

19 April 2001

CULLEN ON RIGHT TRACK WITH SUPERANNUATION

Following today's address in Wellington by Dr Cullen on Superannuation, the Chief Executive of the Investment Savings and Insurance Association (ISI), Vance Arkinstall, said "I was encouraged by Dr Cullen's willingness to create a savings friendly environment and his recognition of the need for co-operation between the savings industry and Government."

"The ISI supports the Minister's call for integration between the public and private provision of retirement benefits. This is a key element of our advice to Government," said Mr Arkinstall.

Mr Arkinstall also said "We are pleased to hear the Minister clearly stating that while New Zealand Superannuation will provide enough to enable participation in life it is not designed to do more than that. We support the Minister's call that individuals must embark upon personal savings."

"We are all living longer. We will spend many more years in retirement than our parents will and we will live a more active and demanding lifestyle. New Zealand Superannuation simply will not fund that lifestyle at anything other than the basic level. New Zealanders must supplement New Zealand Superannuation with personal savings."

The Minister called for co-operation between the Government and industry on the important subject of investor education. "We welcome the opportunity to work with Government and with the Retirement Commissioner. This industry is convinced that education is an essential part of the way forward in developing a savings ethic in this country." said Mr Arkinstall.

In his speech the Minister rejected compulsory superannuation as a possible option. "Recent surveys have shown a consistent and strong basis for compulsion. We believe this is one issue that should be considered before reaching any conclusions. Particularly given its success and the manner in which it has been embraced by the population in Australia," said Mr Arkinstall.

Responding to the Minister's call for flexibility to meet customer demand in pensions, Mr Arkinstall said "We have recognised the importance of providing income streams in retirement and the industry is actively engaged in developing new products to meet the new challenges."

"There is no doubt that presented with certainty and a savings friendly environment, New Zealanders will respond positively through increased savings," said Mr Arkinstall.

Ends

Vance Arkinstall
Chief Executive
ISI