GOVERNMENT RIGHT TO TACKLE SUPERANNUATION

"The Investment Savings & Insurance Association agrees that New Zealand faces a major challenge from an ageing population as expressed by the Minister of Finance in his Budget Policy Statement. The importance of recognising that the ratio of those aged 65 to those in the working age population would increase over coming years, was a key finding of our research report "Wake-Up Call"," said Vance Arkinstall, Chief Executive of the Investment Savings & Insurance Association (ISI).

"ISI research identified that to reduce the fiscal and economic problems resulting from an ageing population a number of policy areas need to be addressed. These include the need to raise economic growth, limit Government spending, avoid distortions which influence private savings, develop a consistent approach to immigration, enhance the efficiency of private sector investment and enhance access to an adequate retirement income for those in greatest need," said Mr Arkinstall.

"Both Government provided New Zealand Superannuation and private superannuation have been the subject of numerous changes over recent years. This has created complexity and uncertainty which has made it difficult for some people to enter a long term savings plan with confidence. It is essential further change is part of a long term sustainable policy that has widespread public and political consensus. It is crucial that we achieve a foundation that will not be subjected to ongoing political involvement," Mr Arkinstall said.

"The industry will continue to work with the Government and all political parties to remove the tax disincentives that currently exist which discourage savings. It will continue to be important for New Zealanders to develop voluntary savings plans in addition to any compulsory or Government superannuation if they are to achieve the living standards that they seek during their retirement years," said Mr Arkinstall.

Ends

Vance Arkinstall Chief Executive ISI

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