

Media Release

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How hard should we be saving for retirement?

New Zealand should look to overseas experience as this country debates the adequacy of our approach to retirement income.

That's according to David Ireland, chair of Workplace Savings NZ.

Workplace Savings NZ - the voice of workplace savings - this week holds its national conference in Christchurch being attended by around 180 delegates.

One of the hot topics is expected to be this country's retirement income adequacy, or lack thereof.

The issue is timely as both the Government and the Labour Party ponder the issue of retirement savings compulsion, and the Government unveils details of its latest working group to tackle the savings issue.

However Prime Minister John Key has ruled out changes to New Zealand superannuation, such as raising the age of eligibility or lowering the entitlement level.

David Ireland says New Zealand's savings industry has changed considerably in the past three years.

"In that time, 1.4 million New Zealanders have accumulated more than \$5.5b in retirement savings through KiwiSaver.

"While that is significant, the vexed issue of the adequacy of retirement income remains.

"I believe we can learn a lot from overseas research, such as that done by the Association of Superannuation Funds of Australia – ASFA.

"That research looks at expenditure for a given category of individual or household, and from that, constructs annual income targets for retirees for both modest, and comfortable, lifestyles. People need to understand what sort of lifestyle their retirement savings will support.

"Informed debate on retirement savings policy in New Zealand needs to be based on up-to-date research, and we are looking forward to seeing what the new Savings Working Group comes up with.

“The issue of retirement savings compulsion also needs to be thrashed out in the context of New Zealanders’ ability to save, increasing life expectancy, and overall approach to retirement saving.

“It is important that any decision taken has cross-party support, and is not simply a flavour of the day reaction.

“It is also vital that arrangements for saving through the workplace are placed on a sustainable footing, with a regulatory environment that encourages employers to help their employees make effective savings plans for their retirement,” says Mr Ireland.

Conference delegates will be surveyed on a number of important and politically sensitive issues at the two day event.

These include the question of KiwiSaver compulsion, the eligibility age for New Zealand superannuation and its affordability.

The conference begins on Thursday.

For further information

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