

Media Release

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KiwiSaver law changes welcomed

The Financial Services Council has welcomed the proposed KiwiSaver changes contained in the Taxation Bill introduced to Parliament this week.

The changes in the Bill include opening KiwiSaver to over 65s, establishing new employee contribution rates of 6% and 10%, and reducing the maximum contributions holiday that people can take from the scheme from five years to one year.

“These changes are positive and if passed will significantly strengthen KiwiSaver and support its continued growth”, said FSC CEO, Richard Klipin.

“The FSC, industry, the Commission for Financial Capability, and many other have been lobbying hard for these changes to happen and the Government is to be applauded for listening to this and acting.

“It is also heartening that the National Party has indicated that it will support the Bill.”

The proposed changes are supported by three major pieces of research that FSC has recently undertaken looking at New Zealanders views on KiwiSaver.

The first ‘Growing the KiwiSaver Pie’ showed overwhelming public support for boosting the scheme and improving Kiwis access to it. The second ‘Great (unmet) Expectations’ found that older New Zealanders face a significant weekly income shortfall in retirement. The third ‘Generation KiwiSaver’ found that under 35s will be reliant on KiwiSaver as their main source of retirement income.

“The consistent message across all three pieces of research though was clear public support for strengthening KiwiSaver and a call for Government and industry to do more”, said Mr Klipin.

“As KiwiSaver enters its eleventh year and becomes an increasingly important part of all New Zealanders retirement planning it is essential that the scheme continues to evolve and improve.

“The changes in the Bill do just that and are a positive step forward. The Government is to be commended for progressing them and although there is more work to do they are a great start”, concluded Mr Klipin.

Ends

For Further Information

Richard Klipin, Chief Executive Officer, Financial Services Council of New Zealand
Mobile 021 0233 5414 or email richard.klipin@fsc.org.nz

Information about the FSC

The FSC represents investment and life insurance companies in New Zealand. The FSC has 33 members as at 30 April 2018. Companies represented in the FSC include the major insurers in life, disability, income, and trauma insurance, and some fund managers and KiwiSaver providers, together with law firms, audit firms, and other providers to the financial services sector.

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.