

**Media Release: 27 July 2021**

## Three million New Zealanders support mandatory KiwiSaver, latest research reveals

As KiwiSaver celebrates its 14<sup>th</sup> birthday this month, the Financial Services Council [FSC] has released new research looking at what New Zealanders think about the scheme, the role it plays in their retirement preparedness, and where it needs to head in the future.

The research, 'KiwiSaver at a Crossroads,' surveyed over 2,000 adult New Zealanders and provides a comprehensive snapshot of Kiwis views on the scheme.

"This research shows that New Zealanders overwhelmingly support KiwiSaver and want it's role to be increased", says FSC chief executive Richard Klipin.

"With 78% supporting compulsion and almost three quarters (73%) supporting an increase in contribution rates, there is widespread public support for action in both areas.

"As an additional indicator of support almost 80% of respondents thought they were getting value for money for the KiwiSaver fees they pay.

"The research also found that New Zealanders are deeply worried about not having enough savings for their retirement.

"64% of New Zealanders, which represents 2.5 million people, are worried they won't have enough to retire comfortably or afford where they want to live.

"With the average KiwiSaver balance just over \$25,000, there's a yawning gap between what New Zealanders have in their KiwiSaver and what they need to save.

"That means most Kiwis will fall short of being able to fund a modest retirement, let alone a comfortable one.

"When you consider that property ownership is on the decline and that many younger Kiwis may not own their own homes by the time they retire, \$25,000 is simply not going to be adequate.

"With 17% of New Zealanders not contributing to KiwiSaver at all and more than 30% contributing only the minimum 3% there's no doubt that we need to do more to help New Zealanders build their KiwiSaver balances," says Klipin.

The research also highlights the low levels of financial literacy regarding KiwiSaver. A quarter of survey respondents didn't know how much they needed in retirement, and 22% didn't know the balance of their KiwiSaver.

"Low contributions, a knowledge gap and lack of preparedness are all issues that are highly concerning," says Ryan Bessemer, CEO, Trustees Executors, who sponsored the research.

“A great deal of work lies ahead for our industry to increase the levels of financial literacy and equip Kiwis to prepare for and fund their retirement.”

Klipin says that while overall, the findings show New Zealanders strongly support changes to KiwiSaver, a wider discussion is needed.

“There is obviously a trade-off between the pace of change and affordability, and we need to make sure we get the balance right.

“Implementing changes as part of a phased approach would help ensure that vulnerable customers are not thrown in the deep end right away and have time to prepare for any significant changes to the KiwiSaver scheme.

“It’s important to ensure those who most need it are building the savings they’ll need for a comfortable retirement,” says Klipin.

“KiwiSaver has made good progress over its first 14 years, and we hope this research illuminates both some of the issues and the possibilities for a way forward.

“Getting these issues right is not easy and we don’t claim to have the answers. However, we hope this research will help stimulate further conversation and discussion about how to improve KiwiSaver and ensure that the benefits it delivers for Kiwis in the future only increase,” concluded Klipin.

Read the full research report [here](#).

**ENDS**

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#### **About the research**

The research was conducted via an online survey developed and hosted by CoreData. Data was collected between 15 April and 26 April 2021. A total of 2,035 valid complete responses were collected, which formed the basis of the analysis and the report. The sample is representative of the New Zealand consumer population in terms of age, gender and income based on the latest Stats NZ data. According to Stats NZ1 in March 2021 there was an estimated resident population of 5,116,300. As this survey only included respondents aged 18 years old or over, the estimated resident population of the sample is 3,944,700. The purpose of this survey was to understand how financially confident and the financial wellbeing New Zealanders.