

Media Statement: Friday 02 October 2020

KiwiSaver shows its resilience

The 2019/20 KiwiSaver Annual Report from the FMA shows the resilience and robustness of the scheme says the Financial Services Council.

“After a decade of growth, the last year and the global onset of Covid-19 and associated economic uncertainty posed a huge test for KiwiSaver”, said Richard Klipin, CEO of the Financial Services Council.

“This report shows that by and large KiwiSaver has met this test and proven to be a robust retirement savings scheme that continues to grow.

“It’s particularly pleasing to see the acknowledgement in the report from the FMA of the increased effort by providers to engage with members during the period of extreme volatility earlier this year.

“The purpose of KiwiSaver is clear; to act as a long-term retirement savings scheme for New Zealanders and not as a short-term cashflow option.

“It’s really important though that during times of uncertainty providers, regulators and the Government engage with New Zealanders, so they understand this and the importance of taking a long-term approach to their KiwiSaver investment.

“The steady increase in the number of Kiwis in either growth or balanced funds is also a welcome trend and shows that New Zealanders are increasing in their financial literacy and better understanding their appetite for investment risk.

“The switching numbers shown in the report are a point of concern however and show that collectively we have plenty of work to do in improving New Zealanders understanding and engagement with their KiwiSaver investment.

“With \$62 billion of New Zealanders money now invested in KiwiSaver it is set to play an even bigger role in the future financial health, wealth and wellbeing of Kiwis and that means we collectively need to get it right. This report shows that good progress has been made in the last year but more still needs to be done”, concluded Klipin.

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For all media enquiries, please contact:

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

About the Financial Services Council (FSC)

The FSC is a non-profit member organisation and the voice of the financial services sector in New Zealand. Our 78 members comprise 95% of the life insurance market in New Zealand and manage funds of more than \$83bn. Members include the major insurers in life, disability and income insurance, fund managers, KiwiSaver and workplace savings schemes (including restricted schemes), professional service providers, and technology providers to the financial services sector.

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