

30 April 2014

For Immediate Release

New Zealanders reject claim they don't have a retirement savings problem: 41% say "force me to save"

The public resoundingly disagree with one university expert's opinion that New Zealand does not have a savings problem and don't need compulsory KiwiSaver.

The Financial Services Council (FSC) says a co-director of the University of Auckland's Retirement Policy Research Centre, Michael Littlewood, is "totally out of step" with the majority of New Zealanders when he [said on radio today](#) that "New Zealand does not have a savings problem".

The FSC's Chief Executive, Peter Neilson, says research conducted independently for it finds a staggering **41% of adults - equivalent to 1,384,000 New Zealanders 18+ - feel they need to be compelled to save.**

The research, covering 3060 respondents nationwide in October last year, and released for the first time today, finds

- **70% support for making KiwiSaver compulsory:**
- **65% support a compulsory savings scheme and 5% "lean toward" supporting it.**
- **12% oppose a compulsory savings scheme and 3% "lean toward" opposing it.**
- **8% are neutral – and could go either way.**

Mr Neilson says Kiwis believe overwhelmingly that they are not saving enough for retirement and that they won't be able to live comfortably on the NZ Super pension alone. The pension currently pays \$282 for each of a couple after tax.

"New Zealanders on average believe they need twice NZ Super to live comfortably," Mr Neilson says. "Yet our research finds only 6% are currently contributing 10% or more to their KiwiSaver accounts (the level required over 40 years to fund a comfortable retirement at 2 times NZ Super on current policy settings).

"It's abundantly clear that Kiwis want to lift retirement incomes, are prepared to save to do that through a compulsory KiwiSaver scheme – and more than 1.3 million actually say they need to be forced to do that, because they know they won't get around to doing it themselves," Mr Neilson says.

"People know we have a savings problem – and survival on the pension alone is going to be an extremely long term affair without increased savings. Today's job starters will face living more than 30 years after reaching age 65, compared with the 15-20 years of their grandparents.

“If they are presented with a package of policies which mean they can gradually start contributions (at 0.5% a year each from employer and employee per year until they reach the minimum required under KiwiSaver), investments being defaulted into balanced funds (instead of conservative) and fairer taxes on savings, then they’re huge fans of compulsory KiwiSaver.

“Kiwis are not silly: they know that a long-term policy and long-term savings are needed to build their wealth. They simply don’t believe experts who say they are saving enough and they won’t have a problem in the future. Already large numbers of people trying to live on NZ Super alone are struggling, especially those who must pay market rents.

The FSC’s members include most of the large KiwiSaver fund managers. The organisation, however, does not have a policy on compulsory or voluntary KiwiSaver. The FSC provides research and polling to enable political parties and the public to make up their minds on the issues but says the future of saving for a comfortable retirement income is one of the most important conversations the country needs to have.

Research results and notes:

October 2013, Horizon Research survey of 3,060 respondents nationwide aged 18+ Weighted to represent the adult population at the 2013 census. At a 95% confidence level the maximum margin of error is ±1.8%.

Need for extra retirement income:

- 8% of New Zealanders 18 years of age or over (but only 7% of 18-64 year olds) believe they could live comfortably in retirement on New Zealand Superannuation with no other income.
- 70% believe they could not do so.

Support for compulsory KiwiSaver:

- 70% support for making KiwiSaver compulsory:
- 65% support a compulsory savings scheme and 5% “lean toward” supporting it.
- 12% oppose a compulsory savings scheme and 3% “lean toward” opposing it.
- 8% are neutral – and could go either way.

Now that you have thought about it some more, what do you think of New Zealand making KiwiSaver compulsory, where all employees and employers have to contribute?	ALL	18-64 years	65+ years
It's a terrible idea and I'd oppose it	6.9%	7.6%	3.5%
It's probably a good idea for New Zealand, but not for me and so I'd oppose it	5.5%	5.0%	8.2%
It's a good idea and I'd support it, with some reservations	29.7%	31.1%	23.1%
It's a good idea and I'd fully support it	35.2%	33.7%	44.2%

I don't know but I'm leaning towards opposing it	3.4%	3.7%	2.2%
I don't know but I'm leaning towards supporting it	5.7%	5.6%	6.1%
I'm neutral at this stage	8.4%	8.2%	9.3%
I really don't know	5.1%	5.0%	3.3%

Total Support	70.6%	70.4%	73.4%
Neutral	8.4%	8.2%	9.3%
Total Oppose	15.9%	16.3%	13.9%
Not sure	5.1%	5.0%	3.3%

Mr Littlewood's comments on the country not having a savings problem were made in an interview with Marcus Lush on RadioLive today are online at

<http://www.radiolive.co.nz/Lack-of-research-into-latest-Kiwisaver-policy-from-Labour-perplexes-retirement-savings-expert/tabid/506/articleID/44276/Default.aspx>

A more detailed breakdown of the Horizon polling is attached.

For further information contact:

Peter Neilson, CEO, Financial Services Council (FSC)

Tel: 021 395 891

Email: peter.neilson@fsc.org.nz

Q13. With which of these statements do you agree?

Q13. With which of these statements do you agree?	ALL	GENDER		AGE GROUP						
		Female	Male	18-24 years	25-34 years	35-44 years	45-54 years	55-64 years	65-74 years	75 years or over
New Zealand has been too slow to adopt a compulsory savings plan	70.4%	65.3%	75.6%	67.8%	69.2%	56.6%	70.0%	79.2%	82.4%	71.7%
It makes me more inclined to work in Australia	18.6%	17.7%	19.6%	47.0%	30.9%	19.5%	11.6%	9.6%	5.4%	5.2%
Not having a compulsory savings scheme makes New Zealand worse off	52.9%	50.4%	55.4%	46.6%	46.3%	46.2%	55.7%	59.8%	64.6%	50.8%
Not having a compulsory savings scheme makes New Zealand better off	2.4%	2.6%	2.1%	1.2%	3.4%	4.5%	1.5%	1.8%	1.4%	0.5%
Not having a compulsory savings scheme makes New Zealand neither better nor worse off	6.9%	8.3%	5.5%	10.7%	8.0%	8.1%	5.8%	5.2%	4.9%	6.5%
New Zealand does not need a compulsory retirement savings scheme	4.3%	3.5%	5.2%	3.5%	4.4%	8.5%	3.5%	4.0%	2.0%	1.8%
New Zealand does need a compulsory retirement savings scheme	50.3%	46.6%	54.0%	43.3%	44.8%	44.0%	50.7%	56.6%	63.1%	58.1%
A compulsory retirement savings scheme means I will live more comfortably in retirement	51.5%	51.4%	51.5%	62.1%	49.5%	43.6%	52.4%	51.0%	51.8%	55.8%
A compulsory retirement savings scheme means I will not live more comfortably in retirement	2.8%	2.4%	3.1%	1.2%	2.8%	6.4%	1.8%	2.9%	1.9%	0.5%
A compulsory retirement savings scheme will not affect how comfortably I will live in retirement	9.4%	9.8%	9.0%	5.8%	8.5%	7.9%	7.5%	12.6%	14.8%	12.5%
I don't want to be required to save for retirement	11.0%	10.8%	11.2%	16.1%	11.0%	23.1%	8.1%	6.7%	5.0%	5.8%
I don't want to be required to save for retirement, but I know I need to be made to	12.1%	14.3%	9.7%	12.9%	10.4%	15.1%	14.5%	10.7%	7.7%	13.3%
I want to be required to save for retirement	31.2%	27.5%	35.0%	28.5%	35.2%	28.6%	26.9%	35.3%	35.2%	28.2%
Net who feel they need to be compelled to save	41.2%	40.3%	42.2%	40.3%	44.1%	38.5%	40.4%	43.7%	40.9%	41.1%
Net positive towards compulsory saving	81.9%	79.0%	84.8%	82.0%	79.2%	70.2%	81.2%	88.1%	91.7%	87.4%
N (unweighted)	2940	1562	1378	79	234	424	649	808	606	136

Q13. With which of these statements do you agree?	ALL	HOUSEHOLD INCOME								
		Less than \$20,000 per year	Between \$20,001 and \$30,000 per year	Between \$30,001 and \$50,000 per year	Between \$50,001 and \$70,000 per year	Between \$70,001 and \$100,000 per year	Between \$100,001 and \$150,000 per year	Between \$150,001 and \$200,000 per year	More than \$200,000 per year	Don't know/ prefer not to say
New Zealand has been too slow to adopt a compulsory savings plan	70.4%	65.7%	74.8%	67.8%	75.3%	72.6%	70.1%	75.7%	70.4%	64.4%
It makes me more inclined to work in Australia	18.6%	20.7%	28.5%	14.1%	19.7%	12.4%	19.0%	17.3%	24.1%	19.5%
Not having a compulsory savings scheme makes New Zealand worse off	52.9%	51.7%	50.5%	46.1%	55.9%	56.4%	62.8%	65.1%	79.4%	46.6%
Not having a compulsory savings scheme makes New Zealand better off	2.4%	3.5%	2.5%	2.9%	2.6%	0.3%	1.4%	0.0%	0.0%	3.9%
Not having a compulsory savings scheme makes New Zealand neither better nor worse off	6.9%	7.5%	5.5%	7.5%	4.2%	8.1%	8.0%	3.9%	4.7%	9.4%
New Zealand does not need a compulsory retirement savings scheme	4.3%	7.9%	2.8%	2.9%	2.3%	1.3%	7.4%	3.2%	7.8%	8.2%
New Zealand does need a compulsory retirement savings scheme	50.3%	46.1%	47.3%	53.5%	48.4%	54.8%	54.1%	62.7%	63.6%	42.2%
A compulsory retirement savings scheme means I will live more comfortably in retirement	51.5%	46.5%	44.7%	51.8%	52.2%	53.1%	60.9%	66.4%	63.8%	48.3%
A compulsory retirement savings scheme means I will not live more comfortably in retirement	2.8%	4.1%	2.2%	2.5%	2.1%	2.4%	1.8%	1.4%	6.1%	5.0%
A compulsory retirement savings scheme will not affect how comfortably I will live in retirement	9.4%	9.3%	9.0%	8.0%	5.8%	7.5%	16.1%	12.1%	23.5%	10.9%
I don't want to be required to save for retirement	11.0%	14.1%	9.6%	6.0%	8.2%	10.5%	11.6%	7.4%	19.0%	20.9%
I don't want to be required to save for retirement, but I know I need to be made to	12.1%	16.8%	11.3%	12.4%	14.1%	9.4%	13.8%	11.5%	4.3%	8.4%
I want to be required to save for retirement	31.2%	30.9%	35.8%	33.0%	26.1%	36.3%	28.2%	38.5%	32.7%	25.0%
Net who feel they need to be compelled to save	41.2%	44.9%	44.0%	42.9%	39.7%	44.7%	39.1%	45.0%	37.0%	31.6%
Net positive towards compulsory saving	81.9%	72.2%	83.9%	85.9%	83.0%	85.7%	81.6%	90.3%	87.2%	74.0%
N (unweighted)	2940	214	352	541	452	449	360	116	47	362



Q13. With which of these statements do you agree?	ALL	PARTY VOTE 2011												
		ACT New Zealand	Conservative	Green Party	Labour Party	Mana Party	Maori Party	National Party	New Zealand First Party	United Future	Other party	Chose not to vote	Was not eligible to vote	Don't know or can't remember
New Zealand has been too slow to adopt a compulsory savings plan	70.4%	32.7%	62.1%	68.5%	71.6%	68.8%	75.5%	78.6%	69.4%	53.4%	43.0%	68.9%	57.1%	64.1%
It makes me more inclined to work in Australia	18.6%	5.4%	6.2%	18.1%	16.5%	20.2%	23.7%	14.0%	17.2%	21.3%	20.2%	25.5%	51.7%	22.5%
Not having a compulsory savings scheme makes New Zealand worse off	52.9%	38.9%	58.3%	58.1%	56.3%	43.4%	60.6%	58.0%	56.0%	35.5%	40.1%	54.9%	47.8%	38.6%
Not having a compulsory savings scheme makes New Zealand better off	2.4%	18.0%	4.1%	7.0%	2.3%	6.1%	0.0%	1.3%	1.3%	0.0%	3.6%	3.1%	3.2%	1.6%
Not having a compulsory savings scheme makes New Zealand neither better nor worse off	6.9%	35.1%	9.8%	4.8%	4.2%	14.9%	0.0%	6.8%	7.9%	16.6%	5.2%	3.8%	8.0%	10.2%
New Zealand does not need a compulsory retirement savings scheme	4.3%	43.7%	17.1%	6.1%	3.6%	9.7%	5.7%	3.0%	4.9%	0.0%	5.8%	5.0%	3.2%	1.9%
New Zealand does need a compulsory retirement savings scheme	50.3%	29.9%	49.3%	60.6%	49.3%	57.2%	55.2%	56.6%	52.4%	29.1%	31.4%	48.4%	45.8%	34.8%
A compulsory retirement savings scheme means I will live more comfortably in retirement	51.5%	30.8%	41.5%	54.6%	54.5%	43.2%	70.3%	57.9%	50.0%	44.2%	82.0%	42.4%	60.2%	40.5%
A compulsory retirement savings scheme means I will not live more comfortably in retirement	2.8%	0.0%	15.3%	7.5%	2.2%	0.0%	0.0%	1.9%	3.3%	0.0%	0.0%	4.9%	3.2%	1.0%
A compulsory retirement savings scheme will not affect how comfortably I will live in retirement	9.4%	53.5%	16.4%	12.5%	7.1%	7.1%	2.8%	10.3%	10.1%	10.6%	14.6%	6.0%	8.2%	6.1%
I don't want to be required to save for retirement	11.0%	31.0%	28.2%	10.2%	7.8%	34.1%	3.0%	8.0%	16.2%	27.5%	13.1%	15.8%	9.0%	11.9%
I don't want to be required to save for retirement, but I know I need to be made to	12.1%	1.1%	12.3%	8.3%	13.9%	1.4%	12.2%	11.8%	8.0%	3.8%	8.0%	16.1%	7.7%	12.4%
I want to be required to save for retirement	31.2%	18.3%	31.7%	35.2%	34.7%	26.9%	35.6%	34.6%	30.5%	20.9%	3.8%	22.7%	32.3%	28.2%
Net who feel they need to be compelled to save	41.2%	18.9%	43.6%	43.3%	45.7%	28.4%	47.8%	44.4%	36.1%	24.7%	11.8%	33.8%	33.3%	40.6%
Net positive towards compulsory saving	81.9%	48.2%	78.2%	77.0%	81.6%	69.8%	92.6%	88.0%	76.0%	73.4%	91.3%	78.1%	81.7%	79.2%
N (unweighted)	2940	33	73	341	720	19	41	960	215	25	13	106	25	138

