

19 December 2003

PRG Report Welcomed

The Investment Savings and Insurance Association ("ISI") today welcomed the release of the Periodic Report Group's Retirement Income Report 2003.

The industry will need some time to study the report, and will comment later on the detail, but ISI is encouraged to see the priority given to personal savings.

'The PRG Report has recognised the key position of New Zealand Superannuation in planning for retirement for those people who are unable to save, but we welcome the importance it has given to the encouragement of personal savings, said Simon Swanson, Chairman of ISI.

'We are particularly pleased to see the recommendation for a Work-based Savings Group, said Mr Swanson.

This is in line with the recommendations of the ISI and the outcome of the Saving NZ Forum held in July. It recognises that the need to increase the level of personal saving in New Zealand is too urgent to leave to 6 yearly Periodic Reporting Group reviews, and acknowledges the contribution that can be made by groups such as employers, unions and the financial services industry.

"ISI strongly supports the PRG's recommendations that existing tax disincentives which create barriers to savers should be removed. At the very least a neutral taxation regime must exist for savers."

'Changes in lifestyle and work patterns (such as marital breakdown or redundancy) mean there is a real risk that today's workers will not have the same level of assets when they retire as current retirees have, noted Mr Swanson. The recommendations of the PRG Report should give the need for personal savings a much higher priority in public policy, and signal the Government's commitment to helping New Zealanders improve their level of personal savings.'

"The approach of the PRG in detailing specific recommendations to form a work programme provides a platform for progress", said Mr Swanson.

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