

**Media Release**

**For release: 6 December 2017**

**Great (unmet) expectations: Retirement Realities for New Zealanders**

Research commissioned by the Financial Services Council (FSC) reveals that for most retirees, savings and income from assets lasts for less than 10 years after retirement, reducing most to living off the New Zealand Superannuation pension alone.

With the average person expecting to be retired for 20+ years, New Zealand retirees expect to live the last 10 or more years of their lives on the government pension only.

FSC CEO Richard Klipin says there is a need for greater education and advice prior to retirement.

“Our research shows that nearly 4 in 10 of elderly regret not having more financial advice to improve their incomes in retirement. It is important for retirees not to be reliant on a limited mix of assets to draw on once regular income stops.”

The research, conducted by Horizon Research, delves into the attitudes and expectations of older New Zealanders against the backdrop of what wealth those aged 65+ have accumulated, and how they are spending it.

The research estimates for the first time the total wealth New Zealanders expect to take into retirement, and whether retirees are under or over in regards to how financially well off they will be after they stop paid work.

“Those over 65 and retired think they need \$655 per week to live comfortably. Our research shows that, in reality they have, on average, \$437 per week, which is a gap of \$218. This is a considerable gap which is even bigger for those who don’t own their own home,” Mr Klipin said.

The concentration of wealth in a few asset classes, particularly property, indicates New Zealanders could benefit from greater knowledge of potential investment types.

The research shows that over half (54%) of homeowners aged 65+ are planning to sell their home to help fund their retirement. As home ownership rates drop amongst today’s young New Zealanders, this indicates a need to better educate the New Zealand population on how to grow and protect savings and assets.

‘There remains a significant opportunity to better serve New Zealanders with initiatives to help them grow and spend their personal retirement wealth – both in terms of new products and new ways of delivering advice’, Mr Klipin said.

## **FSC 'Great Expectations' Research**

### **Key findings**

- Nearly all older New Zealanders will be living on the New Zealand Superannuation pension alone after just 10 years.
- Almost half of those now aged 65+ say they would have liked more financial advice to improve their incomes in retirement
- The \$218 average after tax weekly gap between what the retired need to live comfortably and what they actually have, sends a message to those still working to make the most of opportunities to grow their wealth and increase their sources of income.
- New Zealanders aged over 65 are taking more than \$632 billion in property wealth into retirement but that wealth is overwhelmingly concentrated in the family home.

### **Research methodology**

This study was conducted, on behalf of FSC, by Horizon Research online among a nationally representative sample of New Zealanders aged 18 years and older. The sample was 2,199 respondents, distributed throughout New Zealand including both capital city and non-capital city areas. Following the completion of interviewing, the data was weighted by age, gender, sexual orientation and region to reflect the population estimates for New Zealand.

The full report can be accessed here: [\[insert url\]](#)

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For Further Information

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## Information about the FSC

The FSC represents investment and life insurance companies in New Zealand. The FSC has 16 member companies and 13 associate members as at 30 November 2017. Companies represented in the FSC include the major insurers in life, disability, income, and trauma insurance, and some fund managers and KiwiSaver providers. Law firms, audit firms, and other providers to the financial services sector are represented among the associate members.

The FSC's purpose is to:

- be recognised as an organisation that represents the interests of the New Zealand financial services industry, including to regulators and Government;
- promote best practice and integrity in the financial services industry, including through the institution of codes of conduct, standards and the publication of guidance for industry participants;
- promote the financial services industry for the economic benefit of New Zealand and to enhance the sustainability of the industry, whilst recognising the primacy of the interests of consumers;
- develop and promote evidence-based policies and practices designed to assist New Zealanders to build and protect their wealth;
- promote the financial services industry as a medium for investment and protection for consumers;
- promote, assist and generally advance the interests of members.