



Survey of NZers aged 50 years and over

KiwiSaver in Money Week 2015

Expectations for and experiences of retirement

Introduction and methodology



This survey looks at older New Zealanders' expectations for and experiences of retirement. Research was conducted among those aged 50 years and over, and includes the views of those who are nearing retirement and those who have already retired.

A total of 1,052 New Zealanders took part in the research.

Results are weighted by age, gender and household income to ensure they are representative of the New Zealand population aged 50 years and over.



Fieldwork was conducted between **10 and 22 April 2015**.



The research was carried out online using **Colmar Brunton's Panel**.



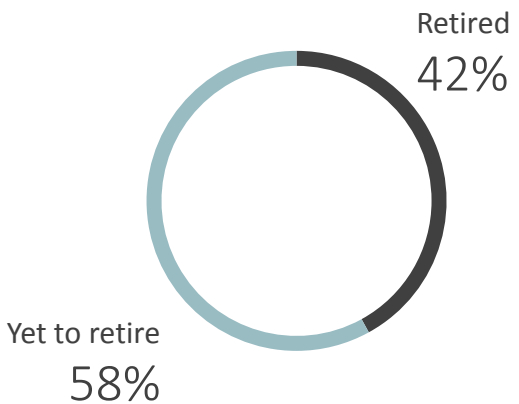
The margin of error for overall results is **+/-3.0%**.

Unless otherwise stated any differences referred to are significant at the 95% level of confidence.

Sample profile

Base: (1,052)

LIFESTAGE



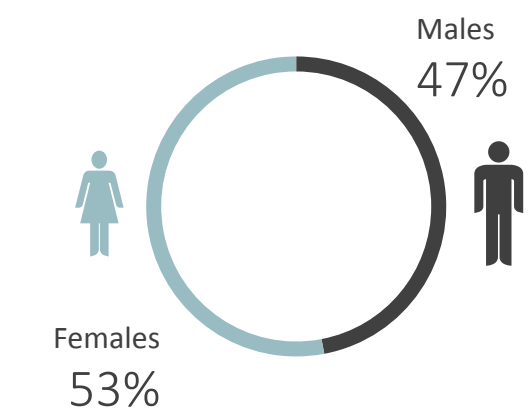
AGE BY HOUSEHOLD INCOME

Sampling quotas were set to match 2013 Census counts for age by total household income*

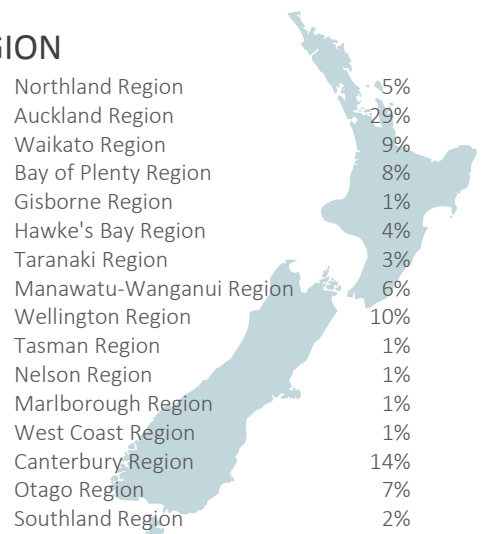
| | Aged 50 to 64 years | | | | Aged 65 years or over | | | |
|--|---------------------|----------------|-----------------|---------|-----------------------|----------------|-----------------|---------|
| | Up to \$30k | >\$30k - \$50k | >\$50k - \$100k | >\$100k | Up to \$30k | >\$30k - \$50k | >\$50k - \$100k | >\$100k |
| New Zealand 50+ population (Census of Population & Dwellings 2013) | 8% | 8% | 20% | 22% | 13% | 13% | 11% | 5% |
| Profile for this sample | 8% | 8% | 20% | 22% | 13% | 13% | 11% | 5% |

*This includes income from all sources, including any salary or wages, self-employed income, child support payments, money from the Government, and investments, etc.

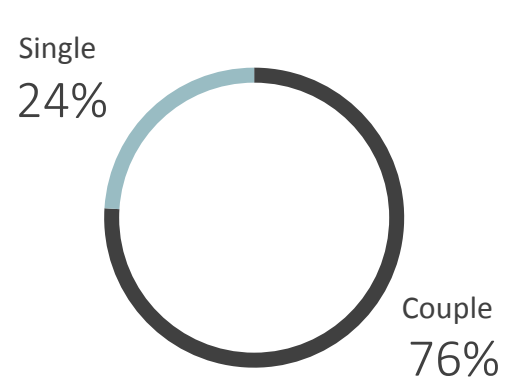
GENDER



REGION



LIVING SITUATION



RETIREMENT REALITY AND EXPECTATIONS – PLANNING AND PREPAREDNESS

A quarter of retirees do not have the money to do the things they want in retirement.

Nearly half say they can afford some spending on top of the basics. Just over a quarter have the money to do all the things they want.

While most of those nearing retirement have some savings or investments to supplement NZ Super, a minority of 11% of those aged 50+ say they currently have enough to deliver the sort of lifestyle they want.

A third think they maybe have enough. Nearly half say they would need to accumulate more before they retire.

A large number of New Zealanders nearing retirement do not have a financial plan in place to enable them to live the sort of lifestyle they want.

Nearly half (46%) of those nearing retirement don't have a financial plan to live the sort of lifestyle they want in retirement, and only a quarter (25%) have given 'a great deal' of thought to the sort of lifestyle they want when they retire.

Most people with a financial plan say they've 'factored in' NZ Super, and the expected time they will spend working. However, only a minority of those nearing retirement have actually calculated their desired income and required expenditure.

Only a third (34%) of those nearing retirement have worked out how much they will need, in addition to NZ Super, to have the sort of lifestyle they want.

Less than half (42%) of those nearing retirement have actually calculated what their regular expenses could be.

Eight in ten (78%) non-retirees plan to own their own home when they retire. Among those who plan to rent or to continue mortgage payments, nearly half (45%) have not calculated what those payments will be.



Age and income are key differentiators when it comes to retirement planning.

- Those who've planned most thoroughly tend to be aged 60 years or more and on a higher annual household income.
- Single people, those on low household incomes, and those aged in their early 50s are less likely to have done any planning for retirement.

SAVINGS AND INVESTMENTS AMONG THOSE APPROACHING RETIREMENT AND RETIREES

Savings and investments

Most non-retirees and retirees have at least *some* savings and investments.

Those in low income households are much less likely than others to have savings and investments, and to have both KiwiSaver and non-KiwiSaver investments.



Investment strategies

Those nearing retirement

At the overall level, those nearing retirement typically choose low or medium risk investments, particularly those who do not have a financial plan to live the sort of lifestyle they want.

Those who have done at least some planning are more likely to spread their investments across lower, medium, and higher risk options.

Retirees

Retirees most commonly keep their money in lower risk investments, such as in a term deposit or savings account.

Those on lower incomes, and who do not yet have the money to do the things they want in retirement, tend to invest conservatively.



UNDERSTANDING RISK, RETURN AND DIVERSIFICATION

There is a general aversion to higher risk investments among New Zealanders aged 50 years and over.

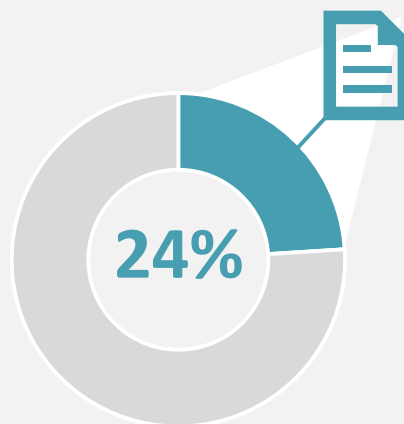
Although virtually all appreciate that investments with higher returns likely have higher risk (97% agree), and know a chosen level of risk should align with person's circumstances and goals (97% agree), eight in ten people think high investment risk is something to avoid (83% agree), and seven in ten believe 'most people' should choose lower risk investments (71% agree).



Many New Zealanders aged 50 years and over may be unaware of their tolerance for investment risk.

Only a quarter (24%) have completed a risk profile questionnaire.

Those who have completed a risk profile questionnaire are less likely than others to express a strong aversion to investment risk.



Some New Zealanders have high expectations for investment returns.

New Zealanders aged 50+ *generally* view a 5% return to be fairly low, 9% to be medium, and 15% to be fairly high.

Having said this, a very wide range of responses were given, especially for medium and high rates of return.

Those with higher expectations tend to be:

- Those in their early 50s
- Those on lower annual household incomes
- Those not yet retired – particularly, those who do not have a plan for how to live the sort of lifestyle they want in retirement, and those who do not currently have any non-KiwiSaver savings or investments.

KIWISAVER AND DECUMULATION

Plans for KiwiSaver

KiwiSaver members nearing retirement tend to invest in low to medium risk funds, and around a quarter plan to withdraw a lump sum when they retire. Most of those who plan to withdraw a lump sum say they'll invest at least some of it elsewhere.

Helpfulness of information from KiwiSaver providers

Only around half of those nearing retirement feel the information provided by their KiwiSaver provider is useful for making decisions about their retirement savings, and for working out how much they'll have when they retire.


Key considerations when investing

When it comes to investing, the most important factors for New Zealanders aged 50+ are having a regular income for the rest of their life, the ability to access their funds when they need them, keeping pace with inflation, and costs and fees.

Interest in a product that would provide a guaranteed regular income

More than a quarter (29%) of those nearing retirement express interest in using a product that could provide a guaranteed weekly or fortnightly income.

Interest is strongest among those less prepared for retirement. Interest does not differ between KiwiSaver members and non-members.





KiwiSaver investments and decumulation intentions

More than two thirds of those nearing retirement are KiwiSaver members. They tend to invest in low to medium risk funds. Close to a quarter of members invest in higher risk growth or aggressive funds.

Q3g/h: Are you currently a member of KiwiSaver? / What type of KiwiSaver fund do you have?



**THOSE MORE LIKELY
TO BE KIWISAVER
MEMEBERS ARE:**

- Women (76%, cf. 65% of men)
- Those aged up to 64 years (74%, cf. 47% aged 65+)

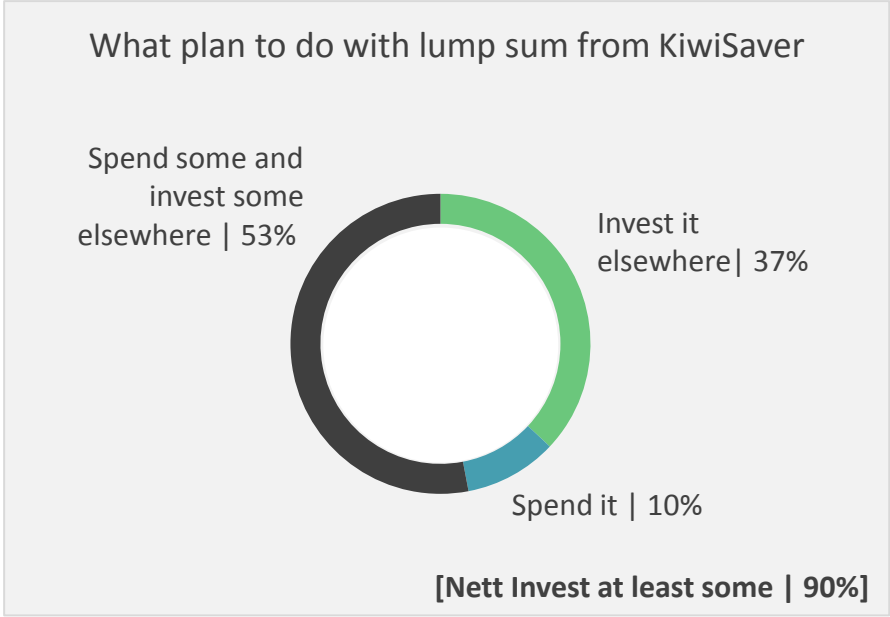
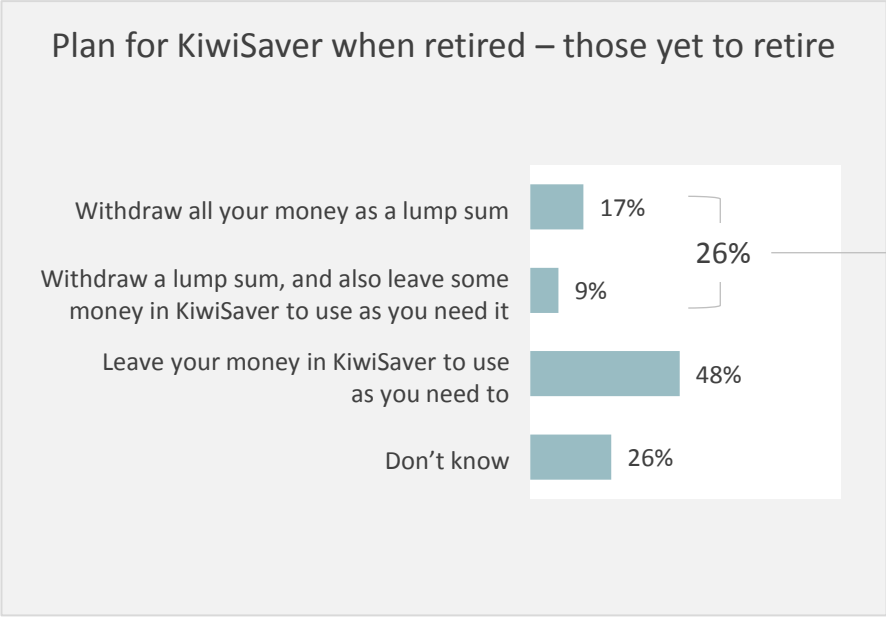
**THOSE MORE LIKELY
TO CHOOSE HIGHER
RISK GROWTH OR
AGGRESSIVE
KIWISAVER FUNDS
ARE:**

- Men (34%, 15% of women)
- Those on high annual household incomes, over \$100k (35%, cf. 15% on lower incomes)
- Those who do not have a strong aversion to investment risk (27%, cf. 7% who do)
- Those with a financial plan to live the sort of lifestyle they want in retirement (29%, cf. 15% who do not)
- Those who have worked out how much they will need in addition to NZ Super (31%, cf. 21% who have not)

Base: Have KiwiSaver: all those yet to retire (n=600) / Type of KiwiSaver fund: all those yet to retire who have KiwiSaver (n=423). Please note that results may add to more than 100% due to rounding or multiple responses being allowed.

A quarter of KiwiSaver members nearing retirement plan to withdraw a lump sum when they retire. Most say they'll invest at least some of that lump sum somewhere else.

Q3i/j: What do you plan to do with your KiwiSaver fund when you retire? / What do you plan to do with that lump sum?



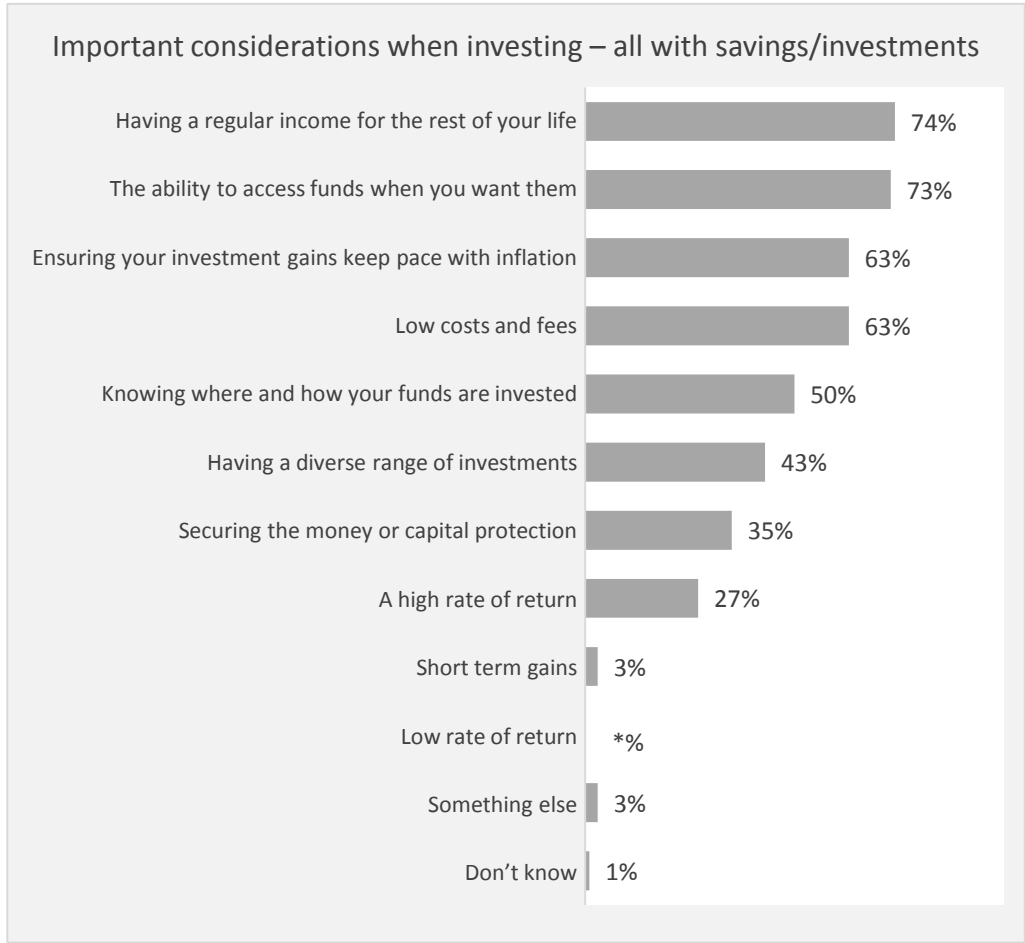
THOSE MORE LIKELY TO LEAVE MONEY IN KIWISAVER TO USE AS THEY NEED IT ARE:

- Those aged 60+ (54%, cf. 43% of those under 60 years)

Base: What those yet to retire plan to do with KiwiSaver once they retire: all those yet to retire who have KiwiSaver (n=423) / What plan to do with lump sum from KiwiSaver: all those yet to retire who have KiwiSaver and intend to withdraw a lump sum once they retire (n=109). Please note that results may add to more than 100% due to rounding or multiple responses being allowed.

When it comes to investing, the most important factors for New Zealanders aged 50+ are having a regular income for the rest of their life, the ability to access their funds when they need them, keeping pace with inflation, and costs and fees. More than a quarter of those nearing retirement express interest in using in a product that could provide a guaranteed weekly or fortnightly income. Interest is strongest among those less prepared for retirement.

Q6a: When it comes to investing, what is most important to you? **Q3n:** When you retire, how interested would you be in using an investment product that provides a guaranteed weekly or fortnightly income during your retirement? This could either be for the rest of your life or for an agreed period of your life in retirement.



Base: All who have savings/investments/KiwiSaver (n=949). Please note that results will add to more than 100% as multiple responses were allowed.

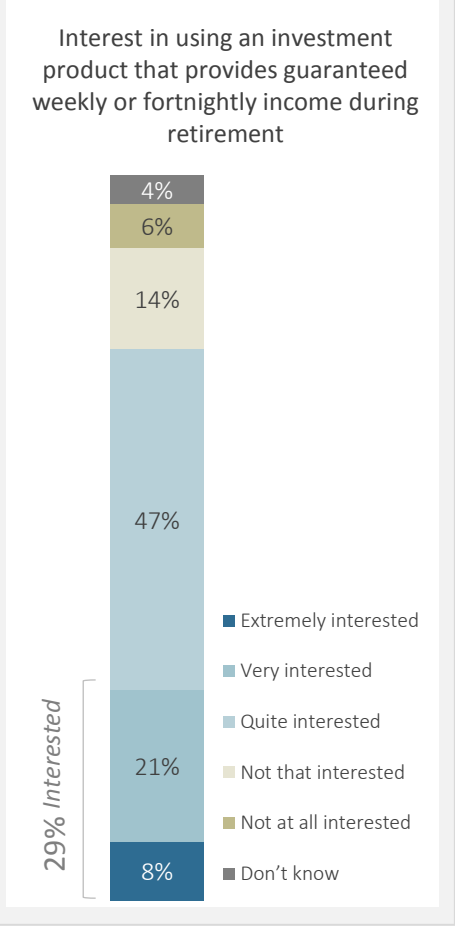
WHO'S MORE INTERESTED IN A PRODUCT LIKE THIS?

THOSE MORE LIKELY TO BE EXTREMELY OR VERY INTERESTED IN A PRODUCT LIKE THIS ARE:

- Those who do not have a financial plan for the sort of lifestyle they want (35%, cf. 24% who do)
- Those who do not currently have enough savings/investments to live the sort of lifestyle they want in retirement (36%, cf. 22% who think they do)

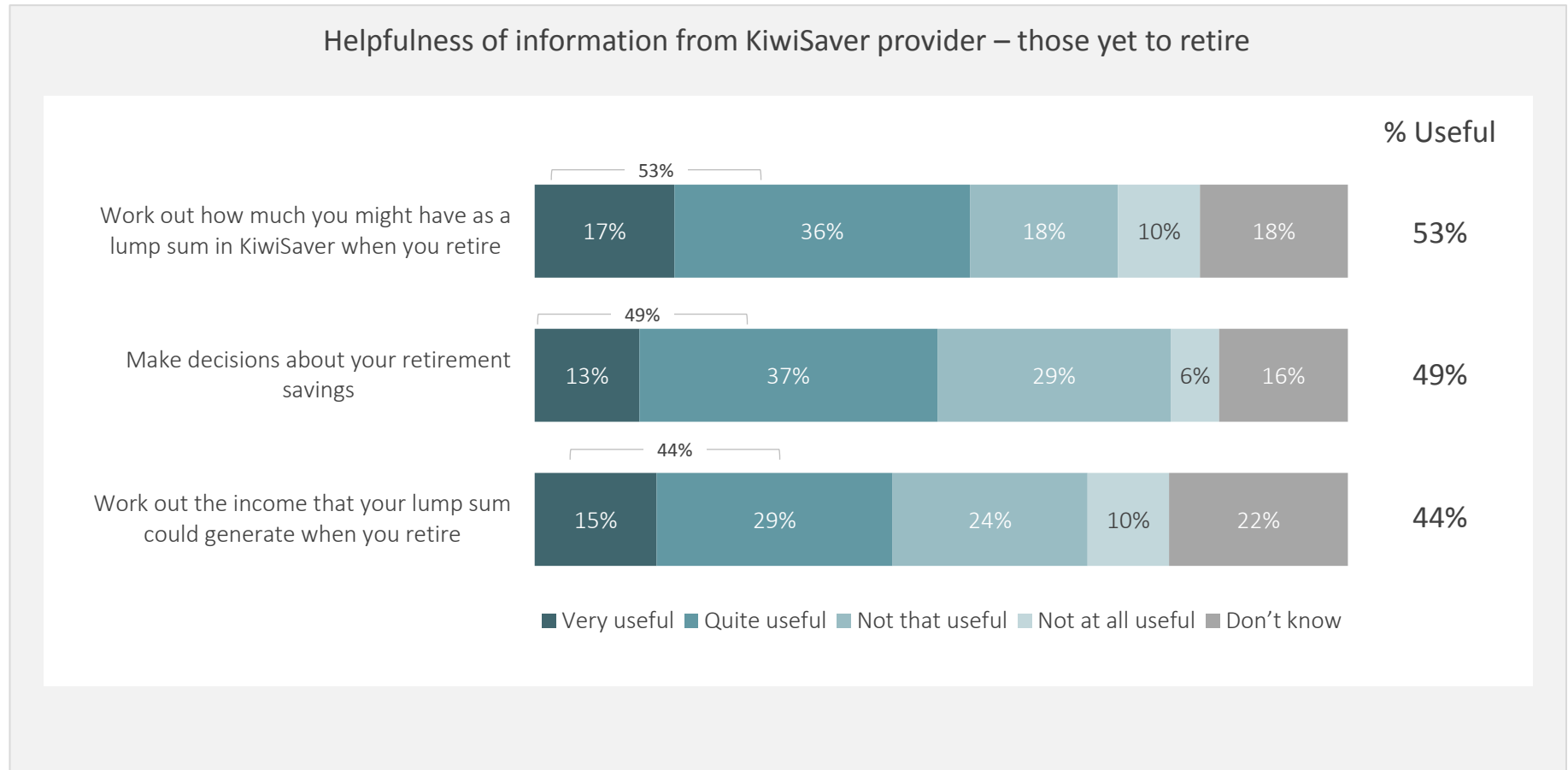
Note: No significant difference in interest was observed between KiwiSaver members (29% interested) and non-members (28% interested).

Base: All who have yet to retire who have savings/investments or KiwiSaver (n=556). Results may not add to exactly 100% due to rounding.



Only around half of those nearing retirement feel the information provided by their KiwiSaver provider is useful for making decisions about their retirement savings, and for working out how much they'll have when they retire.

Q3k: Please think about all the information you receive from your KiwiSaver provider. How useful is that information for helping you...?



Base: All those yet to retire who have KiwiSaver (n=423).
Results may not add to exactly 100% due to rounding.



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