



Media Release

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56 percent of Kiwis not confident of reaching retirement savings goals

Confidence level drops 5 percentage points from April according to ANZ Retirement Savings Confidence Barometer

Fifty-six percent of New Zealanders who are saving toward their retirement are not confident they will reach their savings goal, representing a 5 percent fall in confidence since April, according to the ANZ Retirement Savings Confidence Barometer, released today.

"The deepening debt crisis in Europe and prolonged patchy growth in the New Zealand economy have probably contributed to the drop in confidence," says John Body, Managing Director ANZ Wealth and Private Banking.

"While the survey found that almost two-thirds of New Zealanders are saving in some form, this drop of confidence is still surprising."

The ANZ Retirement Savings Confidence Barometer is designed to see if people have a realistic target for their retirement savings. It asks around 1,000 participants whether they are saving for retirement, then asks how much weekly income they would like in addition to NZ Superannuation when they retire. It calculates the lump sum needed to generate this amount, and then asks how confident they are of reaching their goal.

Table 1. Savings Confidence Measure of 61 per cent of survey who are saving

Savings Confidence	Total	Male	Female
Very confident	15%	19%	12%
Confident	29%	35%	23%
Not very confident	37%	32%	42%
Not at all confident	19%	14%	23%

"For many people this is the first time they've been prompted to consider what they are saving towards, so when they match their chosen income with the lump sum required, that's where the doubt kicks in," says Mr Body.

"For example, four out of ten people surveyed picked an income of \$500 per week or more in retirement. For a 20 year retirement period, a minimum lump sum of around \$415,000¹ is required - so this is a big amount of savings to achieve considering the current contribution rates of 2 per cent of salary into KiwiSaver."

Younger participants, with more time before they reach retirement, are more confident about reaching their retirement goals. 53 percent of 15-29 year olds are confident compared to 35 percent of 45-64 year olds.

¹ Based on saving a lump sum of \$83,000 by age 65 delivering an after tax return of 4.5 % pa, this will provide \$100 per week for 20 years. The income is inflation adjusted at an annual rate of 2.5% thus maintaining purchasing power of the \$100 throughout the 20 year period.

Encouragingly 52 percent of 15-29 year olds and 49 percent of those earning under \$45,000 a year are now saving toward their retirement.

Of the 61 percent of those surveyed who are saving, 85 percent of younger people and 77 percent of those earning under the average wage say that KiwiSaver is their primary means of saving towards their retirement.

“KiwiSaver has been enormously successful in introducing the savings habit to a whole new generation and demographic of New Zealanders,” say Mr Body.

“The survey also shows that while affordability remains a serious issue in terms of joining KiwiSaver and starting the savings habit, it is not a complete barrier for the majority of Kiwis to make regular contributions towards their retirement savings.”

In May ANZ also interviewed 455 people who are saving in KiwiSaver and found 72 percent of those aged 44 years and younger were not saving before KiwiSaver. 86 percent of all these respondents said the scheme has helped them start or increase their retirement savings.

“In a short space of time KiwiSaver has become the primary means for saving for retirement for most New Zealanders.

“When you look at the participation in the scheme from all sections of the population then there’s good reason to expect the confidence levels we are starting to measure in our Savings Barometer will improve over time.

“What’s really important for those people who have been in KiwiSaver for a few years is to start setting some realistic goals about their savings plans, so people can match their savings target to the kind of lifestyle they would like to have in retirement,” concludes Mr Body.

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For more information contact Andrew Park, Corporate Communications Manager, ANZ Wealth, 09 368 6175 or 021 911 787.

Returns will fluctuate over time and it is possible you may not receive back all of the capital you invested. Past performance is not an indicator of future performance.

Research provided by IPSOS. Ipsos is the world’s third largest market research company and the largest company still managed by researchers. Ipsos entered the New Zealand market in 2011 through its purchase of Synovate and remains New Zealand’s most awarded market research company.

Key Findings:

Table 2. Savings Confidence by Age Group of those who are saving

Age Group	15-29 yrs	30-44 yrs	45-64 yrs
Very confident	16%	21%	11%
Confident	37%	31%	24%
Not very confident	40%	37%	36%
Not at all confident	7%	11%	30%

Table 3. Extra income wanted in retirement above NZ Superannuation

Additional income per week for 20 years	
Up to \$149	18%
\$150-\$299	26%
\$300-\$399	11%
\$400-\$499	6%
\$500 and over	39%