

31 March 2004

FRAGILE STATE OF SUPERANNUATION POLICIES

"The recent announcement by the Greypower National Vice President, Mr Chapman, sends a strong signal that New Zealand's existing superannuation and savings policies are not working for the elderly", said Vance Arkinstall, CEO, Investment Savings & Insurance Association ("ISI").

"Greypower state that their members are struggling to survive on NZ Superannuation of about \$10,000 pa and that Greypower could be the largest voting block in the country. The ability of Greypower to influence change to benefit their members in retirement must not be underestimated", said Vance Arkinstall.

"We should take this call very seriously. As the number of retirees grows, we can expect the call for increased Government assistance from this large voting block."

"The only answer is for Government to immediately respond with policies to encourage increased personal savings for future retirees. If New Zealanders do not save, the pressure on future Governments from an increasingly powerful and ageing population will get louder and more compelling", said Mr Arkinstall

"New Zealand Superannuation provides a basic income in retirement and was never intended to fully replace previous earnings", said Vance Arkinstall.

"The part of the equation that is missing in NZ is the encouragement for individuals to save and top up what they get from New Zealand Superannuation", said Mr Arkinstall.

"New Zealand has low personal savings rates as evidenced by the high number of retired people who rely on New Zealand Superannuation as their main or only source of retirement income", said Mr Arkinstall.

"There is an urgent need to increase the personal savings levels and that needs political action. Increased personal savings levels would provide a buffer against adversity and maintain reasonable living standards in retirement", said Mr Arkinstall.

For further information contact:

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