Finance columnist
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Ask the expert

WHAT TO EXPECT WHEN EXPECTING

We've partnered with New Zealand's low-fee, nonprofit KiwiSaver provider Simplicity to answer your financial questions. Co-founder and financial commentator Amanda Morrall talks KiwiSaver and working mums

In New Zealand, are there still inequities for women in the workforce?

Women still have a way to go to reach equity here and elsewhere in the world. Only last month, female CEOs finally outnumbered CEOs with the first name John among S&P 500 companies (the leading publicly traded companies in the US), according to a new analysis from Bloomberg. In many sectors, women are still paid less than their male counterparts, with the average gender pay gap in NZ in 2022 at 9.2% overall based on statistics provided by the NZ government. The pay gaps for Māori, Pacific and other ethnicities are wider than for European women.

What is the child premium?

The child premium refers to the career and economic costs of having a child. It's a multi-factorial impairment that includes loss of income, reduced retirement savings, limited career progression, wage gap discrimination, dependency on partner income and childcare expenses. Oh, and unless you have a cleaner, research still shows women do most of the household work for free. So, there's that too. Although there are protections now to ensure that women who take breaks to have kids aren't professionally disadvantaged, women still face challenges.

What can I do about it?

In the last two columns, we discussed the importance of negotiating your worth and having your KiwiSaver scheme set up correctly for your personal needs and goals. Both are very important. They should teach this at school so women entering the workforce start off on the right foot, armed with the knowledge of how to build wealth effectively. When it comes to having children, one size does not fit all. Career priorities, ambitions and commitments differ. Regardless of how long your maternity leave is and whether you decide to return to a full-time, part-time or hybrid work arrangement, it's good to have a game plan, ideally with your partner (if applicable). Also, don't emotionalise your decision to have children with your employer. Just demonstrate that you can continue to do a great job but in the configuration that suits your new life too.

> *'You can elect to get a portion of your paid parental leave put into your KiwiSaver scheme'*

What kind of impact can the child premium have on my KiwiSaver?

Retirement Commission data shows that on average, women have 20% less in KiwiSaver funds than their male counterparts. The longer you're out of the workforce, the worse that gap may become. If you go back part-time, that could also impact your savings too. If you plan to have kids in a few years and can afford it, consider a higher KiwiSaver contribution rate before having a baby. Stock the war chest while you can. This could provide more for a first-home deposit or mean more savings in retirement.

What is the best way to navigate the child premium?

Find out the maternity policy at your workplace and investigate some of the others out there. Use it as leverage. There is a registry called Gocrayon.com where you can see what New Zealand employers are offering. After the baby is born, ensure you continue to pay into your KiwiSaver account. Make sure you contribute at least $1043 each year (to June 30) to qualify for the full Government contribution of $521. On a positive note, the Government has just announced it will match KiwiSaver employer contributions during the 26 weeks of paid parental leave. You can also elect to get a portion of your paid parental leave put into your KiwiSaver scheme. Use the projection tools on Sorted.org.nz (or your provider's website) to see the effect of regular contributions over time. Check your fund type too. The type of fund you're invested in can make a big difference over the long-term.

Is there anything else you'd like to add?

Teach your kids early how to do their own laundry; don't sacrifice time that you know makes you a happier, saner and healthier human; get help where you need it; give up on perfectionism and keep your priorities straight.

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