

Media Release

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Research delivers a wake-up call for Generation KiwiSaver

Younger New Zealanders are increasingly reliant on KiwiSaver as their main source of income when planning for retirement and that means a wake-up call when it comes to financial planning, according to new research commissioned by the Financial Services Council (FSC).

The research 'Generation KiwiSaver' conducted by Horizon Research, focused on New Zealanders aged 18-34 and their attitudes towards retirement planning. It examined what they expected in their retirement, how this would be funded, and their confidence towards future planning.

"What we saw was an increasing reliance on KiwiSaver as a majority source of income in retirement planning, and a plea for more help with financial advice and retirement planning", said Richard Klipin CEO of the FSC.

For younger New Zealanders, only 54% of respondents aged 18-34 expected to have their own home, and only 30% expected to have New Zealand Superannuation at retirement.

"It's clear that millennials are going to be Generation KiwiSaver. Owning a house and relying on New Zealand Superannuation are options younger New Zealanders simply aren't counting on.

"This is a significant change from previous generations where a 'she'll be right' attitude and owning a mortgage-free home was the extent of retirement planning for many, said Mr Klipin."

"Given this and the higher expectations from millennials of their retirement income the research delivers a wake-up call for industry, Government and young people themselves.

"An overwhelming number of under 35s want the law changed so that minimum contributions to KiwiSaver are lifted gradually. So there's a clear wake-up call for our politicians about the need to keep on strengthening KiwiSaver.

"The research shows that millennials more than any other age group support financial advice being provided in new ways such as via robo-advice, and want a personalised financial plan. So there is a clear wake-up call for industry about the importance of continuing to innovate and improve the ways in which financial advice is provided.

"And perhaps most importantly of all it's a wake-up call for young New Zealanders to begin to diversify away from a pure KiwiSaver approach, and to start becoming more engaged with their KiwiSaver investment.

"The evolution of millennials into Generation KiwiSaver will bring a new set of challenges. However, I'm confident that with good planning, education, and regulation that we will be able to deliver financial security for younger New Zealanders into retirement", concluded Mr Klipin.

FSC ‘Generation KiwiSaver’ Research

This is the third piece of research on KiwiSaver commissioned by the Financial Services Council. The first ‘Growing the KiwiSaver Pie’ can be found [here](#). The second ‘Great Expectations – Retirement Realities for Older New Zealanders’ can be found [here](#)

Key findings

- Younger New Zealanders aged between 18-34 expect KiwiSaver to be the primary asset that will help fund retirement.
- Under 35s are no longer relying on property ownership and Superannuation to fund retirement as other age groups have.
- Despite having a lower asset base Generation KiwiSaver have a higher expectation on the income needed to retire than the primary working age group – 2% higher at \$754 a week.
- There is likely to be a \$205 weekly shortfall between expected retirement income and actual retirement income for under 35s.
- Under 35’s overwhelmingly support a law change to gradually lift the minimum contribution rate to KiwiSaver.

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.

Ends

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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.