MEDIA RELEASE

FinancialServicesCouncil.
growing and protecting the wealth of New Zealanders

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Media release

Kiwis believe new research saying they will live longer

64% of New Zealanders believe new research which finds that they are living longer after age 65, a key factor driving the need to review the country's retirement income systems.

In remarks prepared for delivery at a conference of leading economists at Palmerston North today discussing fiscal policy, Financial Services Council (FSC) Chief Executive Peter Neilson says only 12.1% of adult New Zealanders disbelieve the new findings.

Based on research published in the Lancet and additional work by PwC actuaries commissioned by the FSC, the new research finds the current trend is that each decade 65 year-olds in New Zealand will live two years longer than the previous decade's 65 year-olds.

Mr Neilson says this is extremely important in determining what taxpayer funded pension the country can afford long term and helps in considering how people might save in order to enjoy the much higher retirement incomes they say they need to live comfortably.

The length of time people in New Zealand can expect to live after reaching age 65 has nearly doubled in the past 100 years.

Applying this trend, medical and investment researchers say this indicates that: 52 out of every 100 females and44 out of every 100 males born in New Zealand in 2011 will live until they are 100 years old. Assuming New Zealand residents remain eligible for the New Zealand Superannuation pension at age 65, this will more than double the cost of paying the pension to 12% of national income measured as GDP. Tax rates would need to go up about 28% to pay for this.

Mr Neilson says a May 18 to June 8 Horizon Research poll of 3,177 adult New Zealanders commissioned by the FSC finds 64.4% of New Zealanders believe the new longevity findings (15.3% totally), 23.5% are not sure and 12.1% only disbelieve (1.2% totally disbelieve).

The findings are believed by 74.9% of people who voted National at the 2011 general election and by 83.3% of Act voters, 67.9% Labour, 71.6% Green, 75.4% Maori Party, 69.3% NZ First, 61% United Future and 41.5% Mana.

"The research is also credible to men and women and across all age and income groups. It sends a strong signal to policy makers that they can be confident Kiwis understand what is happening and believe something must be done to address retirement incomes long term," Mr Neilson says.

The FSC is suggesting a new all-party Parliamentary Select Committee on Retirement Income Security to examine future retirement income systems and ideas which would more than double retirement incomes for those aged under 40 while preserving the option to retire at 65 on the income equivalent to NZ Super.

Peter Neilson can be contacted on Ph 021 395 891 or peter.neilson@fsc.org.nz

Its suggestions are detailed in a major new report available at www.fsc.org.nz

Horizon Research results on new longevity research projections' credibility by income, gender, age and party vote 2011 are:

Q4. Do you believe the findings that the number of years New Zealanders live after age 65 is increasing by two years per decade?	Total	Less than $20,000 per year	Between $20,001 and $30,000 per year	Between $30,001 and $50,000 per year	Between $50,001 and $70,000 per year	Between $70,001 and $100,000 per year	Between $100,001 and $150,000 per year	Between $150,001 and $200,000 per year	More than $200,000 per year	Don't know/ prefer not to say
Totally believe	15.3%	9.7%	15.1%	15.1%	24.8%	19.0%	25.1%	9.1%	23.6%	13.8%
Believe	49.1%	50.0%	52.6%	48.9%	45.1%	59.3%	60.4%	57.2%	51.8%	41.7%
Disbelieve	10.9%	13.1%	7.6%	8.5%	14.3%	11.6%	8.1%	22.0%	1.8%	11.2%
Totally disbelieve	1.2%	1.9%	1.2%	0.4%	0.5%	0.5%	0.5%	0.0%	0.0%	2.1%
Not sure	23.5%	25.2%	23.5%	27.0%	15.3%	9.6%	5.9%	11.6%	22.8%	31.1%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Base	3155									

Q4. Do you believe the findings that the number of years New Zealanders live after age 65 is increasing by two years per decade?	Total	Female	Male	Under 18 years	18-24 years	25-34 years	35-44 years	45-54 years	55-64 years	65-74 years	75 years or over
Totally believe	15.3%	13.1%	17.7%	21.1%	15.6%	14.3%	11.1%	17.2%	21.0%	15.7%	0.0%
Believe	49.1%	48.3%	49.8%	45.3%	40.9%	50.0%	53.0%	54.8%	51.7%	62.9%	13.4%
Disbelieve	10.9%	10.6%	11.1%	13.3%	11.8%	9.0%	12.0%	9.7%	9.7%	4.1%	21.2%
Totally disbelieve	1.2%	0.5%	1.9%	0.0%	0.0%	1.8%	3.6%	0.4%	0.3%	0.0%	0.0%
Not sure	23.5%	27.4%	19.6%	20.4%	31.6%	24.9%	20.3%	17.8%	17.3%	17.3%	65.4%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Base	3155										

Q4. Do you believe the findings that the number of years New Zealanders live after age 65 is increasing by two years per decade?	Total	ACT New Zealand	Conserv-ative	Green Party	Labour Party	Mana	Maori Party	National Party	New Zealand First Party	United Future	Other party	Chose not to vote	Was not eligible to vote	Don't know or can't remember
Totally believe	15.3%	25.6%	9.5%	15.6%	14.7%	9.3%	23.9%	20.4%	18.3%	13.5%	10.5%	11.7%	13.7%	8.8%
Believe	49.1%	57.7%	63.1%	56.0%	53.2%	32.2%	51.5%	54.5%	51.0%	47.5%	59.5%	42.1%	6.3%	39.3%
Disbelieve	10.9%	11.5%	17.5%	11.3%	10.2%	19.1%	11.1%	10.8%	10.6%	19.0%	17.2%	11.1%	21.4%	5.4%
Totally disbelieve	1.2%	0.7%	2.0%	1.4%	1.4%	15.6%		0.7%	1.7%			1.2%		1.4%
Not sure	23.5%	4.5%	7.8%	15.7%	20.4%	23.8%	13.5%	13.6%	18.5%	20.0%	12.7%	33.8%	58.6%	45.2%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Base	3155	44	121	466	793	22	31	1022	281	26	22	117	13	66

The survey question and information put to HorizonPoll survey respondents was:

Some background for you....

There are larger numbers of "baby boomers", those born between 1946 and 1971, who will be retiring and qualify for NZ Super at age 65.

In addition, the length of time people in New Zealand can expect to live after reaching age 65 has nearly doubled in the past 100 years.

The current trend is that each decade 65 year-olds will live two years longer than the previous decade's 65 year-olds.

Applying this trend, medical and investment researchers say this indicates that:

*** 52 out of every 100 females and**

*** 44 out of every 100 males born in New Zealand in 2011**

will live until they are 100 years old.

Assuming New Zealand residents remain eligible for the New Zealand Superannuation pension at age 65, this will more than double the cost of paying the pension to 12% of national income.

Taxes would need to go up about 28% to pay for this.

4. Do you believe the findings that the number of years New Zealanders live after age 65 is increasing by two years per decade?

A. Totally believe

B. Believe

C. Disbelieve

D. Totally disbelieve

E. Not sure