

5 November 2003

## **GOVERNMENT MOVE SUPPORTED**

The Investment Savings and Insurance Association supports the Government's initiatives to develop retirement savings for state sector employees.

"Saving by deduction from salary is clearly the most effective and efficient method for most New Zealanders to create personal savings," said Vance Arkininstall, Chief Executive of the Investment Savings and Insurance Association (ISI).

"The Government is sending a powerful signal to the country on the importance of personal saving by making it easier for state employees to put a little aside out of their pay," said Mr Arkininstall.

"Traditional company superannuation has been in decline for a decade now. This is the first positive sign that the Government wishes to reverse that trend. The announcement made by Government establishes a model for all employers to adopt. It is to be hoped that private sector employers will be encouraged to offer similar savings packages," Mr Arkininstall said.

As New Zealand enters an era of an ageing population, it is a concern that New Zealand Superannuation forms the major portion of retirement income for the majority of New Zealanders. At best, New Zealand Superannuation will only provide the basic necessities for those who have enjoyed an average income or better. The only way for most New Zealanders to maintain the lifestyle they can enjoy and continuation of some luxury in retirement is by raising individual savings. Government efforts to encourage increased personal saving responsibility in the state sector is to be applauded.

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