

11 June 1998

ISI Report - A "Wake Up Call"

An ISI (Investment Savings & Insurance Association of New Zealand Inc) report to be released next week builds on the work of the Todd Task Force and Periodic Reporting Group, and aims to address the complacency that has developed around the retirement income issue.

"ISI members are concerned that the work of Jeff Todd has been interpreted by many people to mean there is plenty of time. That is a risky, and ultimately wrong, assumption," said Roger Gill, Chief Executive of the ISI.

"What we have is a 'window of opportunity' which gives us time to act. If we don't use that time constructively it is more than likely some future government will have to take drastic action to resolve the issue," Mr Gill said.

The ISI wants to put the retirement income policy back on the political agenda and stimulate public debate on policy options. That debate should include issues such as the role and future structure of NZS. If New Zealanders want the status quo to remain they need to understand what that could mean in terms of cost.

"What we will be saying in the report is that we have an opportunity to get things right and the sooner action is taken the greater the benefits for all New Zealanders, at the least cost," Roger Gill said.

"We will be proposing a sound policy framework and issuing a strong challenge to Government to give the development of stable and long term savings policy the priority it demands."

The fallout over the current policy uncertainty is coming through in surveys of public attitudes towards retirement savings. The latest Saver Pulse™ research* shows a drop in the number of people who believe that saving for the future is extremely important, from 41 per cent in the previous quarter to 36 per cent this quarter.

Other findings were:

- The vast majority of those surveyed do not believe that the Government will provide them with an adequate retirement income;
- Three out of four believe they will have saved enough to support themselves by the time they retire;
- More than half (52 per cent) support some form of compulsory saving scheme.

The ISI is an industry association representing 30 major institutions in the financial services sector. Its members manage around \$20 billion in investments for some 1,500,000 New Zealanders.

* Survey involved 711 interviews, randomly selected adults over 18 years of age, from throughout NZ. Survey conducted from January-March 1998.

Roger Gill
Chief Executive
ISI