

Media Release: EMBARGOED UNTIL 1800 TUESDAY 11 SEPTEMBER 2019

New Zealand's trillion dollar KiwiSaver challenge

The Financial Services Council (FSC) has today released a new discussion paper, *KiwiSaver 2050: Pathways to the Future*, aimed at kickstarting a conversation about how New Zealand can make the most of the nearly trillion dollar opportunity that KiwiSaver will present in 2050 and beyond.

The discussion paper takes a whole-of-system look at KiwiSaver and the broader New Zealand retirement framework and highlights a number of key considerations and issues to address, which will be fundamental to the long-term success of KiwiSaver.

“In commissioning *KiwiSaver 2050* we wanted to help start a debate and conversation about how KiwiSaver can be refined and improved in future years to better deliver for New Zealanders and our long-term health and well-being”, said Richard Klipin, CEO of the Financial Services Council.

“KiwiSaver is still a young scheme, but it is growing fast and we estimate that almost one trillion dollars in funds will be under management by 2050 (\$498bn in real terms). These are big numbers and the potential positive benefits for New Zealand if we get the KiwiSaver framework right for future demands are significant.

“We’re not claiming to have all the answers but we’re hoping that *KiwiSaver 2050*, by taking a holistic look at the KiwiSaver framework rather than an issues based approach, will help further the debate.”

KiwiSaver 2050 identifies six key issues which will be fundamental to the long-term success of KiwiSaver:

1. **Increasing participation** – expanding the coverage of KiwiSaver and increasing the level of participation.
2. **Building contribution levels** – increasing the savings level of those who are contributing already to a sustainable point.
3. **From accumulation to decumulation** – developing options for those who have already retired to decumulate their savings.
4. **Continued focus on financial literacy** – while financial literacy is improving more work is needed to ensure Kiwis understand how to save.

5. **Improved scheme efficiency and effectiveness** – a focus on continued improvement utilising advances in technology and analytics to drive greater efficiency and engagement.
6. **Political leadership and policy stability** – policy stability and predictability is critical for the long-term good of KiwiSaver.

“Each of the areas identified above are complex and there are no easy fixes or quick solutions to achieving them”, says Klipin.

“However, the discussion paper does propose a number of ideas for further consideration and discussion to help drive better outcomes in these areas.

“For instance, increasing participation through providing a minimum level of saving so that those who are unable to join KiwiSaver can get started in the scheme.

“Or building contribution levels by increased engagement with KiwiSaver members in default funds to move them to more appropriate funds, making Conservative Funds less conservative, and continuing KiwiSaver contributions when a member is on parental leave.

“The paper also proposes consideration being given to the development of an annuity market in New Zealand to aid with decumulation, and the development of a political accord and dedicated Government Ministry to ensure ongoing stability and predictability in retirement policy making.

“These ideas and the many others in *KiwiSaver 2050* are just a start and we look forward to an ongoing conversation with industry, regulators, politicians and the public about how best to grow KiwiSaver and deliver New Zealanders a world-class retirement”, concluded Klipin.

The full discussion paper, *KiwiSaver 2050: Pathways to the Future*, can be found [here](#).

ENDS

For all media enquiries, please contact:

Thomas Pryor

Sherson Willis

Mobile: 021 818 973 or email thomas@shersonwillis.com

About the Financial Services Council (FSC)

The Financial Services Council is a non-profit member organisation and the voice of the financial services sector in New Zealand. Our 50 members comprise 95% of the life insurance market in New Zealand and manage funds of more than \$57.3bn. Members include the major insurers in life, disability and income insurance, fund managers, KiwiSaver, professional services and technology providers to the financial services sector.

www.fsc.org.nz, twitter: [@FSC_NZ](https://twitter.com/FSC_NZ)

Towards Wellbeing National Conference - 11 and 12 September 2019, Auckland

Financial Services Council.
Growing and protecting the wealth of New Zealanders

Workplace
Savings NZ
Te mōrahi pōwhiriwhiri

TOWARDS
WELLBEING

FINANCIAL · PURPOSE · SOCIAL · HEALTH

11 & 12 September 2019



Find out more at www.towardswellbeing.co.nz

Keep up to date on the 2019 conference by following us on twitter [#wellbeingNZ](https://twitter.com/wellbeingNZ).