

# Economic security of older Queenslanders

To progress towards an age-friendly Queensland where seniors can keep working, learning, and building their skills, we need to understand the broader social and economic drivers impacting the decision-making of older Queenslanders regarding work and retirement.

This fact sheet examines the economic security of older Queenslanders through understanding changes over time in their labour force participation, retirement intentions, and economic situation. Where possible the data has been presented by sex to highlight disparities in the economic security of older men and women.

## Who do we mean by older Queenslanders?

For this fact sheet, older Queenslanders (or seniors) refers to persons aged 65 years and over, unless specified otherwise in the text and charts.

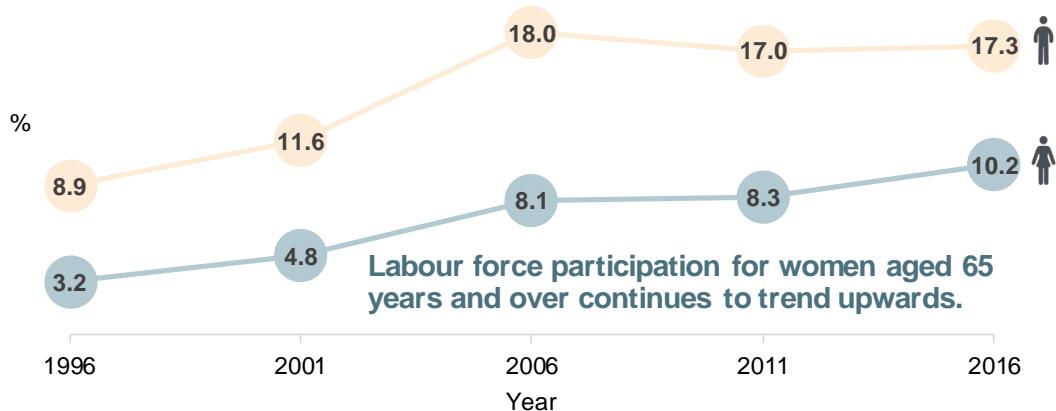
Refer to the glossary (page 10) for definitions of other terms used in the fact sheet.

## More older Queenslanders in the labour force

Supporting older Queenslanders to stay in the workforce longer, or re-enter the workforce, is a priority for the Queensland Government. Older workers make an important contribution to Queensland's workforce through sharing their diverse range of skills, experiences and expertise.

At the time of the 2016 Census, more than 1 in 8 (13.5%) older Queenslanders aged 65 years and over were in the labour force, up from 5.7% in 1996. Labour force participation increased for both older men and women over this 20-year period, although participation for older men has plateaued since 2006 (Figure 1).

**Figure 1: Labour force participation, older Queenslanders by sex, Census years**





Labour force participation declines steadily with age, although participation by males is higher than females across all older age groups (Figure 2).

Analysis has shown that people around the traditional age of retirement (65 years) are remaining in the workforce for longer than their previous expectations indicated<sup>1</sup>. Many older Queenslanders choose to continue working beyond the traditional retirement age to retain social connections and continue making an active contribution to their workplace. However, for some older Queenslanders there is economic pressure to remain in the workforce due to insufficient accumulation of wealth and assets to fund a comfortable retirement.

**Figure 2: Labour force participation by selected age groups and sex, 2016**



Looking ahead, factors such as insufficient retirement savings, improvements in life expectancy, increase in qualification age for the Age Pension, and policies to support mature-age workers, are expected to drive a continued upwards trend in the labour force participation of older Queenslanders.

## Older Queenslanders more likely to work part-time

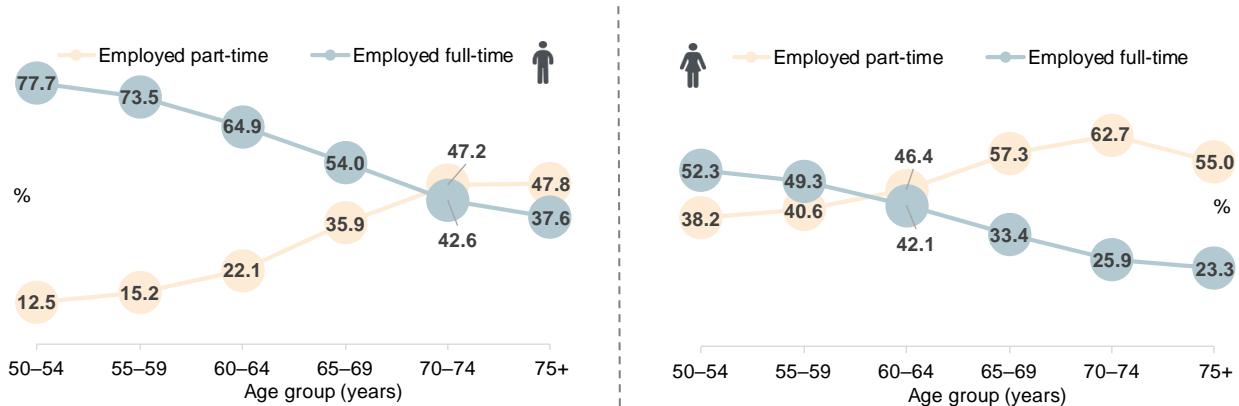
Analysis has shown that people around the traditional retirement age of 65 years who are remaining in the labour force for longer than their previous expectations indicated are more likely to be doing so on a part-time basis<sup>1</sup>. Census data shows that participation in part-time employment by older Queenslanders in the labour force has increased significantly over the last two decades, from 39.9% in 1996 to 47.3% in 2016.

In 2016 females were more likely than males to be in part-time employment across all older age groups (Figure 3). Uptake of part-time employment as people age also differed notably by sex, with more than half of males aged 65–69 years still in full-time



employment compared with 1 in 3 females in this age cohort. Part-time employment became the most common employment type for males after their 70<sup>th</sup> birthday.

**Figure 3: Employment status of older Queenslanders by age group and sex, 2016**



Part-time employment is used by many older Queenslanders to support a voluntary transition from full-time employment to retirement, as well as enabling balancing of work with other priorities such as volunteering and caring responsibilities.

For example, older Queenslanders working part-time were more likely than those working full-time to be providing unpaid assistance to a person with a disability, unpaid child care and/or undertaking voluntary work (Figure 4). Across both full-time and part-time employment, women were more likely than men to undertake unpaid assistance to a person with a disability and/or unpaid child care.

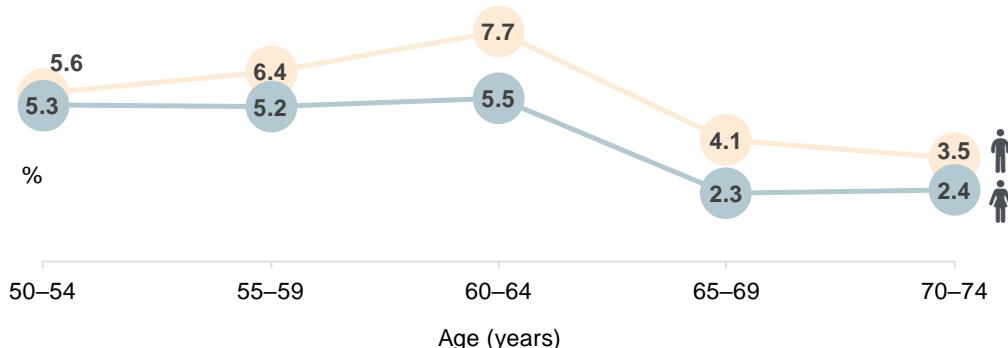
**Figure 4: Provision of unpaid assistance and care, and participation in voluntary work, of older Queenslanders by employment status, 2016**



At the time of the 2016 Census, the unemployment rate was highest for older Queenslanders age 60–64 years, before declining notably at age 65 years and over for both males and females (Figure 5). Across all older age groups, the unemployment rate was higher for males compared with females.



**Figure 5: Unemployment rates of older Queenslanders by age group and sex, 2016**

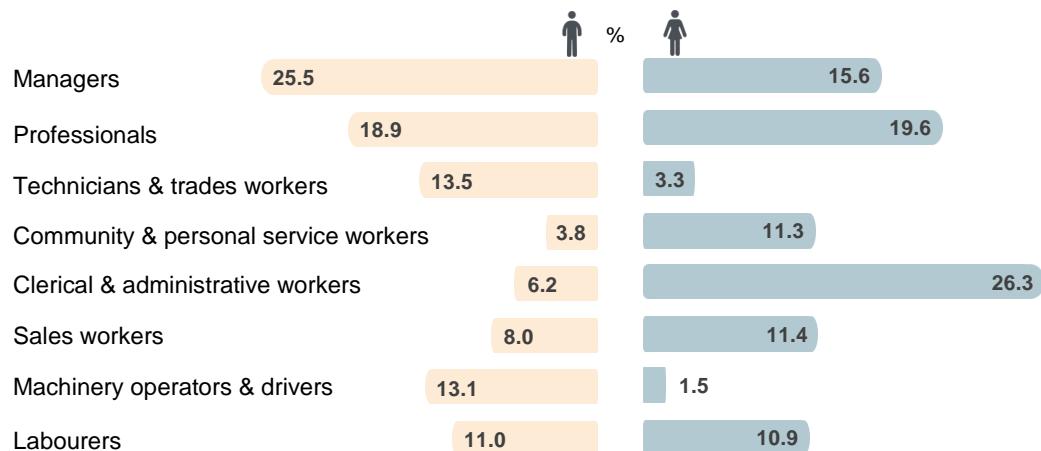


## Occupation and industry of employment

For those older Queenslanders employed at the time of the 2016 Census, there was a clear gender segregation in industry and occupation of employment. Gender segregation across industries and occupations is driven by several factors and has a significant impact on wealth and retirement savings, with female-dominated industries and occupations generally attracting lower wages than male-dominated industries and occupations<sup>2</sup>.

Older men were more likely than their female counterparts to be employed in the male-dominated occupational groups of Managers, Technicians and trades workers and Machinery operators and drivers (Figure 6). Comparatively, older women were more commonly employed in the female-dominated occupational groups of Clerical and administrative workers, and Community and personal service workers.

**Figure 6: Occupation groups of employed older Queenslanders by sex, 2016**

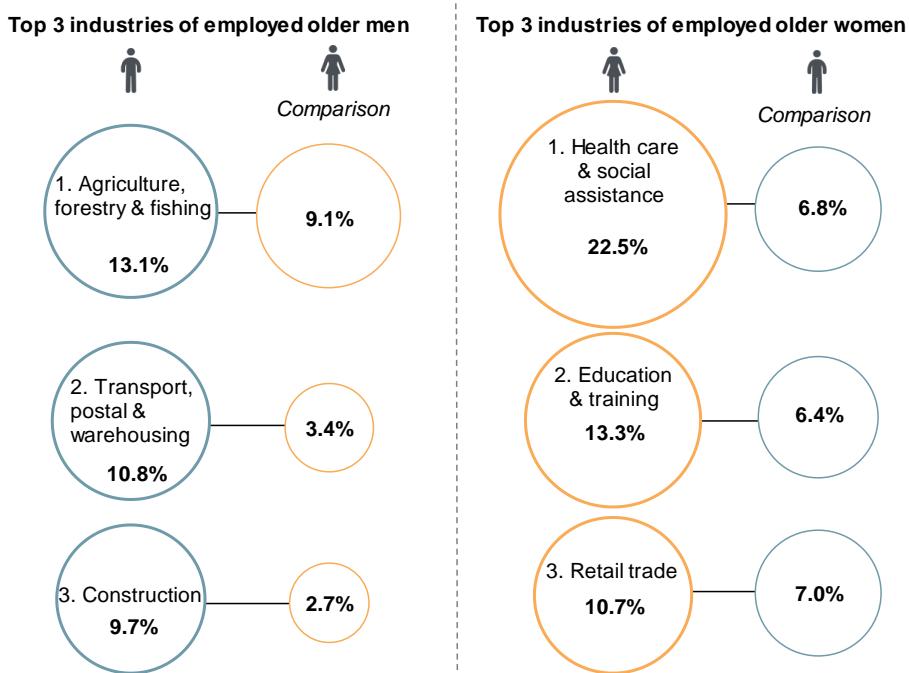




Employed older males were more likely than employed older females to be self-employed (40.4% and 25.5% respectively); this was the case across all occupational groups except for Machinery operators and drivers.

The top three industry groups of employment for older Queenslanders in 2016 also differed by sex with the top two industries of employment for older women considered female-dominated industries, while all three top industries of employment for older men are considered male-dominated industries (Figure 7).

**Figure 7: Top 3 industry groups of employed older Queenslanders by sex, 2016**





## Intended retirement age is increasing

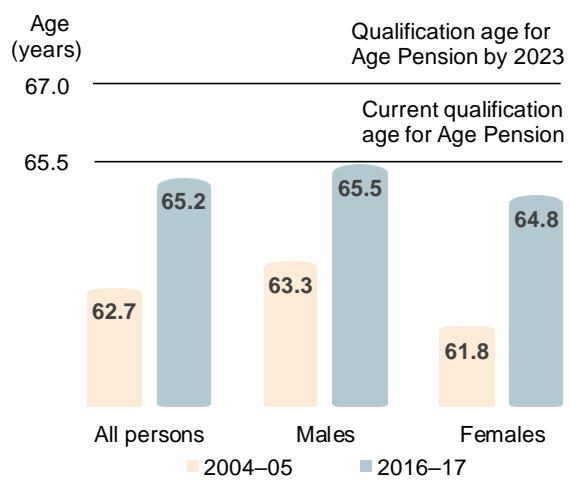
Retirement intentions provide an insight into future trends of labour force participation by older Queenslanders. The decision about whether and when to retire depends on many factors, including consideration of financial security, personal health or physical abilities, and other personal reasons, as well as reaching the eligibility age for an age or service pension<sup>1</sup>.

In line with increasing labour force participation of older Queenslanders, there has been an upwards shift in the average age of intended retirement, with this shift particularly notable for women (Figure 8).

The large shift in intended average retirement age for women has been driven by an increase in the proportion of women intending to retire between 65–69 years of age or 70 years or older (Figure 9).

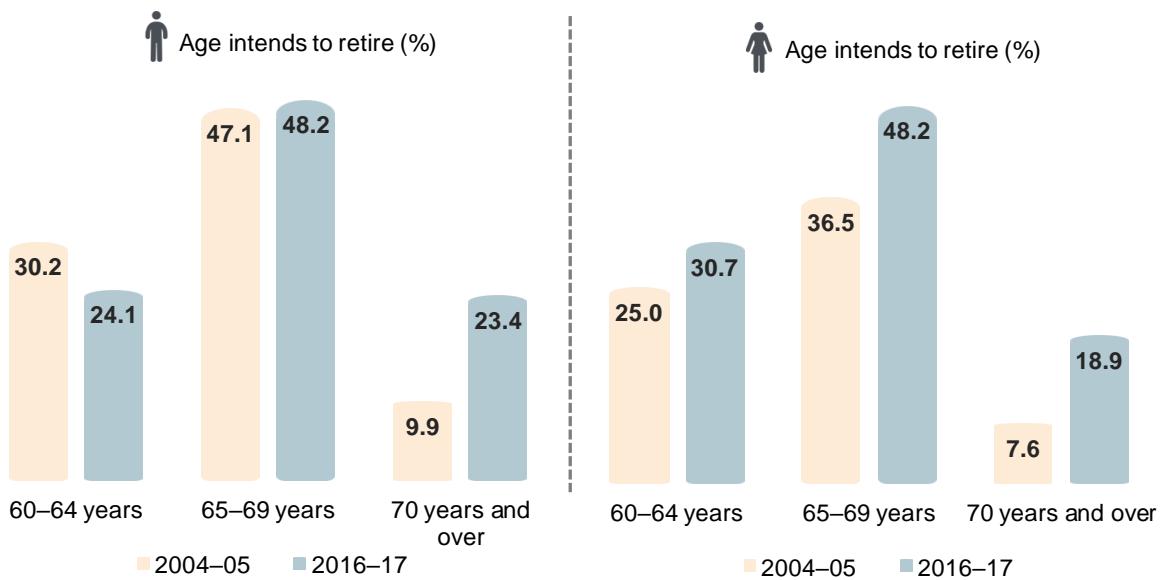
Males have also experienced a shift in retirement intentions towards 70 years or older, with the overall proportion of Queenslanders over the age of 45 intending to retire at age 70 years or older more than doubling from 8.9% in 2004–05 to 22.0% in 2016–17.

**Figure 8 : Average age of intended retirement, persons aged 45 years and over in the labour force by sex**





**Figure 9: Proportion of persons aged 60 years and over in the labour force by sex – age of intended retirement**



In 2016–17, financial security, and personal health or physical abilities were the most common factors nation-wide influencing decision-making about when to retire. Looking ahead, changes to the Age Pension qualification age will also be an important consideration, with the qualification age increased to 65.5 years in July 2017, and six-month increments every two years reaching 67 years by July 2023<sup>3</sup>.

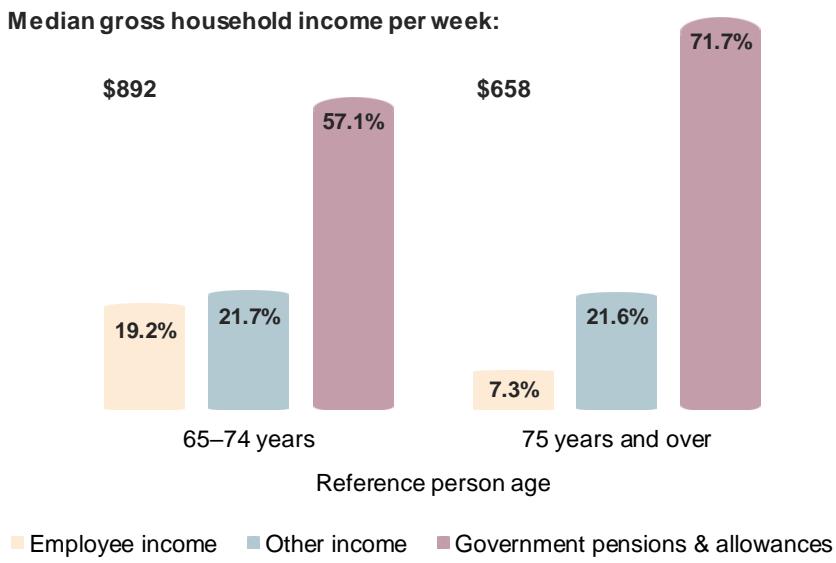
## Majority of older Queenslanders rely on government pensions and allowances

One in 5 households surveyed with a household head aged 65 years and older relied on other income as their main source of household income, including income received from ownership of financial assets (interest, dividends), non-financial assets (rent, royalties) and/or other sources such as superannuation.

Employee income was the main source of income for 1 in 5 households headed by a person aged between 65–74 years. Fewer households in this group relied on government pensions and allowances as their main source of income compared with households headed by a person 75 years and older (57.1% compared with 71.7%). These differences are likely to have contributed to a higher median gross household income in households headed by a younger rather than older person (Figure 10).



**Figure 10: Main source of household income and median gross household income per week, selected Queensland households, 2015–16**



Nationally, the main source of household income for retiree households was dependent on the level of wealth of the household, with high wealth retiree households more likely to draw on other income compared with low wealth and middle wealth retiree households, who were most likely to rely on government pensions and allowances<sup>4</sup>.

### Spotlight on superannuation

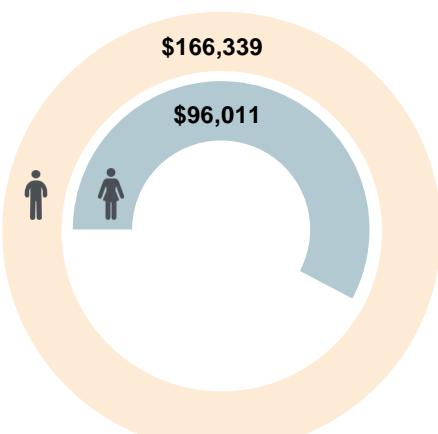
Nationally, it was estimated that 1 in 4 females aged 55–64 years had no superannuation coverage in 2015–16, compared with 1 in 6 males (25.6% and 16.0% respectively). While the proportion of persons approaching retirement with no superannuation has been trending down, these figures still represent a significant proportion of the population who will likely be relying on government pensions and allowances to fund their retirement.

In addition to the gender gap in superannuation coverage, there was also a demonstrable gender gap in the median superannuation balances of persons aged 55–64 years nation-wide in 2015–16 (Figure 11).

This gap is the result of women's interrupted participation in the labour force, and industrial and occupational gender segregation resulting in unequal remuneration<sup>5</sup>.

Looking ahead, it is expected that average balances will rise as the compulsory superannuation system matures and as cohorts of women with more paid labour force experience move through the system<sup>6</sup>.

**Figure 11: Median superannuation balance at age 55–64 years by sex, 2015–16**





## Economic wellbeing is dependent on income, wealth and household spending

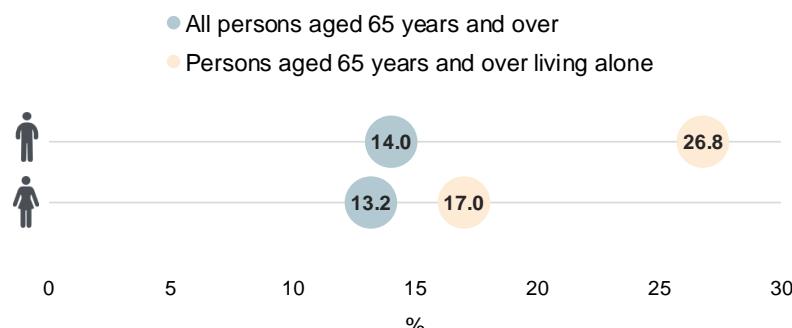
More than 1 in 8 males and females aged 65 years and over were estimated to be living in low economic resource households nationally in 2015–16 (Figure 12).

### Who do we mean by low economic resource households?

People with low economic resources (i.e. low consumption possibilities) are those in households in the lowest two quintiles (i.e. 40%) of both equivalised disposable household income and equivalised household net worth.

However, older males living alone were far more likely than older females to be living in a low economic resource household, representing a notable difference in living circumstances between the sexes.

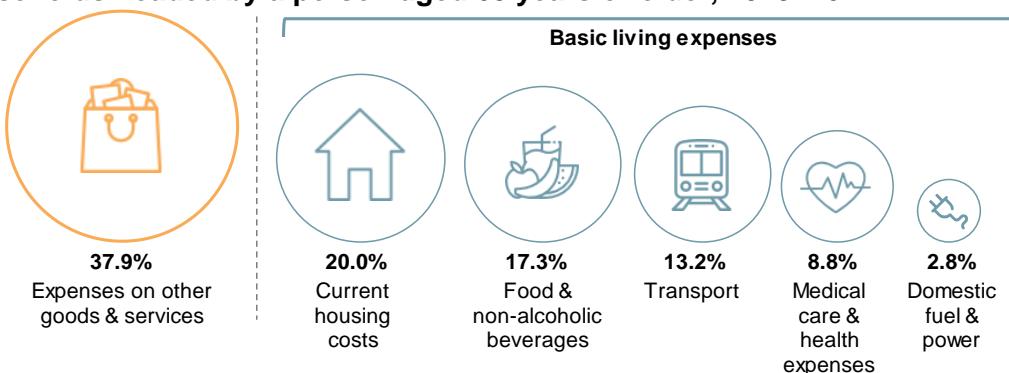
**Figure 12: Proportion of older persons living in low economic resource households by sex, 2015–16**



Queensland households headed by a person aged 65 years and over spent an estimated 62.1% of their total goods and services expenditure on basic living expenses in 2015–16 (Figure 13), comparable to the proportion spent by younger age groups.

However, households headed by a person aged 75 years and over spent more on basic living expenses (66.0%) compared with those with a household head aged between 65–74 years (59.4%), principally due to higher expenditure on medical care and health expenses.

**Figure 13: Proportion of expenditure by type of goods and service, Queensland households headed by a person aged 65 years or older, 2015–16**





## Spotlight on housing costs

Approximately 1 in 6 (16.3%) Queensland households with a household head aged 65 years or older were renting in 2015–16.

Older persons still paying rent after retirement are particularly vulnerable to changes in economic circumstances, with increases in rent reducing their available economic resources to spend on other costs such as health and transport<sup>7</sup>. In addition, older households renting in the private market are more vulnerable to experiencing housing affordability stress, more likely to be affected by the insecurity of tenure associated with renting, and have restricted access to home modifications<sup>8</sup>.

A further 1 in 10 (10.5%) Queensland households with a household head aged 65 years or older were paying off a mortgage in 2015–16. Older households with a mortgage are vulnerable to changes in economic circumstances as they approach retirement without their home and asset base paid off, and are also at risk of becoming over-indebted.

## Glossary

**Current housing costs expenditure** – includes rent, interest payments on mortgages, rates, home and content insurance and repairs and maintenance.

**Equivalisation** is a method of standardising the income of households to take account of household size and composition differences. This enables more meaningful comparisons to be undertaken across different households.

**Gross household income** – income from all sources before income tax, the Medicare levy and the Medicare levy surcharge are deducted.

**Hours worked (Census)** – A person works part-time if they worked less than 35 hours and full-time if they worked 35 hours or more in all jobs during the week prior to Census night.

**Household head** – the household head, or reference person, for each household is chosen by applying, to all household members aged 15 years and over, the selection criteria below, in the order listed, until a single appropriate reference person is identified:

- the person with the highest tenure when ranked as follows: owner without a mortgage, owner with a mortgage, renter, other tenure;
- one of the partners in a registered or de facto marriage, with dependent children;
- one of the partners in a registered or de facto marriage, without dependent children;
- a lone parent with dependent children;
- the person with the highest income; and
- the eldest person.

### Household wealth

- High wealth households – the 20% of households in the highest net worth quintile.
- Middle wealth households – the 20% of households in the third net worth quintile.
- Low wealth households – the 20% of households in the lowest net worth quintile.

For more definitions of terms relating to household income and wealth, refer to the [glossary section](#) of the ABS report 6523.0, *Household Income and Wealth, Australia*, 2015–16, published 13 September 2017.

**Medical care and health expenses** – includes health practitioner's fees, accident and health insurance, and medicines, pharmaceutical products and therapeutic appliances.

**Non-basic living expenses** – include alcoholic beverages, tobacco products, clothing and footwear, household furnishings and equipment, household services and operation (cleaning products, gardening services and child care services), communication, recreation, education, personal care and miscellaneous goods and services.

**Retiree household** – a household where the reference person in the household was 65 years or older and not in the labour force.

**Transport expenditure** – includes vehicle purchases and their ongoing running costs, public transport, taxi and ride sharing fares.



## Data notes

- a) All data in this fact sheet were the most recent at the time of preparation and represent Queensland-specific data unless otherwise specified. Data in this fact sheet may differ from data in other publications due to revisions and different calculation methods.
- b) All charts have been produced by the Queensland Government Statistician's Office.
- c) Retirement calculations exclude persons who did not know the age at which they would retire. Data for intention to retire between 45–59 years not charted due to unreliability of data.
- d) All Census analysis is based on usual resident counts.
- e) Labour force and employment analysis presented in this fact sheet is based on Census data; these estimates are different from those produced from the ABS Labour Force Survey due to differences in purpose, scope, frequency and mode of collection.
- f) All labour force, employment, industry and occupation calculations have been based on exclusion of 'Not stated' from the denominator. Data for 'Employed, away from work' not charted.
- g) Income data has been examined using the household as the unit of analysis, as while income is usually received by individuals, it is normally shared between partners in a couple relationship and to a lesser extent with others living in the same household.
- h) For main source of household income, own unincorporated business income not charted due to unreliability of data.

## Data sources

- ABS 4125.0, *Gender Indicators, Australia*, Nov 2017, published 21 November 2017.
- ABS 6238.0, *Retirement and Retirement Intentions, Australia*, various editions.
- ABS 6523.0, *Household Income and Wealth, Australia*, 2015-16, published 13 September 2017.
- ABS 6530.0, *Household Expenditure Survey, Australia: Summary of Results*, 2015-16, published 13 September 2017.
- ABS 2073.0 *Census of Population and Housing: TableBuilder Pro, Australia*, 2016.
- ABS, 2004.0 *Census of Population and Housing: Usual Residents Profiles*, 2001 and 1996.

## References

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- 1 ABS 6238.0, *Retirement and Retirement Intentions, Australia*, July 2016 to June 2017, published 20 December 2017.
- 2 Australian Government Workplace Gender Equality Agency, *Gender segregation in Australia's workforce*, August 2016. Female-dominated classified as 60% women or more and male-dominated classified as 40% women or less.
- 3 Australian Government Department of Human Services, *Age rules for Age Pension*, <https://www.humanservices.gov.au/individuals/enablers/age-rules-age-pension>
- 4 ABS 6523.0, *Household Income and Wealth, Australia*, 2015-16, published 13 September 2017.
- 5 Australian Government Workplace Gender Equality Agency, *Women's economic security in retirement Insight Paper*, February 2017.
- 6 The Association of Superannuation Funds of Australia Limited, *Superannuation account balances by age and gender*, October 2017.
- 7 National Centre for Social and Economic Modelling, *Small area indicators of wellbeing for older Australians*, February 2016.
- 8 Productivity Commission, *Housing Decisions of Older Australians*, December 2015.



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