very comfortable. So I didn't have a doubt about that. //

7.5.3.6. Category N6: I don't think I'll ever retire

For some participants, income in “retirement” was not particularly relevant. Their enjoyment of work and a need for income were issues that they hoped to address by working beyond traditional retirement ages:

I'll work until I'm sixty-five hopefully. And, if I'm well enough I'll even work after that if they'll let me. //...the long-term plan is certainly to winter every winter in Thailand... but to do something ... I'd probably be looking at making dresses, jackets, you know things like that, for about 200 Australian [dollars]. But if that falls through then the next deal is to do some sort of tour guide thing... you'd tee up a tour of about ten people and take them, make sure they're alright, do all the bookings all the escorting, all that sort of thing. //...I'm one of those ones who is going to go on working until I drop.”

Further data in Appendix G

7.5.3.7.

Category N7: Maybe pensions aren't going to be around

When discussing potential sources of retirement income, some participants specifically commented that they were aware of questions about future access to the Age Pension. Two of the older participants mentioned that they were going to need access to an Age Pension when they retired and hoped that it would be available:

I hope I'll still get a pension. // I don't want to be on the pension, you know. Well eventually I will have to be on a part pension I suppose, or something. //

Among younger participants, however, there was some doubt about the wisdom of assuming that the Age Pension would be in existence by the time they retired. This view was mostly expressed by those who were relatively secure in their plans to achieve a retirement income. However, one participant, who had only a limited idea of her likely sources of retirement income, commented that the possibility of not receiving an Age Pension hadn't "sunk in":

I suppose that it hasn't hit home very hard yet that the reality is that maybe pensions aren't going to be around for us. It just hasn't sunk in. // I honestly think that by the time I've retired the pension will have either been phased out or you will have to be like virtually as poor as poor as poor to really get any... I'm not relying on getting the pension, so that's why I really want to try and make sure that I manage my money properly now so that when I retire I can live off that. //...by the time you retire in twenty years time I don't think there will be enough money... they're not producing enough to look after the oldies like us. //

Further data in Appendix G

The data illustrated within this construct show that despite a widespread readiness among participants to identify the purchase of housing as a long-term financial strategy, relatively fewer participants nominated associated capital gains or rents as sources of retirement income. Further, although it is twelve years since compulsory superannuation was introduced, relatively few participants thought that their own superannuation would be a relevant source of income. While some participants could discuss strong links between their current finances and expected future income, the links seemed less well defined for others.

7.5.3.8. *Category N7: I'd like to see that everything will be fine*

A final category has been developed to reflect comments by some optimistic participants who are hoping that this study will reveal that women will have adequate or favourable financial outcomes in old age:

I'd love to see that women are really in control of their finances... I'd like to see, hopefully, people aren't too depressed about their financial situations. // That women are doing something right [even if] they're not quite aware of it, like me. //

The likelihood of these wishes coming to fruition is part of the discussion in the following chapters of this thesis.

7.6. Summary

The data and conceptual framework presented in this chapter interpret and summarise a larger body of relatively complex and rich qualitative data. However, as presented in this study, the data analysis allows for the formation of three main themes from the data. Firstly, participants' discussions reveal a range of overlapping constraints and catalysts which define the social context in which they make decisions regarding workforce participation and their organisation of finances. Constraints and catalysts appear as key features of participants' rationale for the decisions relevant to retirement savings that they describe. Secondly, the constraints and catalysts appear important for explaining a number of compromises described by participants in regard to their workforce participation and financial decision-making patterns. Thirdly, patterns of workforce participation and financial decision-making appear to have implications for the savings decisions and retirement outcomes that participants expect will form part of their future lives. While this chapter provides an exposition of the data and the way it has been organised to facilitate the generation of findings, its implications are discussed in the following chapter.

8. A theoretical contribution

8.1. Introduction

This chapter integrates the findings outlined in the previous chapter into a cohesive framework that can generate insights into some of the causes of women's relatively adverse economic outcomes in retirement compared with men. It represents a further step in the organisation and interpretation of the data in which relationships between concepts are postulated and a theoretical framework for understanding the data is developed (Lee 2002). As outlined in chapter six, the goal of grounded theory is not to provide a description of qualitative data. Rather, it is to generate theory, based on data, that will provide an explanation of that data (Glaser 1992; Glaser & Strauss 1967; Glaser 1998; Glaser 2002; Glaser 2003).

In attempting to develop theory from the data collected in this project, it is readily recognised that the data set is relatively small, that some categories have relatively little data and that it is possible that continued data collection could yield new categories and theoretical relations. That is, "saturation" has not been achieved. This is most obvious in areas of discussion relating to the role of credit and tax, the influence of peer groups and general attitudes toward money (construct G). Despite these limitations, however, in addition to representing an attempt to fully address all stages of grounded theory, a discussion of possible causal processes that link the concepts developed in chapter seven is important for three reasons.

Firstly, the development of causal explanations for empirical observations is the main goal of research undertaken within the ontological framework of critical realism. That is, causal explanation within a critical realist framework necessitates attempts to move from the domain of empirical observation to the domain of mechanisms and structures which facilitate or constrain the occurrence of particular events (Lawson 1997; Lawson 2003b). As outlined in chapter six, the ontological basis for this study is a critical realist approach and therefore, an attempt at identifying causal mechanisms is required.

Secondly, as outlined in chapter six, feminist literature has identified extensive shortcomings with the application of theory that is presented as being value free and/or gender neutral. Feminist traditions place an emphasis on the importance of recognising the social and historical context in which a researcher operates. The epistemological framework for this project is interpretive and explicitly acknowledges the interpretive role of the researcher. Without in any way postulating that the insights developed in this thesis provide *the* correct interpretation of causes of women's observed retirement experiences, the results generated from this project can contribute to the range of theoretical interpretations that explain women's retirement strategies. Therefore, in order to contribute to a diversity of views there is some value in developing theoretical insights from the data.

Thirdly, a key rationale for utilising a novel research method in this project was to add to a plurality of methods used to examine and generate insights into women's retirement strategies. Attempting to provide theoretical links between the concepts generated from this project's data may assist, not only in the generation of theoretical insights, but in the provision of some insights into the advantages and disadvantages of utilising plural research methods when investigating specific research questions within economics.

In short, it is recognised that it is unlikely that the data generated in this project will, of themselves, be adequate for developing a complete theory that explains women's savings strategies. However, the attempt to develop some theoretical insights may contribute both to our understanding of the subject of women's retirement incomes and the use of grounded theory in economic research. As such, the following discussion represents a process of generating "novel contributions to knowledge" which may assist to extend existing theory and inform future research projects (Finch 2002). As discussed in chapter six, this approach is consistent with the view that theory construction is part of an ongoing process rather than an activity which allows formation of a final and complete product (Glaser & Strauss 1967).

8.2. Approach to theory development

The approach taken to developing theory in this chapter is to hypothesise causal relationships between the three overarching concepts developed in the previous chapter. That is, the central argument of this chapter is that causal relationships link the three concepts of: a context of constraint and catalysts; compromises; and retirement plans and futures. Further, it is argued that relevant causes result from a combination of sources, some of which are linked to the motivations and capabilities of decision-makers and others which are linked to structural features of their decision-making environment.

Schematically, the argument developed in this chapter is summarised in Table 8-1. This table lists the data described and conceptualised in concepts two and three as the outcomes of two levels of causal relationships. The first level of causal processes, labelled “intermediate level causes”, are those that link participants’ retirement plans and futures to their relatively low incomes and the decision-making routines they employ.

A second, primary, level of causes, links the income-earning and decision-making compromises described by participants with the constraints of their decision-making context (concept one). Primary causes are theorised by identifying key features of both the decision-making context and decision-makers themselves. These features include complexity, emotions, social norms and bounded rationality. It is postulated that these features are clearly apparent in the data contained in concept one (catalysts and constraints) and result in the compromised approaches to income earning and decision-making identified in concept two (compromises).

Table 8-1: Hypothesised causal relationships linked with concepts and constructs developed from project data

Concept developed from data	Causal relations linked with each data concept
<p>Concept one: Constraints and Catalysts A: Life events and earning an income B: Planning ahead C: Developing and accessing financial skills D: Distributing decision-making authority E: Pooling and separating household resources F: Family networks and caring responsibilities G: Another thing is the society we live in</p>	<p>Data in concept one demonstrates primary level causes of low retirement savings, including:</p> <ul style="list-style-type: none"> • The complexity of: long-term decisions; joint decision-making; and retirement savings options. • Gender norms of workforce participation and household resource allocation. • Emotions that frame and limit options. • Bounded rationality. • Linked individuals and preferences.
<p>Concept two: Compromises H: Adjusting patterns of workforce participation I: Simplifying household financial management J: Making decisions K: Using cheap and easy information</p>	<p>Data in concept two demonstrates intermediate level causes of low retirement savings, including:</p> <ul style="list-style-type: none"> • Limited access to independent income. • Decision-making routines reproduce traditional savings patterns. • Lack of high quality, relevant or trusted information relevant to retirement planning.
<p>Concept three: Retirement plans and futures L: Where to keep savings and why M: Thinking and planning for retirement N: In retirement I will live on</p>	<p>Data in concept three demonstrate the outcomes of two levels of causal relations. Savings plans reflect traditional approaches to savings that do not adequately reflect institutional changes relevant to retirement incomes. Women’s retirement incomes are likely to remain relatively low without active policy formation.</p>

Much of the following discussion of causes focuses on a pattern of causation that runs from concept one (constraints) to concept two (compromises) and then to concept three (retirement plans and futures). However, this chapter also includes discussion of the possibility of causal relationships operating in the opposite direction. For example, retirement plans may influence workforce participation or household decision-making routines. That is, it is possible for specific features of a retirement income system to promote either continuity or change in the operation of specific causal processes. In the context of this chapter, it is argued that a lack of short-term feedback about the implications of current decisions impedes adaptation

by households to changing social and regulatory contexts that will affect women's access to economic resources in later life.

8.3. Relationships between constraints and compromises

The first concept developed in the previous chapter contains descriptions of the constraints and catalysts that serve to either facilitate or prevent participants from pursuing their preferred choices in a variety of decision-making contexts. The following discussion abstracts from the data to focus on constraints that are relevant to women's retirement savings decisions. The decision to focus on constraints has been taken because the data suggest that constraints rather than catalysts dominate participants' earnings, saving and expenditure experiences. However, the role of catalysts is not ignored and the potential for individuals to successfully address specific constraints is discussed in section 8.5, in this chapter. With the goal of theory development in mind, and in line with the schema presented in Table 8.1, the specific constructs relevant to the concept of constraints are discussed below as features of the decision-making environment and as characteristics of decision-makers.

8.3.1. Features of the decision-making environment

8.3.1.1. Complexity

Long-term financial decisions made within a household context occur at the juncture of three areas of decision-making that, even if considered individually, could be expected to involve considerable complexity. When each area of complexity is considered as one part of a decision-making environment, it becomes apparent that implementing an optimal, or even adequate, retirement savings strategy represents a particularly challenging task.

Firstly, the long-term nature of retirement planning involves considerable difficulty with respect to knowing, or forming expectations of future income. This is not simply a matter of the difficulties associated with achieving and maintaining employment in a chosen field and predicting possible earnings within a specific

career path. Patterns of workforce participation are contingent on wide-ranging household events, some of which occur largely independently of the formal labour market. For example, unexpected household events such as the death of a child, caring responsibilities for older relatives or a divorce, all of which affected the lives of one or more participants, have extensive effects on careers and income earning that are difficult, if not impossible, to predict. Each of the categories in construct A, “life events and earning an income”, is relevant to the difficulty of planning or predicting patterns of income earning in the labour market. Further, while pooled income is expected to provide a source of income for household members with limited individual earnings, unpredicted changes in household structure provide a further difficulty in estimating future patterns of access to economic resources (category A3).

Secondly, joint decision-making adds complexity to the decision-making process. Perhaps not surprisingly, participants who live with a partner describe a range of ways in which the necessity of considering the views of two people can either constrain or enhance the context in which financial decisions are made (construct D). In some cases participants find that joint decision-making provides a context in which their preferences or interests are adequately addressed, while in others, one partner’s preferences appear to dominate the context in which household decisions are made. Interestingly, among the participants in this study, there does not appear to be a strong relationship between specific approaches to decision-making and patterns of consensus or conflict over the allocation of household resources. For example, it appears that not talking about decisions or leaving decisions to one partner can result in either satisfaction or dissatisfaction with the financial decisions made within a household. Thus, some participants with significant capacity to implement their preferred decisions do not always appreciate this role if they feel it results from their partner abrogating responsibility or being uninterested, while in other cases, participants are happy to have one partner accept responsibility for making financial decisions (categories D2; D3). Similarly, openly discussing financial decisions does not necessarily guarantee agreement between partners. Some participants felt that discussion enhanced both the decision-making process and its outcomes while others described joint decisions as a source of conflict or tension (categories D4; D5; D6).

One possible reason for widely diverging views and experiences is that decision-makers not only want to be satisfied with the outcomes of financial decisions but also with the decision-making process itself. It appears that joint financial decisions involve important considerations that go beyond perceptions about a rational (or otherwise) allocation of resources. The decision-making process itself must be perceived as fair, or at least reasonable or acceptable. This means that trade offs are sometimes made between the potential to influence financial decisions and the goal of achieving a satisfactory decision-making process. For example, tacit actions, such as reduced participation in active financial decision-making, might be undertaken in order to avoid levels of conflict that are unacceptable or difficult to address (category D6). In contrast, if an individual is particularly happy with a partner's approach to, or competence in, managing finances (categories D3; D5) then there may be little conflict or resentment, despite relatively limited participation in the making of financial decisions. The complexity of household decision-making, therefore, extends beyond the need to accommodate perceptions about the allocation of economic resources. Perceptions about the adequacy of a household's decision-making process appear to be at least as important as the outcomes of that process.

Thirdly, the current retirement framework itself is perceived by participants as complex (categories C4; C5). Private systems of saving assume some level of knowledge about savings, investments and returns. For the specific task of retirement saving, decisions are further complicated by the necessity of estimating income needs for an uncertain life expectancy. Within the Australian context, there are significant links between the income and assets tests used to determine access to the Age Pension system and incentives to save through private means. Participants describe difficulties with finding appropriate, comprehensible information and of understanding links between private savings, superannuation and the Age Pension. This is exacerbated by a lack of faith in professional financial advice (category C6). The apparent complexity of the retirement income framework also influences participants' perceptions about their level of skill and capacity to make financial decisions, as discussed further below.

8.3.1.2. *Emotions and the decision-making context*

In addition to being complex, long-term financial planning potentially involves addressing issues that involve a combination of emotions, particularly fear and love. For example, participants describe their avoidance of addressing issues concerning retirement because they have fears about their future, including the health status of their partner, their marital, family or financial status and/or the social and financial implications of no longer working (category B1). Similarly, the love participants feel for family members, means that decisions about reallocating current income to meeting their own future needs or increasing income through workforce participation often raise highly emotional issues (categories A1; A4; F1 F2; F6).

While emotions might generally be seen as inherent to individuals, rather than a decision-making context, it is being argued that the long-term nature of retirement planning augments the relevance of emotions as a contextual feature. That is, emotions, while embodied by individuals, are relevant in the context of this study because decisions about work, retirement and long-term planning occur in a social context that requires emotional issues to be confronted by individuals and households. A social structure that apportioned relatively equal financial rewards to market and non-market work, would not require individuals to address emotional issues associated with raising children and participating in paid work. Similarly, social or public insurance provided through publicly funded retirement incomes reduces the need for individuals' to address the potentially emotional issue of their own life expectancy or that of their partner. Features of different social and institutional frameworks emphasise particular, emotional aspects of individuals' decision-making context.

8.3.1.3. *Gender and social norms*

Throughout their discussions, participants describe ways in which social expectations about the role of women in society have shaped their choices. This is most apparent in category A7 which contains specific examples of the way in which employment regulations regarding the employment conditions and earnings of women have shaped decisions about workforce participation. However, they are also apparent throughout participants' discussions about taking time out of the workforce to raise

children or care for older relatives (categories A1; A4), learning about finances (category C1) and marriage and financial decisions (category D1).

Further, expressions of emotions such as love appear to be highly intertwined with gender norms regarding the allocation of resources, particularly to children (categories E2; F1). Thus, some participants frame a decision to allocate resources to their own retirement provision as a potentially selfish decision that will deny resources to their children. The most extreme expression of this sentiment belongs to the participant who states that she would rather take her own life than run-down her household's savings by receiving expensive medical care in later life (category F5). More commonly, the findings of this study show that allocating money to children is associated with ideals of care, while saving for money for personal retirement needs might be perceived as relatively selfish. This is particularly evident when participants speak about long-term plans relating to their children's education (category L6). It is also relevant to discussions about the effect of peer groups on financial decisions, particularly when parents are unwilling to forgo expenditure if this results in children 'missing out' on an activity undertaken by their peers (category G3).

The influence of peer groups demonstrates that broad social norms operate alongside gender norms to affect financial decisions. This is most obvious in category G3 when participants describe the effect of peer groups on their patterns of spending. However, as with the existence of gender norms, it is possible to find examples of social norms throughout the data, for example in the discussion of leaving an inheritance (category F6), or not expecting financial assistance from children (category F2). In short, the data demonstrate that gender and social norms are pervasive characteristics of the context in which participants make decisions about the future and plan for retirement. Within the data collected for this study, however, it is difficult to identify any social norms that actively encourage or support women to independently save for retirement.

8.3.2. Features of decision-makers

8.3.2.1. Bounded rationality

A context of bounded rationality can be viewed as a function of the perceived complexity of the retirement income framework, discussed above, and the level of skill and comprehension of individual decision-makers. This is reflected in data categories where participants describe their level of knowledge in comparison with the skills required to successfully negotiate the decisions required to plan for retirement (categories C4; C5; C6). Further, it is possible to identify discussions in which participants explicitly describe their shortcomings as financial decision-makers (category C3). Some participants not only describe limitations on their capacity to make financial decisions, but also attribute this to the educational process through which they acquired knowledge of managing money: through copying or avoiding strategies used by their parents (category C1). These parts of participants' discussions suggest that assumptions of rational decision-making, including decisions about retirement, are inappropriate for at least some part of the population.⁹

8.3.2.2. Connected individuals

A second feature of the participants in this research is the extent to which they perceive links between their decisions and the decisions and needs of other people. This occurs in households (constructs D; E), families (construct A; F) and within broad social groups (category G3). Within this context, it is difficult to consider the participants in this study as being autonomous, individual decision-makers. Rather, they appear as individual decision-makers within a highly internally-related society which can serve to either facilitate or constrain possible choices. This appears most relevant in participants' discussions about their roles as mothers, where it is difficult to separate statements about the wishes of particular participants from the needs of their children (see in particular category A1). There is a long history of debate about

⁹ It is difficult to discuss the characteristics of decision-makers without considering concepts such as rationality or bounded rationality. These concepts have a pervasive influence on both the construction of economic theory and it is difficult to investigate questions about decision-making without considering the relevance of these concepts. However, the concept of bounded rationality is not being utilised without recourse to the data collected in this project.

the individual or socially constituted nature of individuals in economic theory and it is difficult to separate this aspect of theory formation from pre-conceptions derived from previous reading. However, as with the concept of bounded rationality, this aspect of theory generation is grounded in the existence of supporting data, noted above.

8.3.3. From context to compromises

It is proposed that the contextual features of the decision-making environment outlined above, complexity, emotions, gender norms, bounded rationality and connected individuals, systematically encourage the use of identifiable compromises by individuals when they face decisions about earning an income and allocating economic resources. Firstly, social and gender norms encourage labour market participation choices and household decision-making processes among women that accommodate the needs of others in their household or family. Workforce participation may be enjoyable but, for many of the participants in this study, it needs, firstly, to be convenient to the extent that it allows for their ongoing provision of care within a household. Through a process of negotiating a network of constraints, careers are altered or neglected and income-earning capacity is reduced. In turn, access and willingness to use pooled household resources can be adversely affected by both reduced individual earnings and social norms that prioritise the needs of other household members.

Secondly, the complexity of decision-making contexts, combined with the bounded rationality of decision-makers leads to the construction of relatively simple decision-making processes. These include the division of household financial management into simple tasks, the use of household routines for making financial decisions and the use of cheap and easy sources of information to assist decision-making. Rather than weighing the advantages and disadvantages of possible financial outcomes, households adopt processes that group financial transactions that appear to have some similarities, for example, in terms of their frequency or size, and then attach specific routines to the way in which these transactions are processed. Therefore, frequent items of expenditure are rarely questioned but become part of the household's every day routines of provisioning (category I1). In contrast, larger

items of expenditure may be subject to more thorough processes of consultation and decision-making (category I4). Within this framework, household routines develop in which savings are largely identified with the accumulation of a relatively small fund for unexpected contingencies (category I5) or with purchasing a house (category I6).

In addition, the routines that households develop for managing finances are embedded with meanings that are relevant to personal relationships between household members. So, for example, consulting on specific items of expenditure can become a process of demonstrating goodwill or cooperation or, in different circumstances, a source of conflict. To a significant extent, decision-making is based on processes that simplify routine decision and household organisation rather than aim to optimise long-term financial outcomes. This is exacerbated by the use of information that has low short term costs but may be limited in its scope and is relatively unregulated in terms of quality (construct K).

Thirdly, the emotional aspect of making long-term decisions means that decisions are 'framed' to limit the number and type of options or choices that are considered. Fear of the future results in procrastination over long-term decisions and/or the neglect of retirement planning in short term decision-making agendas. On the other hand, love and affection for household and family members can result in frameworks in which saving for future needs is seen as a denial of economic resources to the current needs of children or other household members.

Therefore, key characteristics of the decision-making context lead to: relatively low earnings by women; a low priority for women's independent retirement savings; and the use of decision-making routines that focus on processes rather than outcomes. Within this framework, long-term financial planning is centred on the purchase of a house. As a financial goal, this represents a compromise that meets important features of the decision-making context. Firstly, it is a financial commitment that simultaneously provides a service (accommodation) to all members of the household. Secondly, it is an important method by which adult household members provide care for children. Therefore it does not explicitly prioritise the needs of one family member over the needs of others. Thirdly, it does not involve addressing fears that can be relevant to long-term financial plans. Fourthly, the tangibility of housing

means that participants perceive it as favourable when compared with other forms of investment.

However, the use of decision-making routines that prioritise the purchase of a house, mean that other long-term goals relevant to retirement planning can remain neglected. This means that household decision-making processes can remain resilient to changes to the broad context of retirement income provision. While mandated systems of saving, such as compulsory superannuation circumvent household decision-making processes, household routines and processes remain significant for those who remain outside of the compulsory superannuation system.

8.4. *From compromises to retirement outcomes*

Compromises that affect patterns of workforce participation and earnings are well documented within existing research. As outlined in chapters three and four, the links between relatively low lifetime earnings and low retirement incomes have been relatively well established through previous investigation. The findings from the data support those in the literature previously reviewed.

However, the data suggest that observations about women's retirement experiences are not only a result of their low life-time incomes. Household decision-making routines and processes appear to reproduce a social context in which women's savings and retirement strategies are given a low priority. This is despite relatively rapid change in the framework for retirement income provision.

It can be argued that when households make decisions that affect their short term financial position, there is a system of feedback that provides some indication of the adequacy of their decision or their decision-making processes. For example, if a household spends more than expected on groceries or has relatively high bills for a particular period of time, this is quickly indicated by bank or credit card statements. Some participants discussed this process as part of their household financial management (category D5).

The long-term nature of retirement planning means that the outcomes or implications of particular decision processes can remain relatively neglected until retirement is imminent. Unlike shorter term decisions, there are limited feedback mechanisms that encourage households to change existing decision-making processes to pursue strategies explicitly aligned with either optimal or adequate savings targets.

As a result of the attention given to household financial processes, participants can readily identify where they keep their savings (construct L) but are relatively unaware of the outcomes that those processes are likely to achieve. Thus, few participants can describe their visions of retirement or expected sources of retirement income (constructs M; N). As a result, while purchasing a family home and, if possible, assets such as rental properties may prove to be sound long-term financial strategies, few participants articulate the methods through which these assets will provide income in retirement (categories L1; L2; L3). For example, few participants mention mechanisms such as reverse mortgages that allow equity in a house to be used to access regular income. The potential effects of fluctuations in the fortunes of housing as an investment also remain relatively neglected.

This holds two significant implications. Firstly, to the extent participants in this study describe specific retirement plans, there is relatively little diversity in the assets they describe or wish to hold. With relatively lower exposure to alternative forms of investment, women's retirement experiences appear likely to be more closely tied to the state of housing markets. It is not possible to predict whether this will have favourable or unfavourable results, although lack of diversification is sometimes associated with higher risk.

Secondly, it is possible to hypothesise that relying on a residential property as a sole or main source of retirement income may continue to contribute to lower incomes for women. Housing in Australia has traditionally been a key source of wealth for households and this has not prevented women's past and continued reliance on the Age Pension as a source of income. Recent changes to the retirement income framework are designed to increase reliance on private sources of wealth. This, by implication, requires additional savings over and above those that have been traditionally undertaken. Relatively few participants indicate that changes in the

retirement income framework are resulting in changes to savings patterns that will increase savings beyond the immediate purchase of a house. Further savings is expected to occur after this initial goal is achieved.

There appears to be a gap between the routines used by households to make financial decisions and the identification of specific long-term financial goals. When describing shorter term decisions, some participants describe the necessity of having goals or targets to encourage savings (category J6). The identification of both a specific goal and feedback about progress toward its achievement, through bank statements for example, provides a mechanism for changing patterns of expenditure and saving. The focus on housing as a long-term saving strategy, by contrast, appears to be a case of identifying and establishing a pattern of financial organisation and hoping that this will contribute to a desirable outcome (category N3). The continued use of traditional approaches to saving, with limited feedback about their adequacy, results in little incentive for households to change saving routines, and in particular, to change established household processes to make women's retirement savings a priority.

The limited role of feedback on specific outcomes that can result from Australia's retirement income framework is the key reason that the hypothesised causal processes included in Table 8-1 have been discussed, largely, in terms of constraints causing compromises, which in turn lead to unfavourable outcomes in retirement. However, it is argued that if the outcomes of current decision-making contexts and processes were more fully understood, it could be possible to have a feedback effect that contributes to change in both the context and processes relevant to women's retirement income strategies.

8.5. Integrated theoretical framework – Suboptimal savings contexts

The combination of recent changes in Australia's retirement income framework with the decision-making context described above, gives rise to a situation where women's retirement incomes appear likely to remain inadequate and suboptimal. The term "suboptimal" in this context is used to describe savings that are below the level

that a decision-maker would prefer if they were able to form reasonable expectations about the likely outcomes of their savings decisions. It does not refer merely to the fact that there may be a reduction in consumption after retirement because this may have been foreseen and accepted. Instead, it refers to changes in consumption that would not have occurred if retirees had anticipated that those post-retirement changes. In short, it is hypothesised that the current institutional context facilitates the continued implementation of traditional decision-making routines that are likely to contribute to suboptimal outcomes associated with under-saving. It is further hypothesised that the causal mechanism underlying women's low, and potentially suboptimal, retirement savings is a process consisting of two steps. Firstly, features of the decision-making context facilitate the development of decision-making routines or compromises. Secondly, those routines involve the development of processes which give inadequate attention to their likely outcomes, particularly those outcomes which affect women's capacity to access economic resources in retirement. This does not mean that all savings decisions will be inadequate to meet individual retirement needs. Particular individuals or households may have sufficient foresight and skills to address the challenges of the current decision-making context. The argument is that the current context of retirement planning systematically accommodates the implementation of suboptimal decisions, not that it necessitates them. To use Glaser's term, the "core variable" in this analysis is the nature and extent of constraints relevant to retirement savings decisions. Rather than being treated as exogenous, context is defined as integral to the decision-making process.

The key features of the decision-making framework conceptualised in this chapter are listed below in Table 8-2. The first column lists labels that have been used in this chapter to describe key features of women's financial decision-making context. The second column provides some details of the identified features. The third column lists the implications of these features and summarises why these implications may apply differently to women as a population group, compared with men. That is, in addition to hypothesising that the existing framework facilitates under-saving, it is also argued that it is not gender neutral in its implications and this provides some insights into the different savings patterns observed between men and women. For example, particular features of the decision-making context that accommodate under-saving for retirement are overcome, for most men, through mandatory schemes such

as occupational superannuation. However, because women are disproportionately represented in the population that falls outside of Australia's current compulsory savings scheme, current schemes do not overcome existing institutional barriers to many women's retirement savings.

The implication of these causal relationships is that women's lower retirement incomes result from multiple causes rather than a simple relationship between low earnings and savings. For example, the complexity of forming expectations about life-time income is greater for women because of greater heterogeneity in patterns of workforce participations. Similarly, prevailing gender norms of care have implications for household's financial priorities and organisation.

It should be recognised that heterogeneity in the population of men and women means that the contextual features summarised in this table may apply differently to specific individuals. For example, a single woman with relatively high earnings, familiarity with investment decisions and a relatively high focus on retirement outcomes might be expected to have adequate access to savings to finance retirement. Similarly, a married man with broken patterns of employment and relatively little knowledge of savings and investment options may be expected to experience poor outcomes in retirement. The gender implications of the savings context do not depend on intrinsic differences between men and women. Rather they result from structural differences, as a group, in men's and women's patterns of workforce participation, access to information and the application of different types of gender norms.

Table 8-2: Suboptimal savings contexts and some gender implications

Contextual feature	Details of this feature	Possible links to gender implications of savings framework
Complexity	Unpredictable earnings and access to household income	Women have lower earnings and relatively heterogenous earnings patterns. This may be exacerbated by incomplete pooling of household resources
	Complex investment framework	Equally applicable to men and women but circumvented when there is an entitlement to superannuation. Entitlement to compulsory superannuation accrues more commonly to men.
	Joint decision-making processes	As above. women’s influence on decision-making may also be reduced through low individual income.
Emotional aspects	Fear of future events	Equally applicable to men and women. However, women’s longer life expectancies mean that they are more likely to face a future on their own.
	Decisions framed to prioritise needs of others, especially children	Equally applicable to men and women. However, this is circumvented by access to compulsory superannuation. Gender norms appear to operate in combination with emotions to give low priority to women’s independent savings.
Gender and social norms	Limits on workforce participation	Highly relevant to women who undertake a larger share of unpaid work.
	Low priority on independent saving	May be equally applicable to men and women. However, “breadwinner” approaches to household saving may prioritise men’s savings. Compulsory superannuation also circumvents this issue.
	Relevance of peer groups on financial decisions.	Equally applicable to men and women.
Bounded rationality	Financial skills not commensurate with demands of decision-making context	Equally applicable to men and women. If skills are enhanced through workplace information/training then this may apply especially to women.
Linked individuals	Difficulty in isolating individual needs from those of others	Equally applicable to men and women.

The development of the theoretical framework outlined in Table 8-2, which accommodates the possibility that the operation of constraints may differ between

individuals, means that while specific constraints may contribute to the implementation of suboptimal saving strategies, they do not necessitate it. It remains possible for individuals to save adequately within this framework, although this may be a more challenging process than would be the case in alternative institutional settings. Finally, the framework in Table 8-2 is relatively amenable to alteration to reflect insights from additional data or future research. It is intended as one way of identifying causes of under-saving and the different implications they have for men and women, however, it is unlikely to be definitive.

8.6. Summary

Using the conceptual framework developed in chapter seven, this chapter has generated hypotheses about multiple, linked causes of women's low retirement incomes. At a general level these are described as comprising a "suboptimal savings framework", which systematically contribute to the implementation of strategies that result in under-saving for retirement. Specifically, it is argued that the causes of women's relatively low saving ultimately derive from a decision-making context exhibiting complexity, emotional framing, gender norms, bounded rationality and the linked preferences of individuals. These features promote the use of compromises in households' decision-making processes that prove resilient to change in the face of a rapidly altered retirement income framework. Further, due to structural features of women's patterns of workforce participation and household decision-making, the identified features of the savings context are not gender neutral in their application.

9. Discussing and assessing causal explanations

9.1. Introduction

The previous chapter demonstrated an attempt to construct a theoretical framework to integrate this project's data and hypotheses. In particular, it focused on causal processes relevant to women's observed patterns of saving for retirement. It was postulated that specific characteristics of women's decision-making contexts systematically accommodate suboptimal levels of savings. Mandated superannuation contributions circumvent the operation of this context for those who gain entitlement through their workforce participation. However, for those who remain outside of the compulsory system, constraints on saving that result from lower earnings are compounded by a decision-making context that gives little support or priority for the implementation of private savings plans. Women are not only over represented in the group of people that have limited access to compulsory superannuation but appear to be affected by gender norms of household resource distribution that reinforce their relatively low levels of saving.

These findings represent several new insights into the reasons for Australian women's relatively low retirement savings. However, it must be acknowledged that the theory construction in chapter eight was based on a limited data set and it seems likely that new, relevant, theoretical propositions could be developed if data collection continued. This means that the findings presented in chapter seven, together with the theoretical linkages proposed in chapter eight should be viewed as a contribution to a process of ongoing theory development rather than the exposition of a complete theory.

Reflecting the limits of this study, the current chapter aims, first, to extend discussion of the causal processes hypothesised in chapter eight by referring to previous studies that have identified similar processes. Through this discussion, it is hoped to identify areas of commonality and contrast with other research projects and to integrate those insights with the analysis provided so far in this thesis. This approach is aligned with Glaser's suggestion that the relevant literature for the outcomes of grounded theory studies should be identified and integrated into a project's analysis *after* the key

relationships between categories of data have been identified (Glaser 1992; Glaser & Holton 2004). The second goal of this chapter is to provide an assessment of the adequacy of the insights developed in this study by reference to the criteria outlined in the study's research design and discussed in chapter six (Downward, Finch & Ramsay 2002; Runde 1998).

The third goal of this chapter is to provide an example of the potential application of the findings from this study to specific areas of public policy. The specific example chosen for this discussion is that of housing as a retirement savings vehicle. This example was chosen because, rather than identified on an *a priori* basis as a key element of women's plans for securing retirement income, it was an issue that regularly arose in participants' discussions. The role played by residential housing in retirement plans thus provides one example of the potential use of data collected through relatively open-ended interview structures and provides a contrast with analysis in which the key variables have been hypothesised prior to data collection.

9.2. Discussion of hypothesised causal factors

The previous chapter argued that recognising two different levels of causal processes can provide an explanation of women's relatively low access to resources in retirement. The identification of an intermediate level of causes relates to the hypotheses that women's relatively low levels of independent retirement savings are caused by both their limited access to independent incomes and household decision-making processes that reproduce traditional savings patterns. These intermediate causes can, in turn, be related to a number of linked, primary causes, including:

- The complexity associated with long-term planning, joint decision-making and retirement savings options;
- Gender norms of workforce participation and household resource allocation;
- Emotions that frame and limit options;
- Bounded rationality; and
- Links between individuals and preferences.

The hypothesised pattern of causation between women's relatively low independent sources of income and their retirement savings has been extensively researched

previously, as discussed in chapters three and four. If Glaser's process of developing grounded theory had been fully followed, the relevance of that literature would have been identified following the collection and analysis of data in this study. However, as noted in the discussion of research method (chapter six), the literature linking women's relatively low earnings with their retirement incomes was examined prior to the choice of grounded theory as a research method. Moreover, the existing literature provided part of the rationale for the choice of a novel research method.

However, the data analysis in this study suggests that there are links not only with income, as recognised in the literature reviews of chapters three and four, but also with social structures and decision-making processes that are relevant to women's retirement savings decisions. For this reason, the following discussion considers literature relevant to the primary causes outlined in chapter eight. It examines possible links between previous research and the conceptual framework developed in chapter eight.

9.2.1. The complexity of making decisions for the long-term

In general terms, the data from this project confirm the relevance of the frequently modelled intertemporal choice problem (Deaton 1992). For example, participants describe the difficulties of choosing between current consumption and saving for the future (category B1: It's too difficult to decide). However, this is only one of the difficulties that participants describe when discussing their retirement plans. Addressing connections between all categories of data and existing economic literature would be a potentially exhaustive process. For example, it is possible to find examples applying hyperbolic discounting and dynamic preference modelling (see for example Laibson 1997; Laibson 1998; Angeletos et al. 2001) to studies of procrastination and retirement planning decisions (O'Donoghue & Rabin 1999b; O'Donoghue & Rabin 1999a; O'Donoghue & Rabin 2001). However, while these approaches appear to have some overlap with this study's data (for example, B2: I avoid it like the plague; J2: Deciding to decide later), their focus on transactions costs and changing preferences means that their underlying explanations of saving behaviour have little in common with the causal processes hypothesised in this study. That is, while some previous studies focus on significant and interesting aspects of

saving and retirement planning, they do not appear to be directly related to the causal processes that were identified from the data in this project.

As a result of the large existing literature that examines different aspects of savings decisions, some criteria were required to guide the selection of literature for inclusion in the following discussion. The key criterion in selecting the following literature is that it is relevant to the causal processes hypothesised as a result of data analysis undertaken in this thesis. That is, the selection of the following literature is ultimately grounded in the data and findings from this project. The advantages and disadvantages of this approach are discussed in the final chapter of this thesis. The result of adopting this approach to literature selection is that the following discussion considers: interactions between decision-making contexts and decision-making processes; the development of rules and habits as a basis for decision-making; the effects of gender norms on household financial management; and emotions and economic theory.

9.2.2. Decision-making contexts and bounded rationality

A key feature of the large literature about decision-making, some of which was briefly discussed in chapter 5 (section 5.4.3), is that it gives considerable attention to the decision-making capacity and processes of individuals and relatively little attention to the environment in which decisions are made. This, of course, is in keeping with the relatively standard format for economic analyses which examine decisions within given constraints. However, the theoretical argument developed in chapter eight is that decision-making processes reflect the context in which decisions are made. That is, it is argued that the decision-making context provides a key reason for the decision-making processes and patterns of expenditure and saving described by participants. For this reason, the following discussion extends the literature review in chapter five and considers, firstly, research that examines links between decision-making contexts and processes. It then considers explanations of the development of decision-making short cuts.

Three contexts which have been linked with the use of specific decision processes include uncertainty, extensiveness and complexity. The first of these, uncertainty was

considered in chapter five and refers to the extent to which the likelihood of future events occurring is fundamentally unknowable. Davidson argues that agents acting in an uncertain world will make decisions that contravene theories of rational expectations (Davidson 1982/83). Instead of rational expectations, Davidson argues that agents form sensible expectations, which have little to do with maximising behaviour (Davidson 1987). Hodgson, however, argues that, faced with uncertainty, decision-makers will often not even proceed as far as making sensible expectations and weighing options. Rather, they will rely on established decision-making patterns. That is, when faced with uncertainty, it is reasonable to follow decisions that have previously proven adequate:

...it is often reasonable either to follow others or to rely on conventions...The habit of doing what we had done before remains efficacious, despite our uncertainty. Regularities of behaviour and conventions become established, by conforming with the current behaviour of others, or by carrying on with the same routines on the assumption that the world will continue as before. (Hodgson 1997:388).

Drawing on the work of Knight, Hodgson argues that while uncertainty does not give rise to specific habits or rules of behaviour, it is uncertainty that provides a context in which they prevail (Knight 1964 [1921]; Hodgson 1997). Hodgson's arguments thus appear relevant to the context of household financial management described in this study.

Hodgson argues further that extensiveness and complexity are additional contextual features that also facilitate the use of decision-making rules and habits. However, each of these features contributes to the adoption of rules and habits for slightly different reasons from those relevant to uncertainty. Extensiveness means that decision-makers face practical limitations of time and attention. Hodgson argues that, faced with extensiveness, decision-makers will resort to habits and rules.

The issue of extensiveness is sometimes addressed in economic literature when it is asserted that agents will equate the marginal utility of the cost of information with the expected benefits of searching for further information. Hodgson argues that this approach involves a paradox because an agent cannot know, in advance, that an

optimal amount of information has been obtained and an optimal decision reached: “Both the costs and benefits of further search are unknown. Thus, even if we were at the optimum we would not be able to know and recognise it as such” (Hodgson 1997:384). This concept is at the basis of Herbert Simon’s notion of “satisficing” and encourages people to make adequate rather than optimal decisions, frequently based on habits or rules (Hodgson 1997; Simon 1987).

Hodgson’s arguments about the link between complexity and the use of habit or rule-based decision-making are somewhat different. Complexity encourages the use of habits or rules because agents are unable to fully comprehend available information in order to make an optimal decision. Faced with significant complexity, an attempt to make fully rational decisions could cripple decision-making. Rather, decision-making is facilitated by relying on past habits or rules (Hodgson 1997).

Hodgson acknowledges that the use of decision-making rules is not solely a function of the decision-making context. Individuals’ learning and cognitive frameworks are also relevant, particularly to the extent that they serve to filter data from the social environment according to its perceived relevance to particular decisions (Hodgson 1997:390). For example, if specific actions are recognised as constituting saving then this will determine the forms of communication and action that are perceived as relevant to household savings decisions (see also Groenland, Bloem & Kuylen 1996). Drawing on a variety of references, Hodgson illustrates how cognitive processes are built primarily on habit. Within this framework, learning is not merely a process of information gathering but refers to either the acquisition of new information or the development of new cognitive frameworks. Thus, learning can be prompted by problem situations involving unexpected events and the development of new cognitive frameworks (Hodgson 1997). This approach appears, *a priori*, consistent with the usually puzzling findings that individuals who engage in one form of saving increase their allocations to additional forms of saving (Green 1991). That is, rather than allocating a predetermined level of saving to a preferred portfolio, total savings appears to increase as individuals become more familiar with savings processes. Hodgson’s discussion of learning and cognition is also consistent with psychological theories of saving that examine the ways tastes for savings are formed and influenced by habits and institutional structures (see particularly Katona 1975:244-247).

In the previous chapter, data that, with hindsight, appears relevant to Hodgson's ideas of complexity, extensiveness and uncertainty were grouped together under a conceptual "catch-all" label of complexity. Hodgson's discussion illustrates that there may be some scope for the general feature of "complexity" identified in this study to more clearly defined. For example, it might be possible to separated issues of complexity from those of extensiveness. However, the suggestion of a causal link between decision-making contexts and decision-making processes is common to both the analysis in this study and the above literature. Further, Hodgson's review of the processes of learning and cognition are consistent with the suggestion that lack of feedback constrains the potential formation of new habits and rules relevant to changing retirement contexts.

9.2.3. Developing decision-making shortcuts

The discussion in section 9.2.2 above, provides some insight into the reasons that individuals might continue to implement household decision-making routines that do not adapt to changing retirement income frameworks. However, it provides little detail about the ways decision-making short cuts or routines develop in the first place. Three specific areas of economic literature that specifically consider the development of decision-making short cuts include: prospect theory; heuristic judgement theory; and mental accounting.

Most of the discussion in chapter eight of this study linked decision-making routines with institutional constraints, rather than to questions of how specific decisions were framed. However, there is a small literature that links specific components of prospect theory, particularly loss aversion and framing, to analyse savings decisions. These studies are briefly considered as they provide part of the literature that links decision-making short cuts with retirement savings.

Theories of loss aversion have been applied to the study of portfolio selection and asset pricing (see for example Olsen 1997; Brennan 2001; Barberis & Huang 2001) and found to be most relevant in cases where particular classes of decisions are

repeated over time (Thaler et al. 1997; Lopes 1994). Issues of framing have been shown to be of some significance in a study of access to social security payments and the timing of retirement before or after the “normal” age of 65 years (Fetherstonhaugh & Ross 1999). In particular, these studies show that whether social security payments are “framed” as either penalties or bonuses has significant implications for whether they are a preferred option. One of the outcomes of this study however, was that the researchers suggested that preferences are constructed rather than revealed (Fetherstonhaugh & Ross 1999:207). Whether there was any relationship between institutional context and preference construction, however, was not discussed in detail.

Kahneman and Tversky (1979:274) note that prospect theory is applicable to “simple prospects with monetary outcomes with stated probabilities”. Precise probabilities are required for decision weighting to take place. The difficulties associated with assigning probabilities to outcomes for long term decisions such as saving for retirement are, perhaps, one reason for the limited application of prospect theory to this subject. As noted above, the decision-making context appears to exhibit considerable uncertainty, making the assignment of probabilities particularly difficult.

An alternative approach, heuristic judgement theory draws on Kahneman and Tversky’s arguments but is developed to encompass circumstances that prevent the allocation of specific probabilities to particular outcomes. While acknowledging that both the institutional context and uncertainty play a role in decision-making, the theory is a contribution to discussions of expectations and choices in contexts which “compel the individual to make a deliberate, anticipatory decision” (Harvey 1998:50). The key difference between heuristic judgement theory and rational expectations and prospect theories is in the way it explains the reasoning sub-processes (or heuristics) used by individuals when making choices and its implication that, given the heuristics involved in decision-making, ‘errors’ can continue indefinitely (Harvey 1998:59).

In chapter eight, it was suggested that under-saving can systematically occur in some institutional contexts and some parts of Harvey's discussion appear to have relevance to issues related to "sub optimal" retirement savings decisions. Firstly, Harvey suggests that individuals might believe current or recent outcomes are the best possible guide to the future. With respect to women's retirement planning, this may be relevant to an expectation that pooled household income will continue to provide resources in the future (categories E1; N4). Secondly, Harvey discusses relationships between confidence in decision-making and the relative ease of predicting outcomes. This appears relevant to the uncertainty associated with the long term nature of saving for retirement and data categories that illustrate relatively low confidence in predicting future outcomes (categories N1; N2; N3). Thirdly, Harvey's discussion of "anchoring" suggests that only minor adjustments to decisions are made in the face of new situations. This argument is consistent with the proposition that household savings processes are resilient to changes in the broader retirement income framework.

However, to date there has been little application of heuristic judgement theory to studies of saving or decision-making. Further, in common with prospect theory, heuristic judgement theory emphasises the making of choices following a deliberative identification and assessment of potential outcomes. This limits the overlap between Harvey's theory and the findings of this study because the data categories suggest that deliberative decision-making is not highly relevant. In this study, participants rarely identified specific retirement outcomes as providing the motivation for particular decisions. Rather, the data suggest that households establish processes that, in turn, lead to particular outcomes. The key exception is the identifiable outcome of purchasing a residential property, which then becomes embedded within households' financial routines. While there are several components of heuristic judgement theory that are consistent with some the aspects of this study, it does not appear to capture significant relationships constructed from the data.

A third area of literature that appears to have relevance to this study's suggestion that decision-making short-cuts are commonly used, is that which describes "mental accounting" as a decision-making process. At a general level, mental accounting refers to mental shortcuts or processes which facilitate household financial

management by the adoption of various financial rules of thumb, for example: “keep two months income in the assets account; do not borrow except to make durable goods purchases such as a house, car or major appliance” (Thaler 1990). Other examples are the development of dualisms for making sense of financial transactions by identifying them as: cash/credit; budgeting/borrowing; necessity/luxury; prudence/pleasure (Lunt 1996; Livingston & Lunt 1993) or distinguishing between the impact of transactions on total and recurrent household expenditure (Ranyard & Craig 1995). At a more general level, there is a range of empirical research which closely associates mental accounting with the non-fungibility of money and the construction of self imposed liquidity constraints by members of a household, as discussed in the following section (Pahl 1995; Pahl 1989; Burgoyne 1995; Singh 1997; Winnett & Lewis 1995). These examples appear to have areas of commonality with the data categories contained in constructs I and J, which focused on participants’ descriptions of their households’ decision-making tasks and routines. The relevance of particular discussions of mental accounting varies, however, with the definitions and approaches used by different researchers.

One particularly specific meaning for the term “mental accounting” defines it as the different monetary and psychic costs associated with expenditure from different income sources (Shefrin & Thaler 1988). This definition is consistent with investigations showing, for example, that the marginal propensity to consume varies with different sources of income, including changes in stock values, cash payments, disposable income or changes in household net worth (Thaler 1990).

Shefrin and Thaler have incorporated their relatively formal definition of mental accounting into a “behavioural life cycle hypothesis” of consumption and saving. Their model consists of several steps, the first of which defines each individual decision-maker as being comprised of “two selves”, a “planner” and “doer”. The planning component of an individual prefers to save for the future, while the doer is myopic and prefers to engage in current consumption. Willpower effort, while costly, is required to enforce the planner’s wishes to restrict current consumption and ensure that savings occur.

Shefrin and Thaler argue that mental accounts represent one way in which the need to continually exert willpower effort, and incur its costs, is reduced. In their model, decision-makers restrict expenditure by constructing internal accounting systems that distinguish between expenditure from different categories of assets or income, for example, current income, future income and accumulated assets. The different accounts are incorporated into a decision-maker's utility function by assuming that the costs of imposing willpower differ according to which account is used to finance consumption. Willpower costs are highest for expenditure from current income, which might be totally consumed. Further consumption then requires expenditure from the mental accounts labelled future income or assets. The willpower costs for expenditure from these sources are lower and it is relatively easy to resist spending from these sources (Shefrin & Thaler 1988). Shefrin and Thaler use their approach to argue that mental accounts assist in the achievement of long term goals such as saving for retirement. This occurs because the mental categorisation of resources as assets or future income will effectively reduce current consumption and facilitate saving for future expenditure. As such, their approach is notable for directly relating issues of mental accounting and non-fungibility to issues of saving for retirement. This is particularly relevant to, and consistent with, this study's identification of capital or assets as "separate" accounts that should not be used for expenditure purposes (category E3).

While not focusing specifically on the issue of retirement, Winnett and Lewis (1995), also explore the issue of mental accounting and its relevance to household savings. Using the results of survey data, they suggest a schema in which households perceive different levels of liquidity of money from different sources according to particular dualisms, such as whether it is regular/windfall or derived from labour/capital. Using survey data, they find consumption is highest from those sources of money which are perceived as most liquid: regular and labour. However, these classifications are not clear cut. For example, dividends and capital gains both appear to be more strongly classified as income from capital rather than regular income. More than 80 per cent of their respondents replied that they would spend no money from this source regardless of whether their increase in wealth derived from dividends or capital gains. Winnett and Lewis suggest that respondents demonstrated a strong sense of

‘keeping capital intact’.(Winnett & Lewis 1995:441). Again, this appears particularly relevant to category E3: That money is separate.

Comparing their analysis of survey data with data collected through fifteen interviews, Winnett and Lewis suggest that households have complex account keeping structures in which the number of accounts is a function of income and family structure. The households interviewed by Winnett and Lewis demonstrate a diversity of account keeping strategies; the following is one example:

All three of Mrs Schoonoord’s children have *two* savings accounts, one they know about and contribute to, the other being secret. Mr and Mrs Schoonoord have a bank account, a bank savings account and three post office accounts - one for each of them and one joint accounts (*sic*): these joint accounts are coupled with a strong rhetoric of “sharing” and “equity”. Savings are variously portrayed as being for Christmas, holidays and the ubiquitous category of “unexpected emergencies”. (Winnett & Lewis 1995:445)

The data and analysis in this thesis propose household assets and capital are treated differently from other household accounts. This appears more consistent with the network of accounts and household processes discussed by Winnett and Lewis than the well-defined and relatively homogenous structures constructed by Shefrin and Thaler. This was particularly apparent in this study’s discussions about allocating specific sources of income to specific expenditures (category J3), using automatic deductions (category J6) and using different accounts (J8). In contrast to Shefrin and Thaler’s study, the context of household decision-making is considered by Winnett and Lewis, while Shefrin and Thaler’s approach is firmly placed within the context of an individual decision-maker (albeit with two ‘selves’). However, Shefrin and Thaler’s discussion of the incentive for individuals to construct processes that reduce the costs of savings decisions is also consistent with data from this study (category J5; J6; J7). While the method used in each study differs considerably, each appears to contribute insights that appear consistent with and potentially relevant to the adoption of decision-making routines suggested in this study.

Unfortunately, there are few additional studies that consider the relationship between fungibility, mental accounting and savings decisions. Thus, while fungibility is a

relevant issue in almost all studies of household financial management (Apps & Rees 2001; Burgoyne 1995; Edwards 1984; Lunt 1996; Moon, Keasey & Duxbury 1999; Ranyard & Craig 1995; Pahl 1989; Pahl 1995; Singh 1997; Thaler 1990), clear implications for retirement savings are difficult to determine. As a theoretical concept, mental accounting appears to have relevance to this study. It appears to be consistent with decision-making approaches described by participants to overcome the constraints imposed by their decision-making context. However, there appears to be considerable scope for improved understanding of the types of mental accounts developed by households, their relationship to retirement savings decisions and the way in which accounts change to reflect changing contexts.

9.2.4. Household decision-making and gender norms

While studies investigating decision-making contexts and short-cuts are largely consistent with the causal processes suggested in this study, they generally focus on individual decision-makers. Findings from this project suggest that a context of joint, rather than individual, decision-making is highly relevant to the experiences of some participants (constructs D; I) and particularly relevant for identifying causes of different approaches to saving by women and men. In common with much of the literature on savings, this suggests tension as to whether the relevant unit of analysis for studying savings decisions is an individual or a household. The approach taken in this study has been to identify households as part of individual participants' decision-making context. Burgoyne takes a similar approach when she argues the need to recognise households as sources of potential constraints on individual decisions:

By and large, individuals are located in households, in which resources are redistributed according to both economic and non-economic 'rules'. These may match, reinforce or even reverse the principles that govern their distribution outside the household. In order to understand how individuals make decisions, therefore, we need to be aware of the way that their choices are shaped not just by economic factors, but by social rules of exchange as well. (Burgoyne 1995:422)

However, while it has been accepted, in this study, that individuals are a relevant decision-making unit for analysis, it is also argued joint decision-making within

households adds considerably to the complexity of an individual's context. In the previous chapter it was argued that complexity derives from at least two groups of factors. The first group is that associated with the complexity of allocating economic resources among groups of people with possibly divergent interests. The second is more closely aligned with the need for decision-making processes that accommodate household members' preferences and expectations about fairness. In contrast with the causal linkages proposed in the previous chapter, existing studies of household financial management tend to emphasise three closely linked issues: the distribution and sources of decision-making power or authority; the construction of different "types" of money within households; and the effects of gender norms.

In this study, the potential for divergent interests between joint decision-makers was suggested in construct E. Some data categories (E1; I5) suggest that the mechanism for increasing a household member's ability to influence household resource allocations results from their (sometimes tacit) withholding of some potential contributions to the household's resource pool. This finding provides a possible link between decision-making power and access to wage income that is consistent with the bargaining approach to household-decision-making discussed previously in chapter four (Lundberg & Pollack 1994; Lundberg, Startz & Stillman 2003; Lundberg & Ward-Batts 2000). It also represents a difference from relative resource contribution theory because it suggests that some decision-making power stems, not from the resources which an individual contributes to the needs of their partner (Blood & Wolfe 1960:44), but from the resources that remain outside of the pooling process.

However, a range of studies suggest that the complexities of joint decision-making extend beyond divergent interests and a direct causative relationship between accessing an independent income and exercising decision-making authority. While access to an independent income may be one important aspect of household decision-making authority (Morris 1993; Pahl 1989; Pahl 1995; Vogler 1998; Vogler & Pahl 1994; Burgoyne 1995), the creation of specific meanings for different sources and uses of money, or non-fungibility, is also important for influencing the allocation of household resources (Singh 1997; Zelizer 2000; Zelizer 1994a; Pahl 1989; Pahl 1995; Vogler 1998; Vogler & Pahl 1994). This literature emphasises that while, in a

legal sense, money is a standardised means of exchange, its uses are embedded in social relations that serve to differentiate types of money relevant to specific contexts.

The above literature suggests that incomplete pooling of household resources need not necessarily result from an overtly coercive practice, such as one partner explicitly retaining sole claim to a source of income. It is possible for incomplete pooling to result from household norms about the particular meanings for specific sources and uses of money. Emphasising the importance of differentiated types of money within households, Zelizer describes in some detail the ongoing creation of “domestic currencies” following the introduction of a uniform currency throughout the United States (Zelizer 1994b; Zelizer 1994a). Also relevant in the context of this study is Singh’s identification of pooled income, or “marriage money” as being symbolic of trust in a relationship (Singh 1997). Both of these approaches are consistent with Nelson’s argument to consider both decision-making power and empathy within households: “Few people would regard the ‘here’s the checkbook, now don’t bother me’ marriage as exemplary” (Nelson 1994:129). They are also consistent with Ingham’s argument that money cannot be defined independently of its cultural and social context: that, fundamentally, money itself is a “social relation” (Ingham 1999).

Rather than treating gender norms of household resource allocation separately from the complexities of joint decision-making, as was done in the previous chapter, previous studies discuss these aspects as inseparable aspects of households’ financial organisation. This approach makes clear that gender norms, together with potentially unequal decision-making authority are inextricably linked. For example, it has been found that women are more likely than men to allocate ‘their’ money to the household’s income pool and spend it on the needs of other family members (Pahl 1995; Pahl 1989; Vogler 1998; Vogler & Pahl 1994). The implication of this research is that changes in household allocations of income to specific purposes, such as women’s retirement savings, will not necessarily result from increases in women’s independent earnings. Gender norms can potentially operate to allocate this income to other family members.

In summary, there is a degree of consensus in existing literature suggesting that access to an independent income, divergent interests among household members, non-fungibility and incomplete pooling of household finances, all have implications for women's access to economic resources and their capacity to save for retirement. The findings and causal processes suggested in this study are largely complementary to that literature. However, the causal processes suggested in the previous chapter do provide some areas of contrast. In the previous chapter, household decision-making was associated with a complex decision-making context which, it was argued, predisposed participants to use decision-making routines, in a manner similar to that discussed in section 9.2.2 "Decision-making contexts and rationality" However previous studies suggests that the effects of household decision-making on particular outcomes are less clear and are embedded in the meanings associated with household money and gender norms about "appropriate" uses of household resources.

Himmelweit comments that while there is a range of competing explanations for the processes underlying the construction of gender norms associated with caring, they have in common the argument that "norms, preferences and values have been socially constructed in ways that work against the interests of women as caretakers" (Himmelweit 1995b:83). By comparing the findings from this study with existing literature, it is possible to suggest a similar conclusion with respect to gender norms and women's retirement savings. Different studies propose varying causal processes but have the common suggestion that gender norms operate as a significant constraint on some women's capacity or preparedness to allocate household resources specifically to their own interests.

9.2.5. Emotions, caring and framing decisions

An important issue for some participants in this study was the emotional aspect of thinking about the future or allocating household resources to specific purposes. As discussed in the previous chapter, emotional issues provide motivations for procrastination that extend beyond the time and effort involved in retirement planning. Emotions not only underlie the allocation of household resources, particularly to children, but also to other family members.

The impact of emotions on decision-making is rarely discussed in economic theory and presents difficulties in terms of analysis (Elster 1998). However, there is also little doubt that emotional issues are a very real and significant part of the decision-making context of this study's participants. This issue goes to the core of tensions relevant to the philosophical bases of economic and feminist scholarship (Himmelweit 1995a; Nelson 2003b; Nelson 2003a; England 1993; Lawson 1999d; Harding 1987; Elster 1998). However, the data and findings serve to emphasise Nelson's argument that emotion is part of economic agents' reality and that to ignore it is to neglect and bias the outcomes of analysis:

Unless "emotion" – and, indeed, "value" itself – are present *in the core of what we believe about how the world works*, care and emotion will never overcome their status as mere add-ons (Nelson 2003b:110, emphasis in the original).

Recognising emotions as a key feature of a specific decision-making context can have significant theoretical implications. This is because emotions not only affect the psychic costs associated with particular choices but influence the ability to make rational choices within given parameters (Kauffman 1999). Elster provides a detailed discussion of the effect of emotions on economic decision-making and argues that emotions need to be systematically included within the "tool kit of economics" (Elster 1998:47). Significantly, Elster also identifies a dual role for emotions that simultaneously includes both the shaping of choices as well as the perception of the costs of benefits associated with those choices. He argues:

...the claim is not that the emotions fully determine choice, or that there is no trade-off between emotional rewards and other rewards. Rather, it is that the trade-off itself is modified by one of the rewards that is being traded off against the others (Elster 1998:73)

Elster concludes that there is considerable work to be undertaken in investigating the relationship between emotions, other motivations and observed behaviour. Unfortunately, however, existing literature provide limited points of comparison with this study's suggestion that emotions are linked with the causal processes that underlie participants' financial decisions. Kirchler's "love model" of decision-making in a harmonious relationship provides one approach, although it appears

largely consistent with a unitary approach to household decision-making. Further, Kirchler considers only relationships between partners rather than a full range of household relationships (Kirchler 1995). To a partial extent, questions of emotions and household financial management are addressed by literature relevant to gender norms of care and household finances as discussed in the previous section (9.2.4). However, while there are clear links between emotions and the expression of love through the provision of care or resources, this does not appear to capture all the relevant aspects of emotions suggested in this study. In particular, it does not appear to address the fear associated with decisions that involve confronting uncertainties about future life-style, health and/or life-expectancies that appeared relevant to some of this study's participants (categories A6; B2; N1).

9.2.6. Summary: Links between literature and data analysis

In summary, there is a relatively limited body of literature that clearly relates to the theoretical framework and causal processes developed from data in this study. This appears to be a result of two general features of large sections of much previous economic research about saving: the assumption of institutional structures as exogenous to decision-making process and a focus on individual decision-making. However, the causal factors suggested in this study appear largely complementary with existing literature that explicitly considers the effects of social structures on decision-making processes. This is not to say that the findings from this study and existing literature are the same. There are both areas of contrast and, to a large extent, areas where our understanding of potential causal links could be improved. There appears to be some consistency, however, with the general proposition that particular features of women's decision-making context are causal factors in observed patterns of retirement saving and planning. Further understanding of this proposition might be achieved through future research.

9.3. Assessing “suboptimal savings contexts” as causal explanation

As discussed in chapter six, a final part of the research design for this project was the need to specify criteria to assess the adequacy of the causal explanations developed

from the data collection and analysis process. The discussion in chapter six outlines the reasons for basing the assessment on two complementary sets of criteria developed by Downward, Finch and Ramsay (2002) and Runde (1998). The following discussion revisits the discussion in chapter six by summarising the relevant criteria and then considers each set of criteria in turn.

The first criterion established by Downward, Finch and Ramsay is that the deduction of the consequences and effects of an operative mechanism should be identified in retrodution. Retrodution refers to “a mode of inference that takes us behind the surface phenomenon to its causes” (Lawson 2003b:80). The methodology used in this study was specifically chosen to facilitate the identification of causes of women’s low retirement incomes. The analysis generated by interpreting data has developed a framework in which several, linked sources of women’s low retirement incomes have been identified and the causal processes through which they operate have been hypothesised. In moving from the observation of low retirement incomes to hypothesising causes that lie within economic structures and decision-making processes, it can be argued that the study fulfils the criteria of utilising retrodution.

The second criterion is that the consequences are compared with empirical observations. Again, this criterion is specifically addressed by the design of this study. The identification of causal processes and their consequences is grounded in empirical data collected in interviews. Indeed, the specific research method of grounded theory was chosen for this purpose.

The third criterion is that causal mechanisms should be explained by checking whether the mechanism was operative. The key causal processes identified in this study relate to decision-making contexts that systematically contribute to the likely implementation of inadequate savings strategies. The argument that these processes are operative in this study is addressed by their identification from empirical data. While the identification of the causes of women’s low retirement incomes are clearly a matter of interpretation, the data on which that interpretation is based are documented throughout this thesis.

In summary, this study was specifically designed to meet the criteria developed by Downward, Finch and Ramsay. The use of grounded theory method (or in this case the more limited approach of grounded research), combined with the development of hypotheses regarding causal processes, has ensured that the study utilises retroductive analysis in combination with empirical findings relevant to the identification and operation of causal mechanisms.

Runde (1998) suggests it is possible to assess causal explanations in economics by reference to four criteria which are largely complementary to those discussed by Downward, Finch and Ramsay. Runde's first two criteria for assessing the adequacy of a causal explanation are relatively straight forward. The first is that the factors cited as possible causes of an event were relevant aspects of the situation in which that event occurred. The second is that, given that the factors cited as possible causes of an event were in fact aspects of the situation in which the event took place, that the identified factors were causally effective. These two criteria are briefly addressed as they are consistent with those articulated by Downward, Finch and Ramsay (2002). As argued above, the causes of women's low retirement incomes are generated directly from the data collected in this study and the data provide evidence of their relevance to the research question. Similarly, the data support the claim that the identified causes were effective throughout the course of this study.

As outlined in chapter six, Runde's third criterion is that the identified causes should provide a satisfactory explanation of the event of interest. Within the context of causal explanation, Runde notes that sufficiency is meant:

Not in the sense of some cause being sufficient to produce some event under certain circumstances, but in the sense of being satisfactory to an intended audience, taking into account the background that audience can be expected to have...(Runde 1998:160).

This criterion actively recognises the role of the academic community in interpreting specific types of explanation as sufficient. Within this context, Runde notes that explanations may be viewed as insufficient because they are either too remote or too small to provide an adequate explanation of a particular event. For example, a particular cause may be considered too remote if the "links in the causal chain" are

unspecified or taken for granted or may be considered to small if it is only one of a “composite” of causes that led to the event of interest.

In the context of this study, efforts have been made to clearly identify causal links such as gender norms with specific illustrations of such norms from the data. That is, in making an appeal to a reasonably general concept such as gender norms (and bounded rationality and complexity) care has been taken to specify the data categories that illustrate the concept and the way in which it is relevant to the question of women’s retirement incomes. Efforts have also been made to identify the composite, or multiple, causes of women’s retirement income levels. While the resulting explanation could hardly be described as parsimonious, it can be argued that the study endeavours to articulate the importance of linked causes rather than to identify one, potentially minor, cause of women’s retirement incomes. In addition, links between the findings of this study have been compared with economic literature that suggests similar causal processes, particularly in finding linkages between decision-making contexts and processes. While this was done on an *ex post* basis, the findings from this study have been largely complementary to the existing literature.

Beyond this, the question of whether Runde’s third criterion has been met is relatively difficult to address. The sufficiency of the explanations provided in this study depends, to some extent, on whether readers of this study accept grounded research as an appropriate research method that has been competently utilised. Grounded research is an unusual method to use within economics and it is likely that some individuals or groups within the tradition of economics would reject it as an appropriate way in which to form sufficient explanations. At the same time, however, there is a small body of published work by economists explicitly using this method (Austen, Jefferson & Thein 2003; Lee 2002; Finch 2002) and more broadly, there are arguments for increasing the diversity of research methods used within economics (Berik 1997; Pujol 1997; Dow 2002; Dow & Chick 2001; Strassman 1994; Strassman 1997; Nelson 1993). While every effort has been made to appropriately apply grounded research to the question of women’s retirement savings, the question of whether this study provides a sufficient explanation of the data collected in this study remains a question for the larger academic community.

Runde's fourth criterion relates to whether a study's explanations provide "causal depth". As noted in chapter six, (section 6.11) Runde identifies two ways in which a cause may be considered "too shallow" to explain a particular event. Firstly, there may have been several causative factors, meaning that the event would have occurred whether or not the specified cause was operable. Secondly, the specified cause might be only one part of a chain of other, more significant causes (Runde 1998:162).

The first element of causal depth has been addressed by identifying several, linked causes of women's low retirement incomes. This demonstrates that it is possible for one cause to substitute for another. For example, the effects of low earnings can be either compensated for, or exacerbated by, households' income pooling practices. The findings explicitly consider that possibility that the "event" of women's low retirement savings may have several causes.

The study further hypothesises that there are two, linked, levels of causes that contribute to women's low retirement incomes. It is suggested that women's relatively low levels of independent income, together with decision-making processes that reproduce traditional savings patterns, provide an intermediate level cause of women's low retirement savings. It is argued, however, that these causes have, in turn, underlying causes linked to the features of the decision-making context, including complexity, emotions, gender norms, bounded rationality and relationships between decision-makers. In identifying two levels of causes, the goal is to identify causes that have depth as priority and to clarify the processes through which "primary" causes translate into observable outcomes.

At a general level, the methodology underlying this study is based on an acceptance that individual studies or specific research methods are unlikely to provide complete accounts of the causal mechanisms relevant to any set of empirical observations within the social realm. The need for plural approaches to specific questions provides a rationale for the unusual research method employed in this study. To this extent, it is likely that the causal explanations outlined in this chapter may not be complete and, as with most research questions, greater understanding may be expected from further data collection or additional research projects. Within the confines of an

individual study however, every endeavour has been made to meet the criteria relevant to the valid implementation of a research strategy aimed at providing causal explanations.

9.4. Policy application: The example of housing as a retirement savings vehicle

One of the issues most consistently raised by participants in this study was that of housing as a vehicle for retirement savings. This section uses findings relevant to participants' preference for investing in residential housing, together with the previous discussion of causal relations, as an impetus to examine some gender implications of households' current approaches to retirement savings. Existing research on housing and retirement is integrated into the discussion to provide one example of the potential for the findings from this study to be applied to specific policy issues.

Participants' preference for housing as a savings vehicle for retirement is consistent with data available from other studies. A 2004 survey of community attitudes toward saving for retirement found that 89 percent of respondents identified housing and 81 percent identified compulsory superannuation as their main methods of preparing for retirement. These methods were significantly more common than others, including saving and investment accounts (54 percent), voluntary superannuation contributions (52 percent), shares (47 percent), other property (40 percent) and own business (29 percent) (ANOP Research Services 2004:3). The priority given to housing as a savings strategy is also apparent in estimates of household assets, showing that 56 percent, or A\$155,000, of households' average saving of A\$280,000 is held in the form of an owner-occupied residence. By comparison, average superannuation holdings, per household, were estimated at A\$56,000. Other forms of asset holdings were smaller: shares (A\$34,000); rental property equity (A\$18,000); and cash deposits (A\$17,000) (Kelly 2002:4). As discussed in chapters two and three, the gender breakdown of these forms of saving are likely to be significantly different, with women holding lower levels of income-producing assets (Tinnion 1998). However specific gender breakdowns of these holdings are not known.

The findings from this study contrast participants' ready recognition of home ownership as a form of saving with their more tentative identification of plans to access an income in retirement. In this case, the causes for this contrast appear to arise from household practices that focus on decision-making processes, rather than weighing different potential outcomes. Thus, participants readily identify housing repayments as a form of asset accumulation because it is an integral part of the regular financial management of their household. As a form of saving it has the advantageous characteristics of being relatively well understood, of achieving ongoing benefits in the form of providing accommodation, is shared by all household members and is accommodated by household and social norms of financial management. United States and European research shows that feeling secure in retirement is associated with home ownership and that it can effectively provide a 'quasi pension' (Cutler 2003; Doling & Horsewood 2003). Further, the Australian taxation and social welfare systems contain incentives to invest in owner occupied housing as a form of wealth (Beal 2001). Owner occupied housing is not subject to capital gains tax and, historically, there have been fewer changes to taxation rules as they apply to housing than is case with occupational superannuation.

However, investment in housing appears to be occurring independently of well specified retirement aims and this has some significant implications for retirement. Firstly, there are significant costs in owning and maintaining a house and this requires access to disposable income. The extent of these costs appears to be underestimated in some retirement plans:

...housing costs remain a significant item for both owners and renters for the households in the sample. Housing costs of 20% or even more of total income were not uncommon among homeowners in this sample, particularly those required to pay strata fees or maintenance levies... For owners of detached housing, home maintenance can also add up to a significant proportion of what are very modest household incomes. For a number of the households in the sample, unexpected home maintenance needs lead to difficult to manage credit card bills or a drawing down of already modest savings (Association of Superannuation Funds Australia 2000:19-20).

In addition to the above concerns, widows who previously had a partner responsible for house maintenance may find it difficult to access services at a reasonable cost (Davison et al. 1993; Storey, Wilson & Kendig 1994). It has been estimated that an income equivalent to that received by Age Pension *in addition to* an annuity purchased from 30 years of superannuation contributions of 12 percent of average weekly earnings is required to accommodate both strata fees and “above basic” maintenance in addition to other ongoing basic expenditure (Association of Superannuation Funds Australia 2000:21). It should perhaps be recognised that, as the key lobbying group for private sector managers of compulsory superannuation funds, the Association of Superannuation Funds Australia does have an interest in policy which encourages growth in their sector, and perhaps their estimates should be viewed in this context. However, as discussed in chapter three, projections of superannuation accumulations demonstrate that adequate private accumulations of superannuation are unlikely to be achieved by many women (Clare 1994b; Donath 1998; Harding, King & Kelly 2002; Kelly, Harding & Percival 2001; Preston & Austen 2001). Ongoing costs associated with home ownership were not discussed by participants in this study when they considered their expectations about retirement.

A second significant issue is that relatively few older people sell their home in order to finance recurrent expenditure and policies aimed at accessing wealth accumulated through home ownership have proven politically unpopular (Beal 2001). Beal finds that those unwilling to sell their home usually find it suitable for their retirement and important to their identity or self actualisation (Beal 2001; Davison et al. 1993). United States research also concludes that there is reluctance among the elderly to use accumulated housing wealth as a source of income (Skinner 1993; Venti & Wise 1989).

Thus, although some participants assume (or hope) that their steps toward home ownership will be sufficient to meet, or substantially contribute to, their retirement lifestyle, there are reasons for questioning the success of this approach. If recent public policy changes are to improve retirement income streams then it needs to improve on the previously established context of an income stream through the Age Pension *plus* access to owner occupied housing (Stanhope 2004). Participants’ expectations that housing will provide for their retirement appear, partly, to be

warranted. However, an additional source of income is likely to be required. In the United Kingdom, it has been found that the potential for access to home equity to meet the needs of those with low incomes is particularly limited (Doling & Horsewood 2003). Australian research also finds that housing equity is unlikely to address the needs of those on low incomes (Storey, Wilson & Kendig 1994), and recent findings conclude that:

...in reality many of those relying on these two forms of saving [home ownership and compulsory superannuation] will not achieve their desired standard of living in retirement... those relying on compulsory super or home ownership are less likely to feel well prepared (ANOP Research Services 2004:3).

There is recognition of home ownership as an important asset for those with few superannuation benefits and there is an identified need for financial structures that facilitate home ownership, particularly among single women (Cox 1994; Taylor & Jureidini 1994). The findings from this study suggest that there is a need for improved understanding about the potential role that housing might (or might not) play in accessing adequate retirement incomes (see also Beal 2001).

Given women's lower levels of other forms of asset accumulation, it appears likely that women might become proportionately more reliant on home ownership as their key retirement asset. Understanding and management of financial products such as reverse mortgages might become important aspects of some women's future retirement. However, it cannot be assumed that this will be an effective option for all home owners, especially those on low incomes with relatively low value housing. Further, stamp duty on housing transactions and the effects on income and assets tests of "trading down" to access housing equity (Beal 2001) are other potential areas of public policy that may not be gender neutral in their application under this scenario. Potentially regressive effects of property taxes may also be relevant (Wood 1999). These aspects of public policy are not restricted to owner-occupied housing. They are also relevant to investment property, particularly if, as this study suggests, this is another preferred option for accumulating assets.

The outcomes from this study suggest, however, that understanding the financial incentives relevant to housing might not be sufficient for the development of appropriate public policy. It is possible that social norms relating to selling “the family home” and/or the desire to leave a bequest play a role in the identified reluctance of retirees to use housing as a source of income. The potential influences of family networks, social norms and the emotional ties that influence attitudes to the use of housing as a source of income are under researched.

In summary, this study suggests that the underlying causes of women’s retirement savings patterns contribute not only to a lower level of personal saving but different patterns of asset accumulation. It also suggests that women’s access to resources in later life will reflect traditional patterns of asset accumulation that may prove relatively unresponsive to recent regulatory changes. The use of housing as an investment vehicle is an example of how traditional retirement savings strategies may have gender implications. However, at a more general level there appears to be considerable scope for further improving our understanding of the social structures that inform women’s savings decisions and for public policy to be tailored accordingly.

9.5. Summary

Using the conceptual framework developed in chapter eight to identify relevant literature, the discussion in this chapter considerably extends the insights generated directly from this study’s data. It provides a framework for comparing the diverse characteristics of participants’ decision-making context with a range of theoretical and empirical studies developed by previous researchers. These include studies that consider diverse concepts such as uncertainty, complexity, extensiveness, cognition, learning, emotions, gender norms and household financial organisation. Examining literature relevant to the links between decision-making contexts and decision-making processes provides additional insights into the use of habits, rules and household routines in participants’ descriptions of their savings decisions. Further, the literature provides additional insights into how “under saving” can systematically occur when key institutional characteristics encourage the use of decision-making routines that do not link with the formation of identified savings outcomes. Finally,

participants' readiness to identify their savings strategies as being consistent with "paying off a mortgage" or "buying a house" provide an impetus for examining the advantages and disadvantages of this particular strategy and the longer term implications it may hold for women's retirement incomes.

Using criteria specified in the study's research method this chapter also provides an assessment of the causal explanations provided in this thesis. It is argued that the causal explanations meet the criteria established in the study's research method. Further, it is concluded that while the explanations generated in this study may be incomplete, they represent a contribution to understandings of the processes that underlie observed patterns of women's retirement savings in Australia.

10. Conclusions: Implications for policy and pluralism

10.1. Introduction

As noted in the introductory chapter, this study evolved into two, related questions. Firstly, how do women plan to access economic resources in later life? Secondly, can our understanding of women's plans be expanded by broadening the range of research methods applied to question? As a result of this approach, the conclusions reached from this project are grouped into two main sections. The first section focuses on the findings suggested by this study and some implications for policy related to women's retirement incomes. The second section discusses the use of social research methods, especially grounded theory, as part of a pluralistic approach to economic research.

10.2. Key findings

As emphasised throughout this project, there were some predetermined limits on the extent to which this study could generate, from data, a complete or extensive theory about the causes of women's lower access to resources in retirement. However, as a partial and fallible contribution to our understanding of this subject, some key findings may be summarised. The first is that women's observed patterns of saving for retirement are the result of two groups of causal factors. Firstly, there are intermediate causes of women's low levels of retirement savings which are linked with relatively low independent incomes and household decision-making processes that reproduce traditional savings patterns. However, these causes are related to a number of linked, primary causes that specifically relate to the context in which women make decisions about their long term financial futures. The relevant features of their decision-making context are: the complexities of long-term planning and joint decision-making; the use of routines to address decision-making; gender norms relating to workforce participation and household financial management; and the emotional aspects of making retirement savings decisions.

The second key finding is that women's low savings are not especially linked to intrinsic differences between men and women, such as differences in risk aversion, but are associated with structural features of the economy. The primary causes identified in this study suggest that the relevant structural features extend beyond the widely recognised nexus between workforce participation and compulsory superannuation entitlements.

10.3. Some general implications

At a general level this study suggests that women's earnings, combined with household decision-making practices, are likely to remain substantial barriers to women's savings strategies into the foreseeable future. Participants in this study described decision-making processes that emphasise traditional approaches to saving that largely predate the existing regulatory framework of retirement incomes. Together with existing literature on households and decision-making processes, there appear to be grounds for expecting that established household savings routines will continue. As a group, therefore, it seems likely that women will remain heavily reliant on public and private transfers as sources of retirement income. The social security system, particularly the Age Pension, will remain particularly important for older women's access to resources. As such, any lowering of the real value of the Age Pension will have a relatively large impact on retired women.

However, in the longer term, the implications of the multiple, linked causes of women's low retirement savings identified in this study are twofold. Firstly, increases in women's earnings may not always result in higher levels of retirement savings if other causal factors result in those increased earnings being allocated to other purposes. An example might be the use of women's increased earnings to finance children's educations, particularly in a social context of growing use of private education (Australian Bureau of Statistics 2005a:12). Secondly, in some cases it might be possible to increase women's patterns of retirement savings without an increase in earnings occurring. This could be achieved, for example, if a greater amount of pooled household resources were allocated to this purpose. If this is to be facilitated through public policy, however, it requires a greater understanding of the contribution of causal factors, other than income, to women's patterns of saving. To

provide some examples of the benefits of improving our understanding of causal factors, some tentative conclusions and implications from this study are further discussed.

This study suggests that changes to the retirement incomes framework that reduce its complexity will assist with greater participation in retirement planning, particularly by those who remain outside of the mandated savings scheme of compulsory superannuation. Reducing complexity is a quite general recommendation but particular categories of data in this study suggest some specific approaches that might be worthy of investigation, including:

- Publicising levels of income likely to be required in retirement to maintain or achieve particular patterns of consumption (categories C3; C5).
- Development and publicising of some relatively simple “rules of thumb” or financial routines that can assist households determine appropriate levels of retirement saving (category C4; construct K).
- Greater feedback on the likely outcomes of various savings strategies; in particular to provide meaningful short or mid-term savings goals and targets that can be incorporated into and monitored by households’ current financial management processes (construct J).
- Providing information to women about the necessity for retirement saving at key milestones in their lives: for example when children start school, finish school or when women (re)commence employment (category J2).
- Providing some measure of capital guarantee for retirement savings (categories L4; L5).

Each of these measures may reduce, to some extent, the apparent gap between the requirements of accumulating private sources of funds for retirement and current levels of financial management skills. These will not necessarily be easy measures to implement. The participants in this study were wary of “expert” advice and reluctant to source information that was perceived as expensive, inappropriate or difficult to access (category C6; construct K). It is likely that the success of public information programs will depend their perceived as independence and the extent to which they are inexpensive and easy to access.

The implementation of such approaches may also be impeded by perceptions about the legitimacy of women independently saving for their own retirement. Gender norms associated with joint household financial management appear to give little support to the allocation of resources for the purpose of women's independent financial futures. Typically, a "breadwinner" approach to retirement income planning appears to prevail. This may be difficult to address. However, it is an approach that is reinforced through the current regulatory framework, particularly the occupational nexus required to access compulsory superannuation. Within this context, recent legislative measures to allow the "splitting" of superannuation contributions between couples (discussed in chapter two), may have two relevant effects. Firstly, it may increase the level of retirement savings held by women. Secondly, however, it may also serve to increase the profile of women's retirement savings as an issue relevant to households' financial management practices. In the absence of established social norms that facilitate women's retirement savings, this may be a significant outcome.

These suggestions involve an explicit recognition that public policy can influence economic preferences and outcomes. More specifically, it involves a recognition that relying on "rational", individual decisions is unlikely to result in adequate or optimal outcomes given the social structures and constraints that characterise the decision-making context of retirement income planning. As this study illustrates, women's low retirement savings are not only a result of low incomes. They are also a result of social structures which fail to encourage systematic incorporation of savings for women's retirement, as a legitimate and specified goal, into household financial processes.

The introduction of policy measures, such as those suggested, also face significant limits associated with the emotional aspects of long-term decision-making. However, without explicit recognition of the potential effects of social structures on household decision-making processes, there appear to be limited options for addressing women's retirement income levels. In the absence of such measures, two approaches seem to remain. One exception, of course, is to hope that long-term improvements in women's earnings will both take place and lead to greater savings. Another, perhaps more obvious, option is to maintain and improve the operation of public systems of retirement income provision. Currently, arguments based on political and

demographic factors appear to suggest a lack of support for the second option. As noted in chapter two, the basis for current shifts toward policies encouraging private savings are based, in part, on a perception that the context of an ageing population restricts the community's ability to fund retirement income through intergenerational transfers.

This study suggests that without appropriate public policies, particularly those that provide feedback about the likely outcomes of current savings strategies, it is likely that households will continue to rely on traditional methods of wealth accumulation, such as paying off a family home. Such approaches may not adequately reflect the increased need for private retirement savings and neglect the issue of supporting women in their accumulation of independent savings accumulations. Some specific implications of continued reliance on 'traditional' forms and levels of retirement savings can be provided by considering the example of housing as a retirement savings vehicle.

10.4. Pluralism in economic research

A question that evolved during the research process was whether understandings of women's retirement savings and plans could be expanded by broadening the range of research methods applied to question? The conclusion on this issue can be expressed succinctly: "Yes". However, the reasons for this conclusion require some justification, as there have been both advantages and disadvantages associated with the research method, grounded theory, which was chosen for this particular study. Addressing these issues concludes this thesis.

10.4.1. Assessing research contributions

Any assessment of the contribution of plural methods in economics will depend on the methodological perspective of the particular researcher. In this case, data collection and analysis were based on an *a priori* commitment to adopting an approach to the subject that included a range of possibilities not generally within the scope of conventional economic research. Critical realist ontology was particularly significant to the adoption of this approach because it framed the research question

within a social theory that explicitly requires the recognition of internal relationality, open social systems and the dynamic nature of social institutions. Feminist interpretive epistemology was also significant because of its commitment to the accumulation of knowledge through multiple and varied standpoints. Without a philosophical approach that explicitly acknowledges the ontological and epistemological basis for pluralism in research, it is difficult to see how arguments in favour of pluralism can be pursued.

Once this methodological framework is accepted, however, there are valid reasons for supposing that our knowledge of any particular subject, in this case Australian women's retirement incomes, will be enhanced by focusing on different parts of an open social system and the inclusion of new perspectives. More specifically, the methodological basis for this study explicitly brought social structures and household relationships within the boundaries of the data collection and analysis process, rather than accepting them as exogenous to the choices women face. This provides both a contrast with previous studies undertaken within the discipline of economics and a method for integrating the findings from other disciplines with the findings from this project. At a general level, the study provides an example of the advantages that can accrue from pluralism in economic research.

To this extent, the results of this study can be seen quite readily as broadening our understanding of the processes that lead to current observations about women's low retirement savings and incomes. As outlined in chapter three, existing Australian studies have focused mainly on: links between income and savings; motivations and attitudes toward retirement saving; and the role of some institutions. Specific insights, such as the role played by household decision-making routines and the significance of emotions, might be viewed as additional perspectives gained from this study. In addition, the hypothesised causal links, for example, between social structures and decision-processes provide a basis for integrating the findings from this study with a literature that has not been previously associated with women's retirement savings. Previously, the widely recognised occurrence of "under-saving" has been explained, to some extent, through the use of deductively derived models of dynamic preferences and hyperbolic discounting. This, however, provides little basis for explaining gender differences in retirement savings behaviour. The results of this

study suggest that systematically integrating the role of social structures into analysis of economic behaviour may add some insights into the comparative savings behaviour of men and women.

From a policy perspective, this study provides an example of the potential for plural research approaches to facilitate the identification and understanding of a greater range of possible causal links in social activity. This may not only allow for a greater range of policy options but generate improved understandings of the possible outcomes from pursuing specific policies. Of course, this is not necessarily a simple process. As this study demonstrates, each particular piece of research contributes a limited number of insights and provides a contribution that might best be described as incremental. A plural approach involves a commitment to combining several insights from a number of studies in order to gain an understanding of causal processes. As such, it is an approach that requires varying skills and resources, and therefore, it appears to be particularly suited to a research community rather than individual researchers. However, the outcomes from this relatively small project appear to suggest that there are advantages to be gained.

10.4.2. Using grounded theory

The specific research method of grounded theory offered a range of advantages, particularly in its capacity to allow the emergence of new insights from the data collection and analysis process. The validity of the insights generated through this approach was previously discussed in chapter nine which assessed the causal explanations developed through this thesis. At a more general level however, grounded theory has the advantages of being a research method consistent with both critical realism's requirement for retrodiction and feminism's requirement for explicitly interpretive method. It also provided a research method that allowed the identification of a range of relevant theoretical and empirical literature after data analysis commenced. This facilitated the introduction of a broad literature with greater theoretical scope than may otherwise have been recognised as relevant. In particular, it provided the project with a capacity for systematically introducing broad concepts such as uncertainty and complexity into a relatively small empirical study. It also provided an example of the way in which participants' discussions,

particularly those on housing, can provide an impetus for further research relevant to policy development.

However, it must be acknowledged that using grounded theory was not without some disadvantages. Firstly, it appears that adhering strictly to its processes requires postponing knowledge of the substantive literature on a particular subject until after data collection and analysis has commenced. Secondly, it requires an open ended approach to the nature and extent of data collection. According to the tenets of grounded theory, data collection should, ideally, be determined by emerging concepts throughout the analysis process. Each of these aspects was particularly problematic in this study. The involvement of two State government offices and the process of applying for grants from the Australian Research Council meant that the research design was required, to some extent at least, to comply with established processes of surveying the relevant literature and specifying data collection methods. This tied the scope of data collection to the use of semi-structured interviews. However, as data analysis continued, it was possible to recognise additional forms of data collection that could, perhaps, have added significantly to the saturation of categories and a more confident exposition of theoretical concepts. Survey data on household financial practices or behavioural approaches to examining decision-making processes are potential methods that could add to our understanding of theoretical propositions that emerged from this study. These options, however, were outside the scope of the study's initial design and remain to be pursued as future components of an ongoing research agenda.

It is perhaps to the credit of all the institutions involved that the project, as it developed, was able to proceed. However, the tenets of grounded theory do provide considerable challenges within the constraints of existing research institutions. While implementing pluralism may be desirable, it is possible that further, similar challenges remain to be addressed if/when economists attempt to utilise a wider range of research methods. Again, this appears to be an issue more appropriately addressed by a research community with an understanding and commitment to pluralism and who recognise, as a group, that the contribution by any particular researcher or method can provide partial insights into an area of social investigation.

10.5. Finally...

I feel that it remains for me to thank any reader who has reached this point. The research process is dependent on those who are willing to make the time and effort to read, critique and acknowledge the work of others in the academic community. Throughout this project I have enjoyed reading and learning from the imaginative, thorough and thoughtful contributions of others. My hope is that this research project will allow for a future contribution to that community.

Appendix Documents

Appendix A: Selected Features of Studies Projecting Superannuation Guarantee Charge and/or Savings Accumulations, Australia

Ross (1994)					
Earnings	Contributions	Growth of Fund, Charges applied	Taxation	Working life profile	Outcome, A\$1994 Lump Sum
Monthly average weekly earnings by gender	9% of earnings	7% pa growth	15% on contributions and 15% on super funds earnings	Man works 40 years full-time	122,000
				Woman works 40 years full-time	81,000
				Woman works 8 years full-time, followed by 10 year break, followed by 17 years full-time	46,500
Brown (1994)					
Earnings	Contributions	Growth of Fund, Charges applied	Taxation	Working life profile	Outcome A\$1992/93 Lump Sum
Average earnings for each year for age and gender as per ABS 1990 income distribution survey	9% of earnings	10 year bond rate plus 1% per accrual period. Administrative charges of A\$1.70 (A\$1994) per week, indexed to historical CPI data.		Male full-time paid work from age 21 years retires at 55 years in 1992/93	167,365
				Male full-time paid work from age 21 years retires at 60 years in 1992/93	193,700
				Male full-time paid work from age 21 years retires at 65 years in 1992/93	216,255
				Female full-time paid work from age 21, nilf ^(a) 25-29, part-time paid work (two thirds) 30-34, at 35 returns to full-time and retires at 55 years in 1992/93	84,916
				Female full-time paid work from age 21, nilf 25-29, part-time (two thirds) 30-34, at 35 returns to full-time retires at 60 years in 1992/93	100,195
				Female full-time paid work from age 21, nilf 25-29, part-time (two thirds) 30-34, at 35 returns to full-time retires at 65 years in 1992/93	112,963

(Appendix A continued)

Donath (1997)					
Earnings	Contributions	Growth of Fund, Charges applied	Taxation	Selected Working Life Profiles*	Annuity as multiple of Age Pension (approx**)
Weekly earnings of Employees disaggregated into percentile bands by gender	12% of earnings	1%-8% Results are presented here for 5% An annuity is purchased on retirement giving an annuity which is the average between the highest and lowest annuity values published in 1997.	15% contributions tax Superannuation fund Income taxed at 7.5% (corresponds to 15% tax on super fund earnings less dividend imputation)	Woman works full-time from age 20, nilf for 5 years age 30-34, resumes full-time work until retirement at age 60, earning income at 25 th percentile for her age group.	1.0
				Woman works full-time from age 20 retires at age 60, earning income at 25 th percentile for her age group.	1.1
				Man works full-time from age 20 retires at age 60, earning income at 25 th percentile for his age group.	2.1
				Woman works full-time from age 20, nilf for 5 years age 30-34, resumes full-time work until retirement at age 60, earning income at 50 th percentile for her age group.	1.5
				Woman works full-time from age 20 retires at age 60, earning income at 50 th percentile for her age group.	1.8
				Man works full-time from age 20 retires at age 60, earning income at 50 th percentile for his age group.	2.8
				Woman works full-time from age 20, nilf for 5 years age 30-34, resumes full-time work until retirement at age 60, earning income at 75 th percentile for her age group.	2.0
				Woman works full-time from age 20 retires at age 60, earning income at 75 th percentile for her age group.	2.5
				Man works full-time from age 20 retires at age 60, earning income at 75 th percentile for his age group.	3.6

(Appendix A continued)

Tinnion and Rothman (1999) – Hypothetical individual analysis					
Earnings	Contributions	Growth of Fund, Charges Applied	Taxation	Selected Working Life Profiles*	Ratio of Average Annual Net Expenditure in Retirement to Average Working Life Net Salary
Multiples of AWOTE ^(b) . Real wages growth of 3.5% assumed.	9% of earnings	Long term bond rate of 6%. Fund earnings of 7%. CPI of 2.5%.	All taxation and government transfer provisions as at 1999 are included, indexed to average weekly earnings.	Man on lifetime earnings of 0.5 AWOTE commences work at age 25 in 1997 and retires at age 65.	128%
				Man on lifetime earnings of 1.0 AWOTE commences work at age 25 in 1997 and retires at age 65	91%
				Man on lifetime earnings of 2.0 AWOTE commences work at age 25 in 1997 and retires at age 65	69%
Tinnion and Rothman (1999) – Cohort analysis					
Earnings	Contributions	Growth of Funds, Charges Applied	Taxation	Working life profiles*	Potential Aggregate Replacement Ratio
Population and labour force model with variables such as savings, unemployment, tax liabilities applied to groups in different age, gender and income cohorts	Compulsory SGC of 9% plus above minimum contributions and private savings.	Long term bond rate of 6%. Fund earnings of 7%. CPI of 2.5%.	All taxation and government transfer provisions as at 1999 are included, indexed to average weekly earnings.	Average for total population year 2000	60%
				Average for total population year 2038	70%
				Average for total working population year 2000	45%
				Average for total working population year 2038	59%

(Appendix A continued)

King (2001)					
Earnings	Contributions			Selected Working life profile*	Living standard at retirement as multiple of adequacy benchmark
Three income levels, low, middle and high, are distinguished for each of four different family types. Low income levels are related to no post-school qualifications, middle to post-school non-degree qualifications and high to post-school degree qualifications. Average earnings by labour force activity, age, gender and educational attainment are used.	9% of base salary	Superfund earnings of 4.5% pa Real earnings grow at 1% pa. Non superannuation investments return 3.5% pa. Housing mortgage rate is 3.5% pa	2000 tax system indexed to earnings. Age Pension, reasonable benefits limits and superannuation tax thresholds indexed to earnings. Social security entitlements maintained in real terms.	Single male, low income, employed full-time from age 25 until 65 years.	1.6
				Single male, middle income, employed full-time from age 25 until 65 years.	1.7
				Single male, high income, employed full-time from age 25 until 65 years.	1.8
				Single female, low income, employed full-time from age 25 until 65 years.	1.4
				Single female, middle income, employed full-time from age 25 until 65 years.	1.4
				Single female, high income, employed full-time from age 25 until 65 years.	1.6
				Couple, low income, male employed full-time from age 25 until 65 years. Female reduced labour force participation from age 50 years until 65 years.	1.7
				Couple, middle income, male employed full-time from age 25 until 65 years. Female reduced labour force participation from age 50 years until 65 years.	1.8
				Couple, high income, male employed full-time from age 25 until 65 years. Female reduced labour force participation from age 50 years until 65 years.	1.9
				Couple with two children first child born when mother aged 24 years, second at 26 years. Male employed full-time from age 25 until 65 years. Female reduced labour force participation while children young and from age 50 years until 65 years.	1.6

				Couple with two children, middle income, first child born when mother aged 27 years, second at 29 years. Male employed full-time from age 25 until 65 years. Female reduced labour force participation while children young and from age 50 years until 65 years.	1.7
				Couple with two children, high income, first child born when mother aged 30 years, second at 30 years. Male employed full-time from age 25 until 65 years. Female reduced labour force participation while children young and from age 50 years until 65 years.	1.9
Preston and Austen (2001)					
Earnings	Contributions	Growth of Fund, Charges applied	Taxation	Selected Working life profile*	Superannuation accumulations A\$1996
Average annual 'starting' salaries of men and women (aged 20) employed full-time, residing in a metropolitan area and born in Australian. Salary indexed by coefficient of returns to labour market experience. This is discounted for women working part-time.	Contributions at 9% of salary.	Superannuation funds return 3.25% pa.	15% contributions tax is imposed.	Man works continuously, on a full-time basis, from age 20 in 2000 until retirement at the age of 65 (in 2045). Has average level of education.	233,000
				Woman works continuously, on a full-time basis, from age 20 in 2000 until retirement at the age of 65 (in 2045). Has average level of education.	206,000
				Women with average level of education enters workforce at age 20, withdraws from workforce from age 27-34. Returns on full-time basis until retirement at age 65.	144,000
				Women with average level of education enters workforce at age 20, withdraws from workforce from age 27-34. Returns on part-time basis until retirement at age 65.	106,000

(Appendix A continued)

Kelly, Harding and Percival (2002)					
Earnings	Contributions	Growth of Fund, Charges applied	Taxation	Selected Average Superannuation balance of non retired population A\$1999, with 9% Superannuation Guarantee Contributions	
Dynamic microsimulation model based on population sample simulates life cycle events through estimating probabilities for events such as household formation, divorce, earnings, taxation, savings and other events. Projections are benchmarked against external data, eg. demographic projections benchmarked against ABS population projections. 80 characteristics are profiled for 150,000 'synthetic individuals'.	Superannuation Guarantee contributions plus additional voluntary contributions. Transfers between partner's accumulation accounts are assumed following divorce.	Fund earnings based on 5% return from 2000 onwards. Account management fee of greater of A\$50 or 1% of account balance.	15% contributions tax.	Year 2000 Male 55-64 years	110,600
				Year 2000 Female 55-64 years	40,100
				Year 2000 Male 65-74 years	80,000
				Year 2000 Female 65-74 years	19,100
				Year 2010 Male 55-64 years	148,400
				Year 2010 Female 55-64 years	63,600
				Year 2010 Male 65-74 years	128,600
				Year 2010 Female 65-74 years	32,600
				Year 2020 Male 55-64 years	181,600
				Year 2020 Female 55-64 years	92,500
				Year 2020 Male 65-74 years	184,600
				Year 2020 Female 65-74 years	50,000
				Year 2030 Male 55-64 years	232,700
				Year 2030 Female 55-64 years	131,900
Year 2030 Male 65-74 years	214,700				
Year 2030 Female 65-74 years	73,900				

Notes for Appendix A: *This table contains only a sample of projections contained in the relevant study; **Donath's results are presented in the form of graphs. The ratios printed here represent a reading from these graphs; (a) nilf refers to "not in the labour force"; (b) AWOTE refers to Average Weekly Ordinary Time Earnings.

Appendix B: Some notes about the researcher

Introducing myself and my situation as a researcher is a novel and somewhat daunting experience. However, it may go some way to explaining my interest in and approach to this research project.

My undergraduate degree was undertaken directly after secondary school from 1980-1983. I emerged with first class honours in commerce degree. I had majored in industrial relations and a diverse range of economics units. I was interested in economics but I had no particular wish to pursue the career paths for economists that were advertised on the notice boards in our faculty hallways each year during the graduate recruitment “season”. At that stage, an academic career did not particularly interest me either. After graduation I started work with a major mining company in a remote area of Queensland. Working in an industrial relations department was a fascinating experience and I enjoyed it very much.

Several years later, after having two children and relocating to a more urban environment, I developed an interest in a range of issues related to the role of unpaid labour within the Australian economy. I was incredibly fortunate to be living near La Trobe University and finding, by pure chance on my part, two fantastic supervisors, John King and Gillian Hewitson, who helped me pursue a research project on valuations of unpaid labour. It was some years since I had been a student and John suggested that I should participate in the honours year macro and micro courses at La Trobe, as well as attending staff/postgraduate research seminars. These forums (not John and Gill) reminded me that there are some people who apparently believe that theoretical concepts used in economic theory accord with everyday events. For example, I was once treated as completely naïve in a seminar when I had “forgotten” that people get paid according to marginal costs and revenues. Silly me: my experiences had made me believe that people’s wages reflected other issues as well, such as their bargaining power. I don’t wish to imply that my time at La Trobe was anything other than wonderful because I thoroughly enjoyed it and learnt an enormous amount from my supervisors and fellow

students. It was, however, something of a wake-up call to improve my theoretical understanding of concepts and not to rely on experience or appeals to reality as the best way of addressing issues in some particular forums.

I completed my Masters degree and, in response to a career opportunity for my husband, moved to Western Australia. I became one of Australia's "trailing spouses". Over the following years I was engaged in a series of research positions in a range of economic projects at Murdoch University and Curtin University of Technology. By the time I commenced my PhD research, I had spent several years surrounded by economists who were working on range of applied economics projects. Throughout this time I was deeply impressed by the range of projects undertaken to examine economic issues of close relevance to social policy and the care with which theoretical concepts were used and applied by my colleagues. I had also been surrounded with colleagues from other disciplines and was impressed by the range of research methods they could call on to address particular research projects. Along with an increased enthusiasm for economics, I also developed an interest in "alternative" research methods.

One of the projects in which I had some participation was the projection of women's retirement incomes under Australia's (then) recent superannuation provisions. In 2002, this project lead directly to the submission of a grant application to the Australian Research Council, with the support of the Women's Policy Office and the Office for Senior's Interests and Volunteering, two office of the Western Australian State Government. The grant proposal asked for funds to undertake qualitative research to further our understanding of women's savings and retirement strategies. It resulted in the research project described in this thesis.

As might be apparent from this brief history, I did not start this project as a complete "newcomer" to the subject area of women's retirement incomes. My previous research experience and involvement in the grant application process made me reasonably familiar with existing literature and the research methods that had been previously applied. While this might usually be considered at an advantage, it posed a series of

challenges for the implementation of grounded research methods throughout this project. In particular, it was difficult not to revert to familiar but pre-existing theoretical concepts throughout the data analysis process. As described in this thesis, this resulted in recommencing the analysis process when I was part-way through the project.

Despite the challenges, every endeavour was made to rely on the data and to develop categories, constructs and concepts from that basis. In addition to feeling motivated to give the application of grounded theory my best efforts, this also appeared to be an ethical way of treating data collected from the women who participated in this project. I was overwhelmed by the thoughtful nature of women's participation in this project. Without exception, participants took considerable time and effort to explain their particular situation and experiences. This was not always a happy undertaking; but it was sometimes deeply moving. I believe almost any researcher would want to do their best to accurately encapsulate participants' experiences and perceptions if they had been through this process.

Apart from my experience as a researcher, I bring a social context to this project which is probably quite familiar to many who work within Australian universities: middle aged, in a middle income bracket (as a household anyway), with two children who are negotiating their way through secondary school. When it comes to my own retirement plans? Well, hopefully it's an issue that won't arise for some time, but like many women in this study, the households' financial assets are largely tied up in occupational superannuation in my husband's name.

Appendix C: An Invitation to Participate in Research on Women's Life Experiences and Retirement Incomes

Women from all walks of life are invited to participate in research to provide insights into the way women's life experiences and financial decisions combine to give different levels of income in later life.

Your willingness to be a potential participant in this project will be greatly valued and will assist in the development of improved services to assist women making financial decisions and to plan for their retirement.

If you reply to this invitation, you may be requested to take part in a one-to-one discussion with Therese Jefferson, a doctoral research student from the Graduate School of Business. Discussions will be scheduled to take place before mid 2004 at a time and place convenient for you. It is expected that they will last for about an hour.

Discussions will consider different aspects of your life, including work, family and finances. There are no compulsory questions but it will be of great assistance if you are willing to be open about issues such as income, saving and financial management. All information from the discussion will be treated with strict confidentiality. You will not be identified in any reports or publications from this research.

Interviewed participants will be reimbursed \$40 to cover the cost and inconvenience of participation.

The success of this project depends on the willingness of a diverse range of women to participate and we will welcome your interest.

If you would like to participate in this project or obtain further information, please contact one of the researchers listed over the page, or fill in the details on the attached sheet and return it in the prepaid envelope attached.

Please reply by 9 April 2004

This project is being conducted by the Women's Economic Analysis Policy Unit at Curtin University, in partnership with the Office for Women's Policy the Office for Senior's Interests and Volunteering, both State Government Offices in Western Australia. It has been approved by Curtin University of Technology's Human Research Ethics Committee (HR150/2003).

Further information can be obtained by contacting the following researchers:

Principal Investigator

Ms Therese Jefferson
Post Graduate Research Student
Graduate School of Business
Curtin University of Technology
GPO Box U1987
Perth 6845

Phone: 9266 1180
Email: Jeffersont@cbs.curtin.edu.au
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Supervisors

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Dr Siobhan Austen
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Curtin Business School
GPO Box U1987
Perth 6845

Ph 9266 7343
Email. Austens@cbs.curtin.edu.au

“Financial (In)security in later life: women, work and superannuation”

An Invitation to Participate in Research on Women’s Life Experiences and Retirement Incomes

I am willing to participate in the above project on women’s life experiences and retirement incomes.

Name: _____

Address: _____

Phone number/s: _____

Email: _____

When is the best time to contact you?

To ensure that we have participants with wide ranging experiences and backgrounds it would help if you provide the following details. These details will not be used for any other purpose than the recruitment of participants for this project. They will be treated with strict confidentiality and kept separate from interview records.

Your age? _____ years

Which country were you born in? _____

What is your marital status? _____

Please describe the kind of work (paid or unpaid) or other activities (for example study or training) you are involved with at the moment:

Do you have any children? _____. If so, what are their ages? _____

Thank you for completing this form. Please return it in the prepaid envelope by 9 April 2004 or fax to 9266 3368.

Appendix D: Information Sheet

Project: Financial (In)security in later life: women, work and superannuation

Aims of the research

The aim of this research is to explore the experiences, ideas, views and opinions of women with respect to their decisions to save and plan for retirement. In doing this research it is hoped that the information can be used to develop improved services to assist women making financial decisions and to plan for their retirement. The results of this research will be written in a thesis and in a series of articles for submission to academic journals. Reports on the research will also be provided to the Office for Women's Policy and the Office for Senior's Interests and Volunteering which are both State Government Offices in Western Australia.

Your Role as a Participant in this Project

If you are willing to participate in this project, you may be requested to take part in a discussion with Therese Jefferson, a postgraduate research student from the Graduate School of Business at Curtin University of Technology. Discussions will take place at a time and place convenient for you and will last for about an hour.

The discussion will be broad ranging and cover a range of issues relating to your experiences in the workforce and in unpaid work and how these have affected your decisions to save for the future. As researchers, we are particularly interested in the way people make decisions about saving, what they save for and whether they actively plan for retirement.

Therese will have a range of questions that may be used during the interview. However, the main aim of the discussion is to discover the issues that are of particular importance to you. We hope that the direction of the discussion will reflect your interests as well as those of the researcher. There are no compulsory questions. Participation is at all times voluntary and you can express a wish not to discuss particular issues or withdraw from the discussion at any time. There will be no negative consequences from doing this.

The discussions will be taped and later transcribed. A copy of the transcription will be sent to you and you are free to change any part of it at any time during the project's duration.

Confidentiality

The researchers working on this project understand that all discussions will be treated with strict confidentiality. Contact details of participants and discussion tapes will be kept by Therese and her supervisors, Dr Alison Preston and Dr Siobhan Austen in a locked cabinet at the Graduate School of Business at Curtin University of Technology and will be accessible only by them. Contact details will only be used for administrative purposes such as the mailing of transcripts to participants. The tapes will be kept for a period of five years to verify the accuracy of transcriptions.

Transcripts and publications from this research will not contain any identifying information.

Information Sheet

PROJECT: FINANCIAL (IN)SECURITY IN LATER LIFE: WOMEN, WORK AND SUPERANNUATION

Reimbursement of Costs

Participants attending an interview will be paid \$40.00 and the completion of the interview to cover any costs and inconvenience incurred.

Contact Details

You are welcome to contact the researchers involved in this project at any time. Their contact details are:

Principal Investigator
Ms Therese Jefferson
Postgraduate Research Student
Graduate School of Business
Curtin University of Technology
GPO Box U1987
Perth 6845

Phone: 9266 1180
Email: Jeffersont@cbs.curtin.edu.au
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Ph 9266 7343
Email: Austens@cbs.curtin.edu.au

Phone: 9266 7900
Email: Prestona@cbs.curtin.edu.au

This research has been approved by Curtin University's Human Research Ethics Committee. The reference number for this project is HR 150/2003. If you would like to contact the Committee, the details are:

Human Research Ethics Committee
Office of Research and Development
Curtin University of Technology
GPO Box U1987
Perth 6845.
Phone: 9266 2784
Fax: 9266 3793
Email: t.lerch@curtin.edu.au

Appendix E: Consent to Participate in Research

PROJECT: FINANCIAL (IN)SECURITY IN LATER LIFE: WOMEN, WORK AND SUPERANNUATION

Aims of the research

The aim of this research is to explore the experiences, ideas, views and opinions of women with respect to their decisions to save and plan for retirement. In doing this research it is hoped that the information can be used to better inform the development of services that can assist women to make financial decisions and plan for their retirement. The results of this research will be written up in a thesis and in a series of articles for submission to academic journals. Reports on the research will also be provided to the Office for Women's Policy and the Office for Senior's Interests and Volunteering which are both State Government Offices in Western Australia.

Consent

In giving my consent to participating in the research I understand that:

- Participation is voluntary and I can withdraw my consent at any time without any pressure or negative consequences;
- All information provided by me will only be used for the purposes of the research as outlined in the letter of introduction;
- The interview will be audio taped and transcribed by the interviewer and a copy of the transcripts given to me;
- Any information that I give to the researcher in the interview may be modified, amended or deleted by me, at any time during the research process;
- All personal details will remain confidential and no one will be identifiable in either the research workings or the final document;
- Any identifying information will be stored in a secure cabinet accessible only by the researcher and her supervisor;
- I can access my information at anytime via the researcher.

Consent

I _____ have been presented with information about this research, have understood its contents and agree to participate in the research project with Therese Jefferson, as part of a collaborative research project between Curtin University, the Office for Women's Policy and the Office for Senior's Interests and Volunteering.

Signed: _____ **Date:** _____

Phone Number: _____

Appendix F: List of data categories – 3 August 2004

1. Automatic deductions
2. Forced saving
3. Broken work patterns – trailing spouse
4. Continuity in workforce
5. “non standard” life cycle events
6. Immigration and the life cycle
7. Life cycle events – work patterns
8. Life cycle events; cost of children/care
9. Lack of predictability in career path
10. Marriage, social constraints on working
11. Impact of divorce
12. Working patterns, childcare arrangements.
13. Impact of life cycle events
14. Children – impact on household finances
15. Economic units
16. Intrahousehold bargaining
17. Household financial negotiations
18. Internally related decisions of household members
19. Negotiating finances
20. Negotiating household finances
21. Household member priorities
22. Priorities of different household members
23. Conflict, household financial negotiations
24. Intergenerational transfers
25. Intergenerational transfers
26. Controlling impulses, short term targets
27. Distrust; security of forms of investment
28. Don't like thinking about money
29. Education through family experience
30. Emotions and financial planning
31. Peer/social group level of spending
32. Expectations about the future
33. Financial care
34. Financial care of children
35. Care
36. Care of children
37. Significance of caring role
38. Financial caring
39. Family financial relationships
40. Women and personal financial responsibility
41. Financial dependence
42. Financial expertise/household management
43. Financial independence
44. Fungibility
45. Fungibility, household accounts
46. Fungibility, labels
47. Fungibility, mental accounting
48. Fungibility; security of assets
49. Fungibility; sources of income
50. Fungibility; vulnerability
51. Health and financial care
52. health, planning
53. Household accounts and financial management
54. Financial roles in households
55. Household boundaries
56. Household finances
57. How to get started?
58. Inheritance; intergenerational transfers.
59. Intergenerational transfers
60. Intergenerational transfers/social norms
61. Institutional aspects of superannuation – tax advantages
62. Eligibility for fund membership
63. Money and happiness
64. Norms of standard of living
65. Peer group
66. Peer group/lifestyle and saving
67. Property and savings
68. Investment in real estate
69. Invest in real estate; social norms of investing
70. Investing in property
71. Tangibility of real estate
72. Public policy and household finances
73. Procrastination; Time discounting
74. Insurmountable goal
75. Long term future; time discounting
76. Retirement is distant
77. Retirement plans
78. Trust/advice
79. Risk, distrust
80. Security of investment
81. Distrust of financial advisers
82. Risk, security of investment
83. Risk, uncertainty, distrust
84. Rules of thumb
85. Savings habits/disposition
86. Short terms goals
87. Small business and super
88. Uncertainty, health.

Appendix G: Additional data relevant to conceptual framework (Chapter 7)

Concept 1: A context of constraints and catalysts

Construct A: Life events and earning an income

Category A1: Doing the child thing

Movements in and out of paid work were either a favoured or unremarkable outcome of participants' role of primary carer:

I initially took maternity leave, then quit. //...and once I got a degree I was working for a very short time and then I had a family. So I decided not to work for about two or three years. I didn't think of work...// And I've always worked off and on, part time except for when we had [Sophi], our last one, and I took about three years off, three or four years off.// So I worked at [organisation] the second time for about two or three years and left when I was pregnant, so I really didn't have very long working life prior to having kids, probably three and a half years tops of work.// I think I'd like to just... go back to work at some stage. I don't really want to go back until the kids are older...// And I had only teaching a term when I fortuitously became pregnant... for the next, seven years I was at home with three small children.// And I went to work in an office doing their paperwork. Then I stopped there, had a child, he's now ten. Um, went back to work just part time at [place of work], then worked there for five years, then stopped again to have another baby.// They were born in '78. Got married in '76, the children were born in '78 and I spent six months at home and then I went back to work full time and then job shared for a while, about three years in total until they started school and then went back to full time work.// And so I did that up until, .. I had [Grace] two years ago. ...when she was eight months old I went back two days a week... and now [pregnant again] I'm going to take maternity leave for the rest of the year.// The children grew up there and that was like the end of my career.//

The relatively short to medium term requirements of accommodating the demands of raising small children weighed heavily:

And when I came here I stopped work because that was about the time I started to have children and kids. And I find it's not worth going back, you know, you have to run around, you are the taxi mum.//

Category A2: After I married I didn't work

Married when I was twenty. And I worked for six years until we put a deposit on a house and then I stopped work.//

Category A3: But if you divorce

I truly think a lot of women rely... too much on their husbands. You know, to support them... if they die it's a different kettle of fish because you are left with whatever they give you, whatever they had is yours. But if you get divorced... you've got nothing...just tell women what that's like... they're not thinking about what if I don't have a husband.// I know that there really has to be something very important done for women ... women will not accept to live in the traditional role of impoverished old women.//

Category A4: As Mum gets older there is a lot of caring

Mum couldn't drive... but I used to take Mum everywhere and we used to go to things.// You know, I just want to make her feel happy. She's eighty-two, she better feel happy now because she worked hard when my father died young.// She left home when she was nearly eighteen, she finished TEE and she met this no hoper, unbeknownst to me, moved to [regional town] with a girl friend straight after she finished school, without my blessings and yeah, she was living with this idiot... and she became pregnant and a week before the baby was born I got a phone call, can I come home?... So yes. There's the three of us.// I've been doing bits of voluntary work, teaching English but as [the two] Mums gets older there is a lot of caring.//

Category A5 We moved over here

Worked in [agricultural centre] and then moved over here with [Doug] my partner, we got together in '93 in [regional town]. And we moved over here in '96, late '96.// I went with my husband to [country one], the first two years I didn't work, but then he moved into [country two] and there I worked for three years.// ...my husband was from overseas and we were going to go back overseas. So I was going to work, get a bit of money and then go overseas... we returned to... [overseas] thinking we were going to be there for about five years, but then there were a few... political complexities, and we came back to Perth.// ...after getting married, we went to [country one] and there we, I spent two years with him but he had spent two years already when I joined him...: After that we came back to [country two] and he worked in [country three] for six years after that.// the father of the kids actually got a job over here. So he moved over a month before us and then we came over.// my partner at the time grew up in Perth... And he was moving back over here to renovate a house and I came over and that's what we did. We just renovated this house together and lived in that...// ... we knew back then he needed to come to Perth for work but we weren't quite sure what the time frame, and it ended up being another two years, so we were together for two years when we moved over here...// I went and did Europe for about a year and that's where I met my husband. And then at that point, we... said goodbye, have a nice life sort of thing and then I came out to Australia for a holiday and then he came out

to [see me], then I came back out to Australia...// We had our first child in [country one]. And then we went to [country two] because my husband wanted to study at university... we stayed in [country two]... for another fourteen months and came back to [country one] ... when he was harassed so much by the political leaders then we left [country one] and came to Australia... And lived in Australia for five years and then when the political situation changed we went back to [country one] for two and a half years... And then we decided to come back here. Because we had got the citizenship while we were living here...// I met [Chris] and was there three years in [regional town] loved every moment of that and then we relocated to Perth, got married, had children...// ... then I came here because I married...// Around that time I met my husband in uni... we moved to [Australian city] in '97, with his work..., and moved to Perth at the end of 2000 and that's where we are now...//

Category A6: When you're in hospital you can't work

Health and workforce participation

I went to the doctor and she said what's wrong. I said I don't know, I keep crying. And we went back through it all and she said you've got a thing called migrant stress syndrome. You've moved too often...// ...had three sons and one pregnancy in between that ended up in a still birth and one miscarriage... it spread the child bearing years out to ten years...// I guess it would be nice to go back to work but I mean, health issues, such as ...back problems... I've just decided that I am very happy with what I'm doing...//

Health and concerns such as direct costs

We've had horrendous medical expenses. I mean last year I spent thirty-two thousand in four months on drugs. Um, you know, that just had to come out of the super funds which were previously allocated, I thought, for me to have fun, or not work, or for the kids...// Different people have different problems... now in our case we struggled through our forties with this child's sickness. So what we would have been did not happen... We had taken a lot of loans to treat my daughter... Most people who came, migrated here, they came with a lot of money earned abroad. And they were young. We were different. We were not young and we had a sick child with us and the beginning was very hard...// All our money, a lot of money, goes on [Tim's] health related things. You know, medications, hospital bills, all that sort of thing...//...my mother had cancer for thirteen years... Cancer is a thing that can go for years and years and years. And whatever my husband has [saved] for my children and for me, I can, you know, gobble it up, so it worries me...//

Construct B: Planning ahead

Category B1: It's really difficult to decide

Honestly, I, just lately I've been very, very naughty too, in spending lots and lots of money because my Mum just passed away and she didn't have anything but lived a really good life... And I thought that's it, I'm going to do it too, I'm just going to spend everything I've got.//

Category B2: 1 I don't want to think about it

I just avoid it. Like the plague... I'm shit scared of having to go near that, because I think of all the things, I mean there's not much work life left, you know, like another thirty years...//

Construct C: Developing and accessing financial skills

Category C1: I learned about this from my parents

Positive lessons:

... Probably because my Dad... he was so into his super, that's probably interested me I suppose...// ... my Dad is the one who would encourage me to put the money away... even when, you know, I was seventeen, if you put five percent of all your money away... and my husband's Dad did the same thing and he actually started putting his money away when he was seventeen or eighteen, the same sort of thing, putting a percentage away... So we've both, yeah, I'd say, been very much encouraged... sort of guided in that sense.// I suppose, it hasn't been a conscious thing of, okay Dad did that or Mum did that..., I suppose now that I'm older I can look back at how Dad was and how we were when we were growing up and things...// She had enough, you know when Dad died, she was on one pension... and she actually managed to save on it, I don't know how, but she did... people say when they're on a pension they can't manage and that. People can if they're sensible. It just that lot of people don't know how to do it. So yeah. So I'm very much like her in lots of ways.//

Category C2: What I will teach my children

General lessons about finance provided to children:

We've gradually learnt about more and more and more and we just talk about it, we pass it on. So from an early age he's aware that when you start work you immediately start putting some money aside, into either property or shares or some sort of investment, you don't just blow it all. And I think he will start out a lot better than we ever did.// And you know, they reckon I drive them crazy because I'm on their backs with them... turning lights on and off but I'm always cost conscious about that.// I've talked to my daughter Sue, you know, I've said to her, make sure that you are into something straight away and then it's going to make your life a lot easier...//

And we've always made them aware of poverty and being compassionate towards others. So my daughter's carried it to the extreme. She and her husband live very simply.//

Category C3: I don't understand how

Some participants lacked confidence in their ability to manage money or access financial information:

I think I need to get some sort of financial planning advice because I'm pretty ignorant as far as that sort of stuff, which is quite sad really... I have to rely on myself really, once I retire.//

Category C4: The type of information I want is

Sometimes the desired information was quite general:

...to have a reasonable life style, how much I would need and like maybe set out a plan as to what I could contribute to achieve that, you know.//...how I can get the most returns for whatever I put in?... I'm sort of thinking you know, did I make the right decision in leaving it with them or should I have rolled over with a different company...//

More information about the options:

... information on how to plan for your future and things you need to know... just information about how to do it and how to save, that sort of thing.// I suppose how to make some money.//...what women can do. ... what to save and how to invest. And what schemes there are.//

Category C6: I might get some advice

Mixed experiences with financial advice:

I did have some managed funds but they're just pouring money into these sweet young things', who are called financial advisers, pockets.//I find that the advice they give [is]... not good advice, I don't believe in their advice.//

Finding a starting point:

...no idea... I don't have a clear picture.// We have a financial planner here, because I salary package... so I see him every year to determine that. But no other than that...//

Getting advice from a source with an established relationship:

... a lot of people pay a lot of money for their financial advisers but we don't that's part of [the bank's] package I suppose...//

Negative views about financial advisers:

... if it was to do with property we would probably, we'd ask all the agents around the place. But I'm not sure whether a financial adviser, if we'd do that.//

Preferences for other sources of financial information:

...we'll sit down and start doing our research. We'll probably start looking at the internet to see what different places can offer us.//

Construct D: Distributing decision-making authority

Category D2: We don't talk about it

...we used to talk about it when, we don't really, I think we've pretty much given up on it. At the moment it's just catch up.

Category D3: I'll leave it up to him

One person acted as financial manager to the mutual satisfaction of both partners:

I was still the person who primarily did the thinking about the finances.//...because he doesn't know what is happening around here because he's a very job oriented man. I almost call him a workaholic, so he's, he knows only that we are existing here. And then he doesn't know how we are paying the loans, how I'm coping with the expenses.//...he's better at budgeting than I am, and he plans out all the bills for the year ... I just tend to sort of live from week to week and I guess just pay things when I have to.//... I prefer to do it on my own, I really don't want him saying to me, "well you know, what's this for? And what's that for?" And then I go through and it makes me think that you know, I really should be trying to cut back.// Well actually my husband and I didn't really argue because I did all the buying and I managed all the money anyway.//

Category D6: Negotiating and bargaining

... his main thing is to maybe, to save for the future. I would like to save but at the time I would prefer to live today properly,... I let him to do the planning and all that but whenever I get the chance then I tell him what I want (laugh).

Construct E: Pooling and separating household resources

Category E1: Our money, his money, my money

Windfall gain of \$1,000 would be spent by two partners in the same way:

I'd go to Bangkok for the weekend...(some minutes later)... I think he'd be in Bangkok half an hour before I was there.//Go on a holiday...(some minutes later)... Take his money and go on a

holiday.// It may just go into a bank account and when that builds up a bit more we'll go 'oh, there's four grand in there. I have fallen in love with a lounge suite so..(some minutes later)... It wouldn't make any difference.// No it wouldn't matter if it was my husband or I...we'd split it if we both wanted something for ourselves... but most likely it would be something for the house.// I'd probably pay of my visa card..(some minutes later)...he would probably do the same, put it to his visa card//

Different decisions would be made depending on which partner gained the windfall.

Participants' decisions about spending a windfall:

I have a lot of plans to do a lot of things in the house. So I will do something like that, get a nice set of furniture or something like that I like.// I'd probably spend it on myself...to treat myself I think.// I probably wouldn't use it for anything sensible... It could be on clothes... or entertainment or whatever... I'd love to do something like that for the kids... and myself. That's probably what I would spend it on, stuff like that...// Probably get the kids new clothes. Maybe go away for a weekend. I don't know, I wouldn't know where to start...//...it goes to the mortgage// I probably would put it in the bank and think it was there... probably put new carpet ...I'd probably think of giving some to [my children]...// I wouldn't invest it...I would probably spend it on the house. Like I'd put up some fencing or things that need doing.

Decisions to spend a windfall in a one person household

It would be a toss up between um, put it in my savings account for my holiday or put it into my mortgage.//

Category E2: Children's money

I'd probably put it away for their school...for their education.// If I had a child... I'd probably give them two hundred to do with what they'd like and put the rest in their bank account.// I'd like to say she'd pay it off on her car but she'd probably go and buy something with it.//

Category E3: That money is separate

That's another account again [for the investment property]. The rent is paid directly into that and the expenses for that are paid out of that as well.// We've got a managed portfolio ...but the directive is that it [income] stays in the managed portfolio. [it's] reinvested.// I've got shares, which I don't think of as money, I just think of as numbers, because otherwise it's hard to trade... a savings account where I manage the property that we've got... That's it's own thing... it's like a separate one.//

Construct F: Family networks and caring responsibilities

Category F1: I help out my son

...while he's living independently because he's in Melbourne, we still send money over to help him out and we still pay his fare for him to come home and visit. So that's the first one. The middle one, dropped out of school and had suffered with ADHD ... he's twenty two this year and hasn't really got a job or anything at the moment. And the youngest one is turning sixteen this year and he is at school. ... So basically none of my children are totally financially independent which makes it hard.//... if [my husband] was here, he'd say I give too much to the kids... once [my daughter] had a baby... I spent quite a bit of money on things for them and that adds up... But I could stop that. I know that.//She should pay it [her board] at sixty dollars a week... she's always a month behind.//...I used to get some money for my birthdays and things like that, then I'd go shopping with my friend thinking okay, 'I'll buy this for me, that for me' and all that. And ultimately I come home with things for my daughter, things for my son, things for my husband. And I don't buy anything.//

Category F7: Receiving an inheritance

I guess I've been spoiled that way... because we are of a culture where we really, everything we earn goes to the child, whether it be real estate or something like that. I don't know if that's making me slack or I don't know if anybody else is like me in that way of thinking. My parents, whatever they own they've actually split among my siblings. And that's the same way I'm going to do with my son. I don't know if it helps that I know something's coming to me anyway.//

Construct G: Another thing is the society we live in

Category G3: Money and peer groups

Negligible social expenses:

...we're very lucky that, well our families ... they don't just lash out and spend a lot on rubbish. So... the pressure isn't there to throw big lavish parties or buy expensive gifts or wear the best clothes and designer this and designer that, it's just not there. So we're lucky.//...well I have a drink, but neither of us smoke. [My husband] doesn't drink at all. We eat out but mainly with friends at affordable places.//

I spend more than I should:

[Nick's] Greek and his family have had a bit of an input in their expectations of what we should have. It's really become apparent with the wedding, like, you can't do that, you have to do this... And so they've affected our savings in terms of I'm paying someone to do something I could do by myself.//... when I was working full time and I was in high powered jobs, I needed expensive

clothes, I needed to wine and dine an awful lot and all that sort of junk. And I've really wound back on all that sort of stuff.//

Concept 2: Compromises

Construct H: Adjusting patterns of workforce participation

Category H1: So I went to work part time

I was already pregnant with my second child, so I came back and worked part time because we were pretty broke//...just sort of working there part time after I had the kids.// From the time I left to have my first child until I came back to study I didn't work at all, no part time work at all. But in that period where I was studying part time, I did some part time work in a gift shop, at a school as a teacher's aide, you know, a few of those sorts of jobs, before actually getting permanent part time work here.// ...maybe when they're in high school. But probably not full time, I like working part time//... if I go back corporate on a part time basis I'll probably earn lots more and I can leave my work at the office which is something that a mum would really appreciate.// ...and so I did that up until, relief and then small contract work and what not up until I had [Grace] two years ago. And then I took, went back to work when she was, how old was she, eight months, when she was eight months old I went back two days a week.//

Category H2: To keep the job and have a bit of time out

I am thinking of selling [my business] within a year, only because it's become a very expensive hobby, a beautiful one, a very passionate one, but if I'm thinking really business wise, oh it's hard.//

Category H3: So I went and retrained

Retraining or changes in occupation prompted by caring responsibilities:

I started in my Masters and really decided that was it [for my previous occupation]... having been sacked [because of no maternity leave provisions] was a pretty awful experience.// But later [after having my children] I thought I'd like to work. By that, I thought, I can't sit and wait and wait. So I thought I'll do something. And I have a talent in sewing. So I thought I'll register myself as a, with the Australian Business, I got a ABN number and I started sewing.// Over here I worked in [food processing company] for a little while and then I worked at [Hotel] just barmaiding... then I did a real estate course last year... I think I worked in that area for like two months. But I just found it too intense. There was no time for the family at all doing that job.// And I had only teaching a term when I fortuitously became pregnant. So I left school... I've always been quite good at sewing. ... I ran a dressmaking school from my home...// I went to work in an office doing their paperwork. Then I stopped there, had a child, he's now ten. Um,

went back to work just part time at [department store]// ... and then worked for the tax office... got married, had one child and then took a redundancy and got into small business for myself.// I had my children, I left then and had [David]and [Sue] and I didn't work, only in a voluntary capacity, I worked at the school [and the church]... and [later]they could give me full time work as the aid there.//

Choosing to change career due to dissatisfaction or just for a change:

Market research in itself was very interesting but I didn't appreciate working in the television environment because there was a lot of sort of attitude, and people running around like prima donnas and I couldn't handle that. ... I thought we'd like a family and couldn't get pregnant. So I thought... I'll go back to university and become a teacher and I will enjoy other people's children (laugh).// I did my TEE but I didn't go straight into uni, I went and did a business course at TAFE and I became a secretary for a year. And then I went to uni and I did primary school teaching for three years... when I did my TEE the score was higher for primary school teaching. And then two years later the score dropped dramatically so I was able to get in.// I left medical technology because I thought I couldn't really get any further... I decided to do teaching, came back, did that and I'm not really sure what I want to do when I leave teaching ... All I know is that I want it not to involve kids.// "I think that, you know teaching's an income, it's an existence, it's not, for me, I don't find it intellectually challenging, satisfying, or stimulating...//

Construct I: Simplifying household management

Category I1: Doing the spending

I mean basically I do most of the spending because I'm the one who's out and about.//

Category I2: Being careful and shopping around

I was always so careful... I always cooked everything from scratch, I'd make the chips, whatever, make pizzas, made them from scratch...// We have to be really careful with the gas and electricity.//

Category I3: Paying the bills

I used to pay all the bills.// I pay all the bills.// I mean I'm not good at managing my budget but what used to happen was that I had total responsibility of, you know, managing the dollars and the bills and all that sort of stuff.// I mean, we used to talk sometimes, like the bills are getting me down... because I was the one that was focused on paying the bills...//

Category I4: Making major purchases

... and you know, if there's anything bigger that we want to buy, we always discuss it. We say, what do you think?// Usually I say we need something or like, things like televisions, he needs it ... And we'll both go out, ... we decide.//

Category I5: Rainy Day Savings

We hardly save anything. Since we have a sick child we always have a little for a rainy day kept aside. Other than that we didn't have much savings.// I only put a small amount away for myself. Because I don't have heaps to put away. But at the moment I don't really have anything that I'm saving for. I just like to have that little bit of back-up money.//... the remaining few shares are just sitting there for desperate times... That's earmarked for just absolute emergencies.//... we really do, in our heads, set it aside. So it's not to be touched, it's an emergency situation only.// And then I have a savings account that a certain amount goes into every fortnight, um, and that's usually because I want to save up for a holiday but usually it goes on something like, my car blows up...//...So you really have to save for your rainy day.//

Category I6: Real Saving

When I think of savings I think of money, cash in an account...but, the reality for us is it's not working like that. It's going in to building up assets, getting equity and stuff.// Our idea of saving is, we don't have our money in fixed deposits, because it only attracts tax and things like that. So we, we had a rental property, so that we would really try to save. We had a rental property for three or four years and then we sell it, and then whatever gain we get we put that into the mortgage account. So that's how we save.// Really, I guess we don't have a savings plan. Our [property] investments at this stage are our savings.// But we talk more about investing and trying to make money rather than savings.//...we started with nothing really. We started with nothing and when we split up there were three tractors and a carrot harvester and a manure spreader... It was worth quite a lot of money... Another block [of land] as well.//

Construct J: Making decisions

Category J1: No decision to be made – what's coming in is going out

It's pretty much what's coming in is going out.// It [money] doesn't come in much and it goes out a damn, a lot.//... we feel that we can't save but we'd like to save.// Basically we live on the edge which that means that our commitments equal our salary and the only thing we plan for is maybe a little holiday a year. You're talking up to a thousand dollars and probably less most years, it's usually about five hundred dollars, you know a local holiday.// We get paid fortnightly, both of us. And the first thing I do is pay the bills. Then I do my groceries and then there's nothing left for anything else.//

Category J2: Deciding to decide later

I never saw myself saving money while I was doing this course. I mean it never even entered my head to do it...Even if it was five dollars a week, it was like, I am not saving... You know. So I never had that intention while I was studying.// I do go in the bank and I look at it and I just really don't want to think about it. ... But that's because I don't have anything now... You know, maybe if I go to work a lot more hours um, then I'll think about it again...But as, well when my kids are little, I can't do it. I can't think that far ahead. Which I really should, because when I was younger I did and now when I really should, I don't. It's not that I don't, I can't.// The middle one is still at a loose end and he needs support, so until he finds his direction we're supporting him. Probably financially too, through doctors and that kind of thing. And the younger one we're still paying fees for him and then he will go to university at a time when they have raised the fees by twenty five percent so he will also need financial support from us. So I can't see us being out of the water for quite a few years yet... So any financial decisions for ourselves is going to have to be on hold for at least five years.// Well since he works for himself he doesn't have any super or anything. So until we get that house that probably will go on hold. Once we get a house we'll probably concentrate on that.// I mean, so far as I know the plan as I know it is that we're just going to get the mortgage down on the house by which time we'll probably get another house and get it built up again and start putting more, once that's down, putting some more into superannuation.// I mean basically that's exactly what we'd be doing, you know looking into Chris's superannuation, you know, what we've got from the house, the shares and knowing, I suppose, the older Chris gets, the older we get, we really do have to look at other means of saving which had we not been going to a financial planner, um, down the track we might not have, you know, I'm actually hoping that this will give us more financial security than if we had never been.// We had a long talk with him and he suggested a lot of things which my husband still hasn't got around to doing anything about. I think one of these days that it's going to hit him really hard that we are old and then he might do something.//

Category J3: Use 'this' income for 'that' purpose

... we basically live on Tim's wage... my salary, just really pays for school fees.// Well with my new partner, he runs his own business so he manages all our bills. I don't have anything to do with the bills. And whatever money I get off, for the kids, family tax benefit whatever it is, that just goes towards their schooling or if they want to go out on the weekends...//... his was the saving money and mine was the money that we spent...// Well his is used mainly for the groceries and the mortgage. And then mine is for the bills, and entertainment I suppose.// But that's what we do, his money for spending and that sort of thing and my money for the mortgage and the bills.// So his salary tends to pay the mortgage and cars, car repairs, bills such as electricity, telephone, that kind of thing. My salary goes into a little bit towards the mortgage to help that out and food

and everyday expenses like haircuts and clothes and medical bills, chemist, that kind of thing, dog food... my car, it's a bomb... we decided that we should change it, so that comes from that account, the Centrelink [account]...my salary is going straight into the mortgage and ... we always pay everything out of his salary, so all of our living expenses, all or house insurances, all our bills, our rent, everything came out of his salary.//

Category J4: Save what you can and spend what you need

I'm very bad at spending money. I suppose in a way that's saving money. By not spending it on a lot of things. Um, I, we're not very materialistic about our possessions and what we have. That sort of makes it easier.

Category J5: Save a set amount, then spend

Delay your gratification for now until at the end of the year when you're sure of what you've got then you spend what you have.

Category J6 Targets, goals and special accounts

Establishing a goal or target provided a process which ensured saving:

I have family interstate so that's a driving factor for me to put some money aside for airfares and holidays. Just for myself and my little boy.// And if I have a target, like okay, if I'm going on a holiday, I have to save three thousand dollars before the end of the year, so that makes me sort of save. Looking at a target. It's easy. Otherwise, I think okay, in next two years I will save this much, there is not much incentive to save.// I've never been a good saver, as far, I mean, if I'm motivated, I can save. You know, like we love to travel overseas, so you know, if we sort of say, we need ten thousand dollars to you know, for some trips overseas, then yeah, that's easy, I can commit myself to saving that money. But just for general everyday saving, like being a regular saver, I'm hopeless. I can't do it. I need a purpose I think.// I've two savings accounts actually because I owe my mum some money. So I put her money away, I put my savings away, so that's two accounts.//... if you want something in life you have to save for it. That's the way it goes.//

Holding multiple accounts for undefined purposes:

He has a separate savings account where however much he earns he puts away in this account every week...// I've got a classic which is just where my pay goes in, I've got a credit card which is about seven thousand dollars worth... I've got another one which is called a bonus saver in the same bank. I've got a credit card in the ANZ and a credit card in BankWest, I just hang on to them 'cause I've got them I suppose. I basically use the credit card in Westpac. That's about all

I've got...my mortgage, my super fund and my savings account and the rest just sort of sits in my bank account and I use it as I need it.

Using different accounts for different uses:

Well there's a joint account, which is my husband's account and mine... And then there's my account which is separate and my wage goes into that... And we do have one other account that is in both our names and it's got a high interest rate. I've got a basic savings account, a mortgage saving account and a Christmas club account. That's it...Credit cards yeah, I did have two until my purse was stolen on Saturday...we are with the one bank and I think, we've got seven accounts... Mick has about three different accounts. One account the house and everything comes out of. One is kind of his play account. Actually, I think he's only got two now... I've got two savings accounts and one trading account...

Category J7: Automatic deductions and 'compulsory' payments

Establishing "automatic deductions" to specified accounts:

Well I just have it automatic, it all goes through automatically, I've set up a payment so that makes it easy... Because I live out of my first account, it's not even, it doesn't even go there, it goes straight into my other account, so that makes it easy. So it's not even, like, I have to leave that money there or anything. It's just separate it's done for me sort of thing. Savings. Whatever's left over. No, no. We actually have a system where our dream saver actually gets money from our cheque accounts on a regular basis. Every month it takes out a certain amount. I set up an automatic payment. That was actually when I opened the second account that I've got... And I set up an automatic payment where some of my pay went into that account every fortnight. Um and you know, I didn't touch that account most of the time. And ah, that worked well for me.

Compulsion to assist with saving

I think you have to create debt to get ahead...a friend of ours was working with AMP and made us sign up for all these things. So, oh yeah, you just do it for your friends. But we had lots of money, so you didn't care. You just did it. Which was a good thing because in the end we got another ten thousand dollars from that. But after we signed up we were very afraid, very anxious for about two years and then after we sold it we said, oh I think it is a blessing in disguise, because we were actually, like, not forced, but sort of like pushed into it. Without somebody pushing you might not move. So if, I figure if I don't have the push I might not be doing anything.

Construct K: Using cheap and easy information

Category K2: I do have a friend who's quite canny

I should have gone into that when I started because I started work with my next door neighbour and she said I'm going to go into this straight away, and she said do you want to go in? and Ned so no, we need the money now, we don't need, we'll be alright. But in hindsight, that would have been the way to go.

Category K3: See what everyone else does

...it's nice to read how the other people go...just for information's sake... like when you read a biography, you think, you tend to compare yourself with that situation...from a fairly selfish point of view, I wouldn't want to read about too many people doing wonderfully well...// Just to see whether I'm that different from anybody else... different people's backgrounds and life stories and circumstances...// I'd like to know that I'm at least as good as anybody else who's been interviewed...// I'd like to know from other women, when they started actually thinking about their finances... I think it's really important and I'm just a bit sad that I left it so late really...// I am interested, you know, what other people do...// It would be interesting to see how people start off... influences in their lives... what they think they're capable of...//

Concept 3: Retirement planning and futures

Construct L: Where to keep savings... and why

Category L1: Buying a home

A significant priority:

...our priority's really just getting equity in our property...// I've got the kitchen in mind, then I'd like to do the bathroom. Just basically overhaul the house. And hopefully, maybe five years down the track sell it, get something maybe a little bit bigger with a smaller garden...// The savings were our mortgage...//...all the money goes into the offset and then into the mortgage...// we hate being in debt, so that's why we're paying off our house as quickly as we could...//

As an investment vehicle:

... it's like the fishbowl theory. Small fishbowl, suddenly it's not enough and then bigger and bigger and the investment's bigger but then when it's either time for you to sell it or something, hopefully it's going to be a bigger return as well...// So basically we're just leaving all other investments and just trying to get the mortgage down at this point...// And hopefully I might be able to subdivide the ten acres into say, two five acres blocks to start with and sell the other five acres. That's about my long term plan for retirement. I don't have much in the bank...//

Category L2: Investment properties

Property - as safe as houses:

I mean it's like property, you know, like we didn't buy this place as an investment, we bought it to live in...but it's turned out to be a bloody good investment... Whereas when we do go to buy an investment property, I'm going to be a lot more nervous. (laugh)// Getting the house would be the first step. Um, staying in that for at least, being in that for at least six years so we could pay off as much as we can on that mortgage before we took out a loan to get anything else. So yeah. That will be the first step. The second step will be getting, maybe, buying a little unit or something like that. Little to start with and then building our way up.// So we're really heading down the property market for our savings future.// Oh, if I had my way I'd have seven or eight houses dotted around and collect the rent as a little old lady.// So I'm hoping that over the next say ten years we're able to build up that portfolio to maybe between ten and fifteen properties...Which after our house is paid off, we will start actually start getting not only getting interest only but start paying those off as well.// So we'll invest it in something. Maybe not managed funds again... I think probably property would, be long term, better investments.// This is my hard earned money and nobody's, I've worked hard for it and it's honestly earned money, so when you put it like into a house, he feels safe. They do say safe as houses.//

Category L3: Superannuation

Fees:

And then they turn around and say people aren't saving, it wouldn't matter how much you save, these rates and charges are just destroying the superannuation schemes.//

Membership of generous schemes:

I think I've got like thirty-five thousand dollars or something in that contributory one... And the non-contributory one, there's another five or six grand. So it's not huge... And oh, when I was working at the fire brigade, they had a separate, that was my first job in the public service, they had a separate scheme that wasn't part of the government scheme. And so I've got like a whole thousand dollars or something in that one. And that's about it.// And also I'm putting in two hundred a fortnight into, I'm putting money into Goldstate quite a lot, but the five percent I'm allowed, but you're only allowed five percent... But Weststate you can put in up to half your salary, which long term I think I probably will do, because I've only just finished this deferred salary scheme and it means that although I get now \$518 gross... I'm only getting \$327 in my pocket because the rest is going to the tax man... Given that I can put up to fifty per cent in Weststate, I think I probably will do that once we been away in the third term, once we get back I'll do that.// I know when I first started I was on probation and for the first three months I didn't

pay super. But once I'd gone past my probation they then started taking super out. And I've still got that superannuation stashed away because that was a generous scheme that was two dollars from them for every one dollar of contribution... And even though I've investigated that several times with insurance, um superannuation people, they haven't, no one has been able to come up with a package that is better than that.//

Awareness of superannuation by participants in less generous schemes or no scheme:

When I started seeing super as pay, and that other people were getting this pay and I was working and not getting it. That's when it changed my mind.// I actually, when I went back I thought oh maybe I should start and put in, even just a small amount, but I haven't as yet. I haven't done anything yet.// I did get super... Because a friend of my oldest son was, worked in AMP and he came around and sold me some super. So I did have a bit of super then. But it was worth nothing up until now.// The only super I have is the one I had from the tax office. And it's there somewhere and that's it. Until I reactivate it again.// I was fifteen when they started doing super. When I was still working in the service station...I've put them [different accumulations] all in together.//

Awareness of partner's superannuation:

[Doug's] got, his super's quite healthy looking.// Yeah, he does, pay extra into super.// Ah he has compulsory savings going to [his super fund].// He got some money from [the mining company] but then what he's got with [new funds] is a hell of a lot less than I've got.// So it wasn't super deductible from my super, it was just a payment, and that was paid for something like seventeen years... Out of my pay.// I have to keep working because we didn't have enough superannuation with [Ned's] super.//... my husband works for [organisation] so I don't think we are going to get anything like that [superannuation].// ...he has his own super, the one that is compulsory.//

Category L4: Managed funds and shares

Negative sentiments about holding shares:

I said the best way is to increase, to put some money on shares... But he is very conservative... he thinks everything has to be in a fixed deposit or a house, or something like that, not in shares.//...we sat with the financial adviser and he recommended shares and things like that and stuff, and that's when we got the loan. But I just never felt confident about it, I just didn't feel comfortable and I thought, well, you know, it's not just a thousand dollars, there's fifty thousand here and it's not my money. So I didn't really feel comfortable...// You know, if you have some spare money to spare or money to play shares with then go into it. But then if you don't then do something else.// Oh no, we don't do shares because I'm too scared of shares...// I'm not a

*gambler.” (In response to a question about whether the participant had an interest in shares)//
So he bought a lot of his shares yeah, when he was single, when he didn't have a family, you know, that was fine. In recent years, I have an aversion... to shares. I always say to him this is paper money. I don't see it, we can't spend it.//*

Positive comments on shares and managed funds:

..., he seems to have consummate faith in these brokers we go to. Working on the basis that he's, it's a recommendation from friends of ours... who've been with this firm for fifteen years and they've made them a lot of money.// So out of a superannuation fund and that's into direct shares, not managed funds. So there are those shares there, which I'm a bit happier about.// I don't think my method is very good but I just read the papers and if like, three or four writers recommend that share then I'll just go for that..., So I'm not like, you know, like people who analyse charts and diagrams but I stick to blue chips and I don't go for speculative and very volatile, so just blue chip because they are safe and also because they have a good dividend.//

Category L5: Avoiding risk

I know most of my friends, don't want to take risk, they don't want to be putting their money into something that could fall apart and therefore you end up going backwards. But they also don't want to miss the train. They don't want to get to retirement and think oh my God, I should have been doing that.//

Category L6: Providing for the children's education

Adrian's account is basically saving for his education, you know, that's why we try not to touch except for those things.// When she passed away ... she left us a sum of money that she had saved through working... Well by the time Bob was in year five that had grown to something like sixty thousand... And that's why we were actually able to pull Bob out of [primary school] and put him into [private college]. Because without that, without me working, it was going to put a huge financial strain on us. So given that, that we haven't actually had to pay for the boys' education at [private college]// I don't know what our plans are there. Get these kids through school and we'll think about it.//

Construct M: Thinking and planning for retirement

Category M2 Accommodation, transport and health

Accommodation:

A granny flat... In a retirement home. Aagh! I think it will be sad but I mean what can you do about it?//

Health:

The only thing is I do, I do want to have, I want to be fairly comfortable. And I know it's going to be expensive, I suppose. And I probably will have Alzheimer's too. It's in the genes and well, my son's going to have to look after me I suppose.//

Construct N: In retirement I will live on

Category N1: I don't know

We don't know. Still the children are a little young to think...// Yes, zero... No. I don't know. I'm a bit lost.// I have no idea. I have no idea.// No, I haven't a clue, I don't know, I have no idea.// At this stage no. You know, with my super things change, depending on how long it takes to hit that peak, you know with the share market going up and down, no, at this stage no. But I'm very frugal, so I think I'll be okay.// No but I haven't got anything as far as planning for retirement.//

Category N2: I guess it will be...

I think we should really work things out ... my husband always says, you know, just go as things are and see how it works out... maybe he can earn and invest in something, that is the only way we can do something.//

Category N3: I hope it will be...

Hopefully we'll have the mortgage paid off, I'm praying, he'll be praying too... and we would have put away a bit for retirement and things like that... probably invest it in either a property or land or something.//...our plan of attack will be, just buying property... that's our only plan of attack that we've got at the moment... that's what we hope to do.//

Category N4: The plan is

I don't think the superannuation will be enough... So basically we are planning that... that we can have some lump sum and have one or two rental properties into retirement.// I've got this awful optimism about how much money I'll be able to make as I get older. ...it doesn't worry me at all. I'm not concerned about supporting myself financially. I feel like... this investment property has worked, and it is working and continues to do so, and I factored in all kinds of things.// ...there's superannuation, the shares, the house, because we would sell that and we've also negative geared a unit...//

Category N6: I don't think I'll ever retire

I don't consider that I'll ever retire a hundred per cent. I consider that because I've been a consultant for the last seven years and I'm a part time consultant now, I will continue being a part time consultant indefinitely...// I sort of think we'll probably be working a bit later than most people... I just know we're not going to be rich, so we're going to have to work for as long as we can.// I hope to work at least until I'm seventy, I hope to work even longer. I'm fairly fit for my age I suppose.//

Category N7: Maybe pensions aren't going to be around

I suppose that it hasn't hit home very hard yet that the reality is that maybe pensions aren't going to be around for us. It just hasn't sunk in.// I'd hate to live on the pension. My Nan's living on the pension and she's fine but I don't know, I'd rather have access to that money and do what you want with it when you want, not have every second Thursday where you go down the shop and get your money.// So [my father in law] is still actually getting just a very small pension but there will come a day when that no longer is available...//

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