

member update summer 2017

WELCOME

What a year! Our final Member Update for 2017 brings you highlights from the year (see the 'Year in Review' infographic on pages 6–7), an update on our exciting KiwiSaver research, and information on events to bring the community together.

FSC members, working collectively, have developed more than 13 submissions to regulators and government, released two phases of new KiwiSaver research, brought together over 300 people at the 'Navigating Change' conference and over 700 people at the recent 'Navigating Regulation' summit, launched four new industry awards, and we now have 13 FSC committees driving a full 2018 workplan. It's been a fantastic 2017, and a big thank you to all our members for contributing and being part of the wave of change.

POLICY AND ADVOCACY



Engagement with Ministers took a pause during the election and we are back up and running as we seek to build our relationships with the new players in town. A delegation from the FSC met with Minister Kris Faafoi (Commerce) and Chris Finlayson (shadow Commerce spokesperson) on 6 December. Our political advocacy messages remain focussed on building strong and sustainable consumer outcomes and a robust financial services sector through:

- Investments – continuing to nurture and grow KiwiSaver; addressing retirement and savings adequacy
- Insurance – how we help kiwis manage risk, addressing under-insurance and ensuring consumers have access to the products and advice they need
- Regulatory change – prioritising areas of industry concern
- The importance of transparency, conduct and consumer-focus

Policy work since our September update includes:

Area of work	Outcomes
Code of Professional Conduct for financial advice sector	FSC members (via the FSC Code Working Group and FSC Regulation Committee) are working with the Industry Code Working Group. We expect consultation on a preliminary draft Code in early 2018.
RBNZ consultation on publication of insurance statistics	Our October submission called for clear consistency between RBNZ and FSC data, and a better consideration of cost/benefit. We raised this issue with RBNZ when we met on 19 October, and are currently satisfied that there is little duplication in this first phase of the work.
MBIE consultation on designing assumptions for KiwiSaver savings and income projections	We added to the conversation on this technical consultation with a call to balance customer benefit and industry complexity. We expect further consultation on the detail in early 2018, with assumptions to be finalised mid-2018.
RBNZ consultation on audit requirements for insurer data returns	The FSC Regulation Committee is working on our response with the deadline on 16 December fast approaching. We are calling for better consideration of cost / benefit and a more tailored, preventive approach.

INDUSTRY LEADERSHIP

Reaching across the broader financial services value chain, and partnering with the FMA and MBIE, the Navigating Regulation roadshows have proven a roaring success. With more than 700 people attending the roadshows in Auckland, Wellington and Christchurch, this was a real opportunity to reach those who distribute products directly to the customer and for the FSC to lead the conversation together with the regulators.



The events highlighted that the FMA and MBIE want to work with the industry to enable good outcomes for consumers and that industry leadership is vital through this period of continuing regulatory change. Key messages included:

- The Financial Services Legislation Amendment Bill (FSLAB) is likely to have its first reading and be referred to Select Committee in early 2018. Public consultation will then follow, and MBIE expect the Bill to be passed in late 2018. Once the Bill has passed its first reading the timeline will become clearer.
- Consultation on i) disclosure and ii) fees and levies is expected in early 2018.
- The Code of Conduct is being created through consultation with the industry. This year's focus groups (including those with the FSC) will be followed by wider consultation in early 2018, with approval expected late 2018.
- Licensing standards will be designed in 2018, and the FMA are aware that a one-size fits all approach is unlikely to drive the best outcomes.
- A sense of hope and optimism for the industry with opportunities available for those advisers and organisations ready to embrace the change.

Extending our reach to share collective knowledge and gain insights, the FSC team has recently presented at a number of events, including:

- Professional Advisers Association Info Bites
- Inland Revenue KiwiSaver Annual Meeting



INDUSTRY INSIGHTS



'Growing the KiwiSaver Pie' research released at the Navigating Change conference generated robust discussion with Ministers in the run-up to the General Election. The findings showed that New Zealanders want KiwiSaver to be beefed up, including more options for how they contribute to, and access their, KiwiSaver schemes.

The research, 'Growing the KiwiSaver Pie' is the first of three pieces of research commissioned by the Financial Services Council on KiwiSaver and carried out by Horizon Research. It is one of the largest ever undertaken on New Zealanders views on KiwiSaver. The full report is available on the FSC website

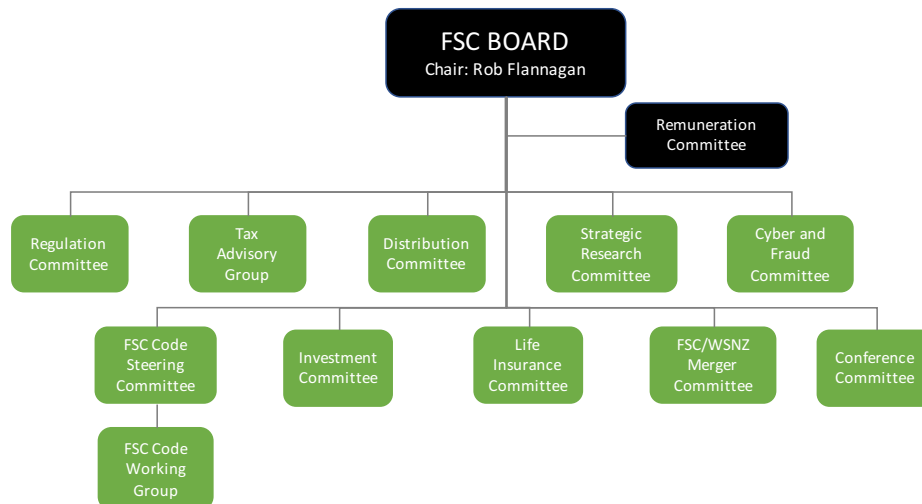
Our next phase of the research looks at the attitudes and behaviours of older New Zealanders towards their wealth and financial future. 'Great Expectations: Retirement Realities for Older New Zealanders' was launched on 5 December 2017, and revealed that:

- 1 Nearly all older New Zealanders will be living on the New Zealand Superannuation pension alone after just 10 years.** The rapid use of all savings and other assets by New Zealanders when they retire indicates a need for education on what investment options are available during people's working lives. The concentration of wealth in a few asset classes and other results of this study, indicate New Zealanders could benefit from greater knowledge of potential investment types.
- 2 Nearly 4 in 10 of the elderly regret not having more financial advice,** and many will embrace new technology to get further help to best-manage their assets. Similarly, many still in KiwiSaver want their providers to step up with more advice on how to reinvest savings and the proceeds of selling other assets, like their homes. With 54% of 65+ homeowners planning to sell their home to help their retirement, the older population still has a keen interest in making the most of their savings and assets.
- 3 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. For many, the gap will be larger, especially if they still have a mortgage or are renting at retirement.

In early 2018, we'll release the final phase of the research looking at what younger New Zealanders think of their wealth and financial future.

COMMUNITY OF PROFESSIONALS

The FSC committees have now formed and we're seeing a community of professionals starting to make a real difference for our industry and our customers.



All FSC committees have now met and are starting to finalise their Terms of Reference and develop workplans. More than 95 people from the FSC membership are engaged in driving activity that supports the FSC's strategic agenda through the FSC committees. Outputs in 2017 have been fantastic and included 13 submissions from the Regulation Committee, delivery of the 'Navigating Change' conference by the Conference Committee, development of the FSC Code through the Code Steering Committee and Code Working Group, and creation and release of the 'Growing the KiwiSaver pie' research by the Strategic Research Committee.

The focus and energy of the newly-formed committees, together with strong support from the FSC membership, augurs well for 2018. We are open to expressions of interest from FSC members to join any of the FSC committees, and if you're interested please reach out to the FSC team on fsc@fsc.org.nz or **09 985 5762**. Your interest will be reviewed by the relevant committee co-chairs and we'll be in touch to let you know if you're successful.

Meeting invites for 2018 will go out soon so watch out for them in your inbox!

ANNUAL GENERAL MEETING

Thanks for attending the AGM on 16 November. A great turnout with interesting questions and a chance for members to hear directly from the Chairman, CEO and the FSC Board.

Welcome to the new FSC Board that was confirmed at the AGM. Board members are:



Naomi Ballantyne
Partners Life



Susan Basile
BNZ



Rob Flannagan
Independent Chair



Simon Hoole
AMP



Nigel Jackson
Westpac



Crispian Knell
Suncorp/Asteron



Ana Marie Lockyer
ANZ



Kristy Redfern
AIA



Nick Stanhope
Sovereign



Nadine Tereora
Fidelity



Charlie Trotter
FNZ



Lance Walker
Cigna

NEW MEMBERS

Welcome to our new members:



OFFICE HOURS

The FSC office will close for the Christmas/New Year break from Thursday 21 December 2017, re-opening Monday 15 January 2018.

**To all our members, thank you for your support and engagement in 2017.
We look forward to an exciting 2018 with you!**

Thanks for reading the summer newsletter. We're always interested in your feedback. Please contact us on **09 985 5762** or **fsc@fsc.org.nz** with your thoughts and opinions.



Rob Flannagan
Chairman



Richard Klipin
CEO

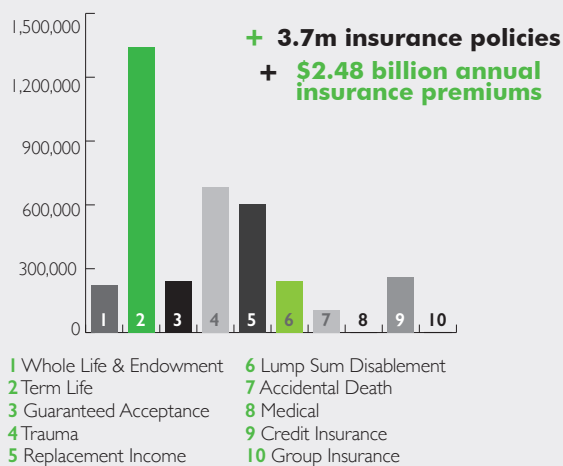
A year in review twentyseventeen

32 members • 13 submissions
40+ meetings with regulators / Government
300 people at 'Navigating Change' conference
700 people at 'Navigating Regulation' roadshows
4 breakfast seminars • 4 new industry awards
New research – Growing the KiwiSaver pie
4 quarterly industry statistics • 4 member newsletters
94 people participating in 13 FSC committees

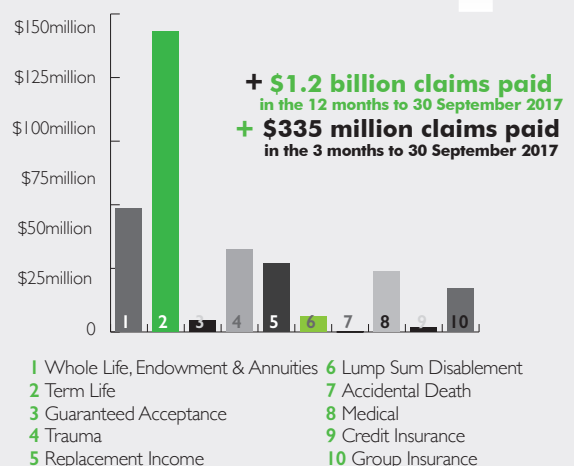


INDUSTRY

Number of insurance policies



Amount of claims paid



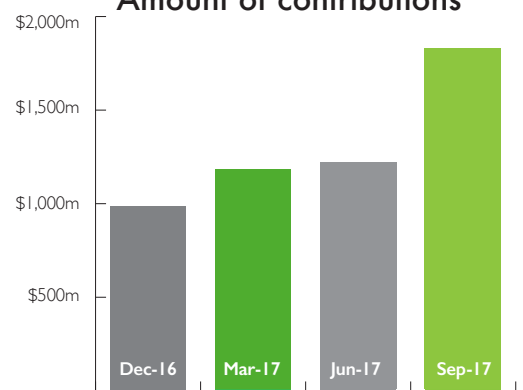
Source: Financial Services Council statistics, 30 September 2017

KiwiSaver

+ \$45.0 billion total KiwiSaver funds
+ \$5.2 billion total contribution
for year to 30 September 2017
+ \$16,076 average member balance
+ \$1,976 average member
12-month contributions



Amount of contributions



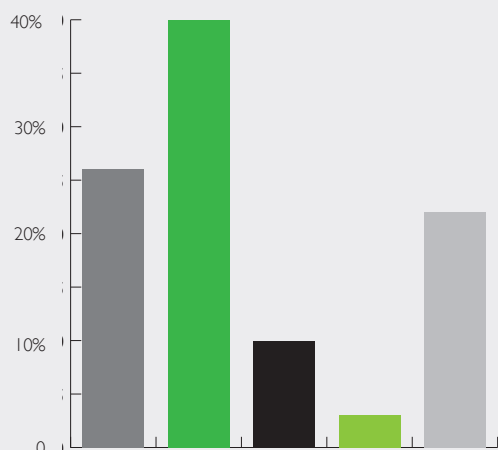
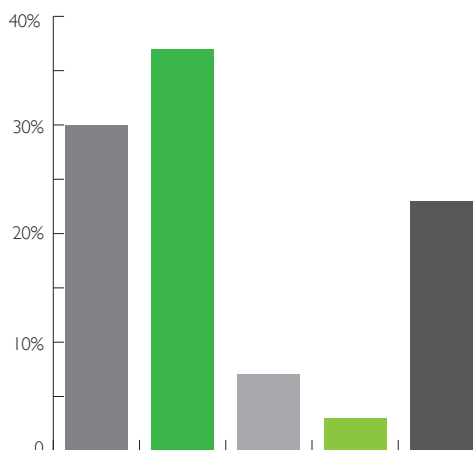
Source: Workplace Savings NZ, quarterly KiwiSaver survey, 30 September 2017

GROWING THE KIWISAVER PIE RESEARCH



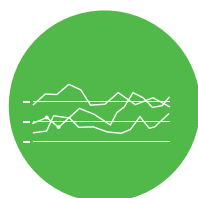
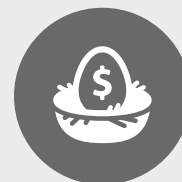
Would you support or oppose KiwiSaver contributions being gradually increased from 3% to 4%?

1. Strongly support – 30%
2. Support – 37%
3. Oppose – 7%
4. Strongly oppose – 3%
5. I'm really not sure – 23%



Allowing working people over 65 years to join KiwiSaver

1. Strongly support – 26%
2. Support – 40%
3. Oppose – 10%
4. Strongly oppose – 3%
5. I'm really not sure – 22%



Require KiwiSaver providers to give savers forecasts each year of how much their retirement balance could be once they turn 65

1. Strongly support – 25%
2. Support – 45%
3. Oppose – 4%
4. Strongly oppose – 1%
5. I'm really not sure – 24%

