

**4 September 2013**

### **How to Super-Size Retirement Incomes**

The Financial Services Council aims to spark a national debate on super-sizing savings to double retirement pensions and is hosting a one day conference on October 14 in Auckland to discuss how to make Super and KiwiSaver fairer, more affordable, accessible and work harder for us for longer.

Keynote conference speakers include OECD Head of the Private Pensions Unit, Juan Yermo, who works with public and private sectors from 37 countries on the operation and regulation of privately managed retirement income systems, and former New South Wales state Liberal Leader and current CEO of the Australian Financial Services Council, John Brogden, who will present a case study on how our neighbours have retirement savings of A\$1.8 trillion from their 20-year-old and evolving compulsory Superannuation Guarantee scheme. (If we had the same contribution rates and coverage as Australia we would have more than \$1000 billion dollars invested in KiwiSaver by 2066. NZ scrapped compulsory retirement savings in 1975, a decision most New Zealanders now regret.)

“The first person to live to 120 has already been born. Our life expectancy after age 65 is increasing by more than two years each decade, and by 2055 our 65 year olds can expect to live to around 95 when there’ll be one retiree for every two people working. Taxes alone won’t pay for the boom in retirees,” says FSC CEO, Peter Neilson. “Independent research shows people want to save but need help rather than being punished for saving by being thumped with high taxes. It’s time to wake up. We need urgent changes from the policymakers to make KiwiSaver fairer, more accessible, affordable and sustainable so all New Zealanders have the opportunity to live their increasingly long lives in some degree of comfort.”

The FSC will unveil a package of options for policymakers to consider on how to increase KiwiSaver contributions and coverage so that most New Zealanders could fund a second pension to provide a retirement income double NZ Super and also the choice of when they retire.

“The FSC options show that a stronger, deeper national savings base is achievable and the majority of people want it so it is a safe issue for all political parties to come to a consensus and bring in an agreement on retirement income updating the one last negotiated in 1993,” Mr Neilson says.

The conference will also feature discussions on Pay as You Go (PAYGO) (like KiwiSaver) and Save as You Go (SAYGO) (NZ Super) retirement systems, research findings on middle New Zealand's hopes, fears, needs and being resigned to KiwiSaver becoming compulsory as not a bad thing either, panels on how to make KiwiSaver affordable, fairer and more accessible for women who spend more time out of the workforce and also for employees, especially the low paid, and employers. The day will finish with expert presentations on the need for an annuity market and a networking event.

"We're expecting around 200 decision makers, financial services leaders, government officials, advisors, employers, employees, trade unions, business leaders and media and will provide a platform to air a diverse range of case studies, views and discussions from international and local perspectives on Super and KiwiSaver," says Mr Neilson.

To register for the conference and find out more about the programme go to the [conference website](#).

**For further information contact:**

Peter Neilson, CEO, Financial Services Council (FSC)  
Tel: 021 395 891  
Email: [peter.neilson@fsc.org.nz](mailto:peter.neilson@fsc.org.nz)

The Financial Services Council has 21 member companies and 18 associate members trusted to manage more than \$80 billion in savings and providing financial services to almost 2 million New Zealand investors and policyholders. Our aims are to develop and promote policies and practices that have sound research to support them that will help Kiwis build and protect their net wealth and make KiwiSaver more affordable for everyone.

**A snapshot of our future:**

- New Zealanders are living longer and a lot longer as retirees.
- Only 9 per cent of people believe that the NZ Super pension (currently \$357 per week after tax for a person on their own or \$512 for a couple) will provide an adequate income in retirement.
- Younger New Zealanders could double their retirement income by moving to Australia.
- New Zealanders need to save 10 per cent of their income each year over a 40-year working life to fund a comfortable income. That's assuming the basis for NZ Super doesn't change but the age of eligibility will move out with increasing longevity.
- New Zealand taxes retirement savings heavily unlike most countries and more than half of your KiwiSaver fund earnings will go in income tax, just as almost half of your term bank deposit earnings are swallowed by taxes which are much much higher than what the owner of a rental property pays using that vehicle to save for retirement.
- Independent research shows that at least 60 per cent of Kiwi adults are behind a compulsory KiwiSaver scheme – so is the Labour caucus. National is non-committal but sees the benefits of having a healthy savings culture contributing to a more resilient economy with investments in the productive sector and a deeper pool of long term capital available to allow infrastructure investment and keep taxes down.
- The FSC published a report in 2012, entitled Pensions for the 21ST Century: Retirement Security for Younger New Zealanders <http://fsc.org.nz/Research++Resources/FSC+Reports.html>