25 September 1998

New research shows debate and publicity since the time of last year's super referendum has failed to encourage more people to save. The Investment Savings & Insurance Association (ISI) has received research indicating there is no evidence more people are saving for their retirement than were doing so a year ago.

Findings from the Saver Pulse™ research, conducted by Research Solutions Ltd and FPG Research, included:

- More than a quarter of the population (27%) have not started saving for retirement;
- 84% feel that Government will not provide them with an adequate retirement income;
- Support continues to build for some form of compulsory savings with 53% now in favour of compulsion, up from 52% and 47% over previous quarters.

ISI Chairman Ross McEwan said he was disappointed at the lack of tangible action on the part of the Government but pleased that the issue was now being discussed again by many of the political parties including National.

"The Government wants New Zealanders to lift their savings rates and plan for retirement, but seems to think there is plenty of time to put in place the stable policy framework that is desperately needed if people are to plan with confidence and certainty that the rules won't change in the future," said Ross McEwan.

"Back in June we released the *ISI Report on Retirement Savings: A Wake-Up Call*, which called on the Government to use the current 'window of opportunity' to address the super question. Six months on from the report, little action has been taken to recognise the long term savings problem New Zealand has," said Mr McEwan.

click here to view the *Retirement Savings: A Wake-Up Call* report

The ISI Report outlined six key policy areas that need to be addressed if superannuation is to be put on a more stable footing, including:

1. Containing government spending;
2. Policies to enhance economic growth – without impacting on inflation or the balance of payments;
3. Consistent immigration policies;
4. Policies to lift individual savings rates, which include looking at the role of NZ Super as a 'safety net' only;
5. Policies which create 'level playing fields' for all types of investment;
6. Retirement policies which allow people to access the equity in their homes.

"Where action in these areas is being taken, it seems more driven by tactical responses to the effects of the global situation, rather than a long term strategic focus on minimising the fiscal impact of an ageing population," Mr McEwan said.

"A priority must be a simple and fair tax system that doesn't favour one type of investment over others. The Saver Pulse™ research showed a $1.8 billion drop in the value of housing assets as prices fell over the last quarter," said Mr McEwan. Many New Zealanders still see their home as their savings for the future. Such a view needs to change if New Zealand wishes to see sustainable growth in the economy and more long-term savings.

It is critical for individuals and the New Zealand economy that our level of savings increases, but it will only do so through stable, long-term policies from the Government.