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For Immediate Release

Main points summary:

- **All-party select committee suggested to develop retirement policy in 2012**
- **Committee consults with New Zealanders and produces a bill by the end of 2013**
- **The bill is passed by 75% of MPs to provide long-term stability**
- **If Parliament passes the bill, but with less than 75% support, New Zealanders vote on it in binding referendum in 2014**
- **Retirement law is entrenched, requiring 75% support or referendum to change it**

Cross-party committee suggested to determine long-term retirement income policy

The country's savings and investment industry is suggesting an all-party Parliamentary Select Committee on Retirement Income Security to oversee the development and passage of new retirement income policy for New Zealanders under 40.

[The Financial Services Council](#), whose member companies manage more than \$80 billion in funds for 1.9 million New Zealanders, yesterday published a report suggesting policies which would allow people to still retire on NZ Super-equivalent income at age 65 – and to more than double the retirement incomes of under 40 year-olds on the average wage.

The FSC's Chief Executive, Peter Neilson, says there are major benefits in having some stability in the core aspects of retirement income policy over the long term and the country has struggled to achieve this in the past.

The FSC wants the all-party Parliamentary committee to

- Prepare a discussion document on policy options for public consultation commencing later this year, and says there will be value in having a
- Reference group of New Zealanders under 40, representative of the diversity of New Zealand, to consider this report and other evidence to help design the future of retirement income policy in New Zealand.

Following this in 2013, it is suggesting a draft Bill be prepared under the supervision of the all-party Select Committee on Retirement Income Security.

To encourage a cross party consensus to emerge the FSC is proposing that any legislation should require 75% support in the Parliament to become law.

“If that level of support is not achieved we propose that the legislation as passed come into effect after a referendum at the 2014 election inviting voters to vote for or against the package supported by a majority of Parliament,” Mr Neilson says.

“This approach would encourage the parties in Parliament to build a wide coalition of support but would not prevent a proposal being submitted to the voters by way of a referendum if that were not possible.

“We have also recommended that future changes to retirement income policy be supported by either 75% of Parliament or be the subject of a referendum.

“Retirement income policy changes cast a very long shadow. They affect our decisions on where to live and what to save during the 40 plus years we are preparing for retirement and what we will receive in the 20-40 years of likely retirement. This timetable covers the lifetime of almost 27 parliamentary terms. The decisions of today’s politicians will have an impact on the retirement of people not yet born.”

The FSC says political stability can be achieved when:

- The policy is financially sustainable.
- There is widespread support for the main features of the policy across the generations and between the political parties most likely to form future governments.

“The KiwiSaver Plus features we have proposed are designed to have acceptability to the widest possible range of political opinion while being affordable and fair for successive generations,” Mr Neilson says.

“We need that acceptability across the generations and across the community if we are to have a broadly sustainable policy.

“To achieve such a wide consensus most people will need to agree on the facts underpinning and the goals and values embedded in the proposals.”

To help build the consensus required for a broadly stable retirement income policy the FSC is proposing the multistage process to examine the evidence on the following topics:

- The adequacy of retirement incomes compared with our aspirations.
- Saving for retirement being more efficient than funding retirement incomes from taxation
- Whether increasing longevity requires us to reconsider how we fund our future retirement incomes

- Whether a transition to greater reliance on savings is feasible.
- Whether it can be fair across the generations and for women, Maori and the low paid.

The FSC has been commissioned extensive nationwide polling asking New Zealanders how they would like the policy process managed. It expects to release those results this week.

Information on the FSC's KiwiSaver Plus ideas, which would keep NZ Super, allow people the option to still retire at 65, while more than doubling retirement incomes of those now aged under 40, are available at www.fsc.org.nz

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