

Media Release

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FSC calls for essential changes to close the KiwiSaver gap

The Financial Services Council has today released a new report, *'Shaping Futures: Closing the KiwiSaver Gap'*, which sends a clear message to government, industry and consumers that combined action is needed to close the KiwiSaver gap in New Zealand.

The report is based on three significant pieces of research commissioned by the FSC with responses from over 2,100 New Zealanders and carried out by Horizon Research – *'Generation KiwiSaver'*, *'Growing the KiwiSaver Pie'*, and *'Great Expectations – Retirement Realities for Older New Zealanders'*.

"Collectively this research gives us one of the most comprehensive pictures to date of what New Zealanders of all ages think of KiwiSaver and saving for retirement", says FSC CEO, Richard Klipin.

"Looking across the three parts of research, we have developed four key recommendations which the FSC believes will enable more New Zealanders to enjoy a well-funded retirement and worry-free future.

"The recommendations are ambitious, and it's heartening to see the government is making moves to address some of these issues. It's a great start. We believe they are achievable and they will provide a blueprint for closing New Zealand's future savings gap."

The four recommendations are as follows:

1. **Contributions:** Essential changes to enable flexible, controlled and automatic increases in contributions.
2. **Taking Control:** New Zealanders want a clear strategy around the future of KiwiSaver, with a greater focus on leadership and long-term thinking to benefit all.
3. **Getting the most out of KiwiSaver:** The Government needs to review the rules on default fund allocation, incentives (including multiple retirement ages) and centralise hardship evaluations.
4. **Advice:** clearer information is needed, along with making it easier for KiwiSavers to switch to the right provider for them and integration of new technology to improve proactive and transparent advice.

Ryan Bessemer, CEO of Trustees Executors and partner of the report, said "Any changes that help the wider financial services industry and government improve savings schemes,

through research such as this, means that the needs of all New Zealanders will be better provided for in the future."

The FSC has also been out on the streets over the past week talking to New Zealanders about KiwiSaver. Although those we spoke to knew that they are able to use KiwiSaver to save for a first home as well as for later life, many found it hard to save enough or take the time to really consider what they might need.

Klipin said, "Managing money is a skill. There are a few rules of thumb to follow to make sure people have enough to enjoy a comfortable retirement:

1. **Save:** 10 to 15% of your income and invest it wisely
2. **Set goals:** think about the future and don't underestimate the savings you will need
3. **Skills:** with hard work, patience and discipline you will be able to unlock long-term financial wellbeing
4. **Seek advice:** manage risk and get the best return on your investment."

The full report, *Shaping Futures: Closing the KiwiSaver Gap*, can be found on the [FSC website](http://www.fsc.org.nz) after launch on 7 September 2018.

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About the Financial Services Council

The Financial Services Council is a non-profit member organisation and the voice of the financial services sector in New Zealand. Our 35 members comprise 95% of the life insurance market in New Zealand, and manage funds of more than \$47.5bn. Members include the major insurers in life, disability and income insurance, fund managers, KiwiSaver, professional services and technology providers to the financial services sector.

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