

Financial Knowledge and Behaviour Survey 2013

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Commission for Financial Literacy and
Retirement Income

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Summary

This report presents the results of the third national survey of financial knowledge levels of adult New Zealanders. The Commission for Financial Literacy and Retirement Income, with the support of ANZ, commissioned Colmar Brunton to carry out the survey in 2013 as a follow-up to the 2009 and 2005 surveys. This year the survey scope was expanded, to encompass financial behaviour as well as financial knowledge.

Key objectives of the 2013 survey are:

- to identify areas of low financial literacy (either by topic or population) and therefore assist educators to improve financial literacy in those areas
- to identify sources/channels of financial education used by New Zealanders
- to assist the financial services industry to identify where products or services are misunderstood or confusing to consumers and thus be able to improve design or communication
- to measure changes in financial knowledge levels since 2009 in order to adapt education programmes and the design or communication related to financial products and services
- to make comparisons with financial knowledge surveys carried out in other countries
- to explore links between financial knowledge and financial behaviour
- to assist the Commission in identifying areas of further research.

Research method

A fully national survey of 852 people aged 18+ was carried out between 9 February and 31 March 2013. All interviews were conducted face-to-face. The average interview length was 61 minutes and the response rate was 59%. To reflect population characteristics, the data have been weighted by age, gender and household size. All research which surveys a proportion of the wider population is subject to a degree of sampling error. The maximum sampling error for the overall results for 2013 is +/- 3.4% at the 95% level of confidence level. Further details on the methodology used to conduct this research can be found in Appendix A.

Survey context: 2009 to 2013

When interpreting survey results it is important to consider the wider survey context and the events and circumstances in the period leading up to the survey. Financial knowledge and behaviour is subject to a range of influences, many of which are external to the sector itself. Some of the following events and circumstances may have influenced New Zealander's financial knowledge, behaviour and attitudes in 2013:

- Uptake of KiwiSaver has increased markedly since 2009. Linked to this, more New Zealanders may have had some sort of interaction with banks or other financial institutions about saving and investing. There may also be a greater amount of accessible information in the marketplace about saving and investing.
- New Zealand finance company closures and overseas bank failures were widely reported in the media following the Global Financial Crisis (GFC). These circumstances may have contributed to an erosion of public trust and confidence in the finance sector and increased scepticism of investment opportunities.

- The 2010 and 2011 Canterbury earthquakes had a dramatic impact on the lives of many New Zealanders. Issues experienced with earthquake-related insurance claims have been reported widely in the mainstream media, including intense coverage towards the end of the fieldwork period of the security breaches at the Earthquake Commission.¹ Additionally, the earthquake has led the government to call for a national campaign to seismically test all non-residential and multi-unit, multi-storey residential buildings. This plan, and its implications for building owners, was proposed during the fieldwork period.² Media coverage of the increases in the estimated cost of the rebuild has been ongoing. Most recently, the Prime Minister commented that around \$13 billion of taxation is going directly into Christchurch.³
- There were five quarters of economic recession in New Zealand, from December 2007 to March 2009.
- The New Zealand Government has maintained tight control over public spending, with the intention of returning to an annual operating surplus by 2015.
- High unemployment has left many New Zealanders concerned about their job security. During the September 2012 quarter unemployment in New Zealand increased to 7.3 percent; the highest level since the March 1999 quarter.⁴ At the time the research was conducted, March 2013, the latest publically available employment figures were from the December quarter. These showed a decrease in unemployment, to 6.9 percent.⁵ During the fieldwork period unemployment fell again, to 6.2 percent.⁶ However the unemployment rate continues to be high compared to pre-GFC figures.⁷
- Statistics New Zealand's Household Economic Survey (for the year ended June 2011) showed that, over the two years since June 2009, total housing costs as a proportion of total regular household income increased from 15.1 percent to 16.0 percent, the proportion of households spending 30 percent or more of their income on housing costs increased from 19.5 percent to 21.8 percent, average weekly expenditure on rent increased 6.6 percent, and average weekly expenditure on property rates increased 9.3 percent. During this time household regular income remained relatively unchanged.⁸
- Due to the above circumstances, we believe it is likely that there has been more general public conversation about money and finances (than in the past) among everyday New Zealanders, as well as a greater focus over the last three years on financial issues by mainstream media.

¹ EQC accidentally releases claimants' private info http://www.nzherald.co.nz/nz/news/article.cfm?c_id=1&objectid=10872950

² Shock in store for building owners with at-risk assets http://www.nzherald.co.nz/nz/news/article.cfm?c_id=1&objectid=10868959

³ John Key (27 March 2013). Video: Rebuilding Christchurch. <http://www.beehive.govt.nz/feature/video-rebuilding-christchurch>

⁴ See Statistics New Zealand's Household Labour Force Survey: September 2012 quarter. Released 8 November 2012, http://www.stats.govt.nz/browse_for_stats/income-and-work/employment_and_unemployment/HouseholdLabourForceSurvey_HOTPSep12qtr.aspx

⁵ See Statistics New Zealand's Household Labour Force Survey: December 2012 quarter. Released 7 February 2013, http://www.stats.govt.nz/browse_for_stats/income-and-work/employment_and_unemployment/HouseholdLabourForceSurvey_HOTPDDec12qtr.aspx

⁶ See Statistics New Zealand's Household Labour Force Survey: March 2013 quarter. Released 9 May 2013, http://www.stats.govt.nz/browse_for_stats/income-and-work/employment_and_unemployment/HouseholdLabourForceSurvey_HOTPMar13qtr.aspx

⁷ See page 9 of the report available at the link above.

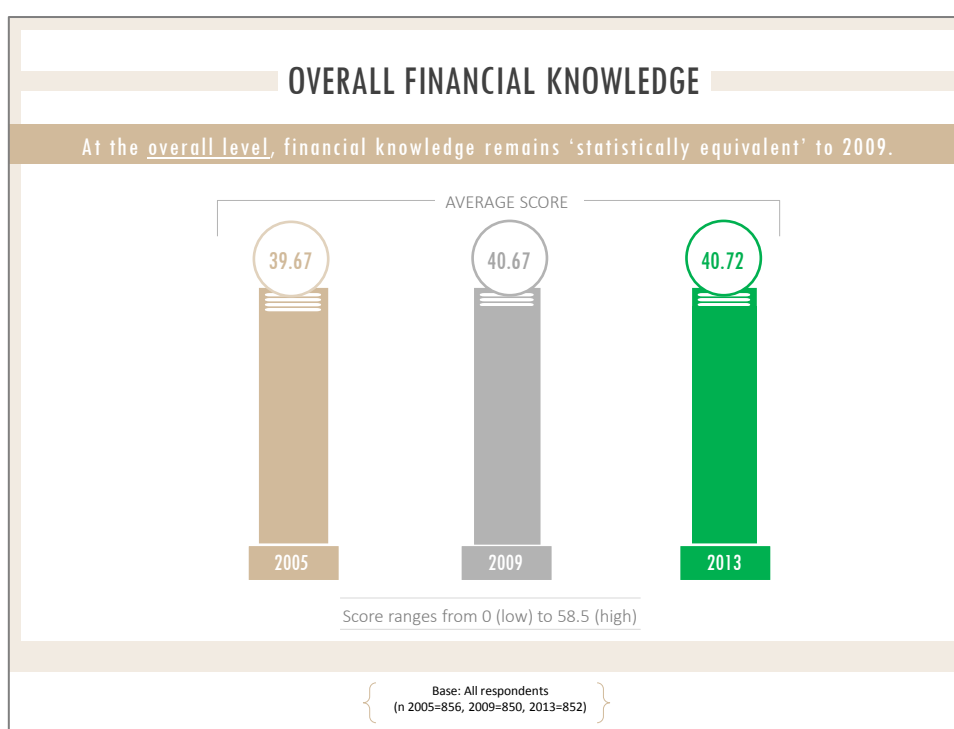
⁸ See Statistics New Zealand's Household Economic Survey (for the year ended June 2011) http://www.stats.govt.nz/browse_for_stats/people_and_communities/Households/HouseholdEconomicSurvey_HOTPYeJun11.aspx

Key point summary: Financial knowledge

This report is the third in a series measuring financial knowledge and behaviour among New Zealanders. The research is building a picture of change over time, but it should be borne in mind that the study is relatively new and it is not yet completely clear which changes are part of a trend, and which reflect short-lived fluctuations due to market conditions and/or media coverage of financial issues. As the research progresses a longer-term picture of findings will emerge.

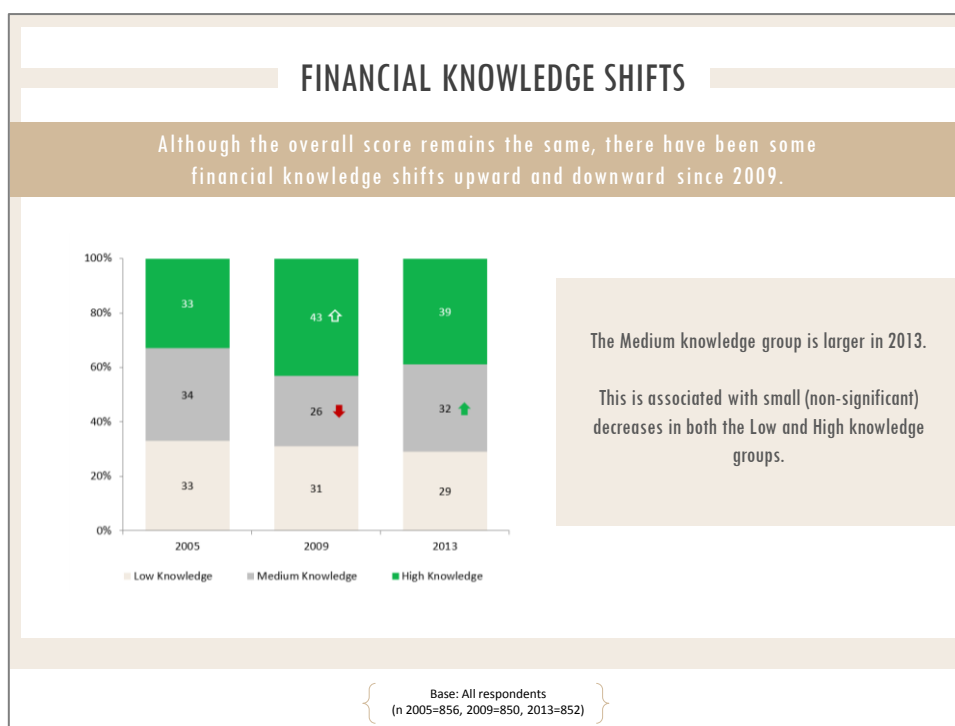
At the overall level financial knowledge has not changed since 2009

Each survey respondent was assigned a 'knowledge score' based on their answers to the knowledge questions asked in the survey. The total knowledge score can range from 0 (low knowledge) to 58.5 (high knowledge). At the *overall* knowledge level, New Zealanders' financial knowledge in 2013 is consistent with 2009, although it remains statistically higher than when financial knowledge was first recorded in 2005.



In 2005 the population was divided into three equally-sized knowledge groups based on the constructed financial knowledge score. These groups are called 'Low knowledge', 'Medium knowledge' and 'High knowledge'. These groups were replicated in each of the subsequent surveys. The Medium knowledge group is significantly larger this year than it was in 2009, up from 26% to 32%.⁹ This increase is associated with small (non-significant) decreases in both the High and Low knowledge groups. These results suggest to us that, although at the overall level financial knowledge in 2013 is not statistically different from 2009, there *have* been some significant shifts when it comes to specific facets of financial knowledge.

⁹ Throughout this report a green arrow or figure is used to indicate a result that is significantly higher than another at the 95% confidence level. A red arrow or figure is used to indicate a result that is significantly lower than another at the 95% confidence level.



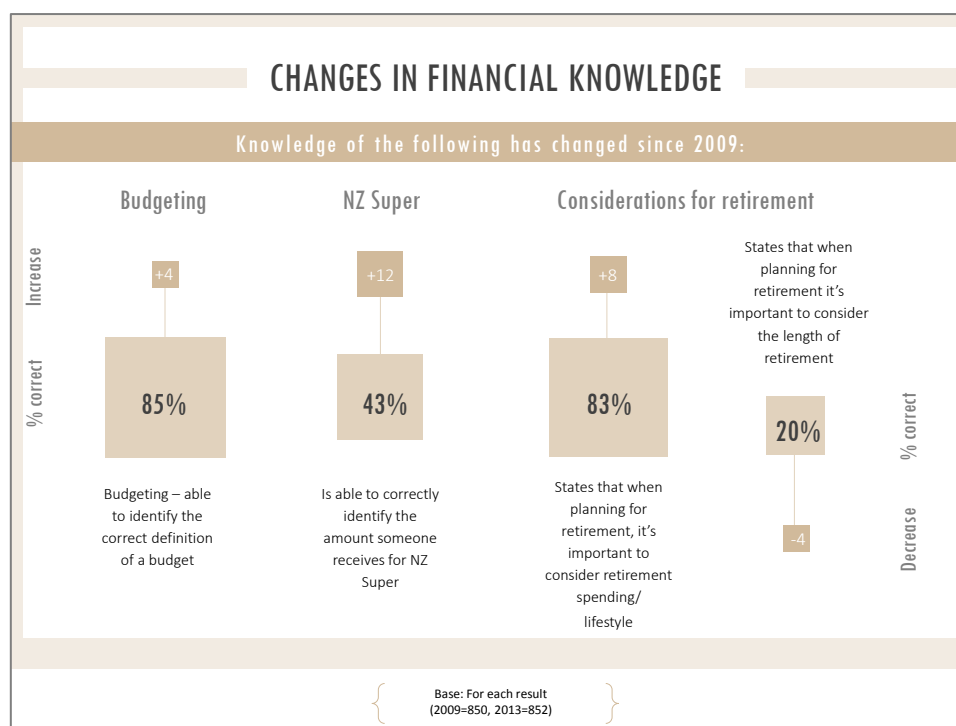
However there have been some significant changes in specific aspects of financial knowledge since the 2009 survey

The small changes in the size of each knowledge group have been driven by significant changes in the proportions of people correctly answering thirteen of the knowledge questions included in the survey: there have been improvements for seven of the questions and reductions for six.

Budgeting: There has been a significant improvement in the level of knowledge of what a budget is – with 85% of New Zealanders now identifying the correct definition of a budget. This increase has been driven in large part by a significant increase in understanding among young people, aged 18 to 24 years (up 16 percentage points to 84%).

New Zealand superannuation: There has been a significant improvement in the proportion of New Zealanders who know the amount of NZ Super, with over four-in-ten (43%) able to identify the correct amount from a list of options. Knowledge of the amount of NZ Super has increased significantly for many groups of New Zealanders, including both the Medium and High knowledge groups.

Considerations for retirement: When thinking about saving for retirement, over eight-in-ten (83%) New Zealanders identify the kind of lifestyle people want for their retirement as a key consideration, significantly more than in 2009 (up from 75%). This increase is particularly strong among young New Zealanders and those in the Low knowledge group, which may signify that KiwiSaver is having the desired effect of encouraging New Zealanders to think about retirement. However there has been a decrease in the proportion of New Zealanders that say people should consider the possible length of retirement (down from 24% to 20% this year).



Money management: There have been falls in both the ability to make forward calculations (how long to save an additional amount) and backward calculations (how much has already been saved) from a bank statement. These falls have occurred across a broad range of demographic groups. It is possible these changes relate to decreasing familiarity with bank statements rather than a worsening of numerical ability. With the uptake of Internet banking, a proportion of New Zealanders are likely to have opted out of receiving regular bank statements. All those who took part in the research were shown the example bank statement provided below:

❖ ABC BANK 123 Main Street, Hamilton

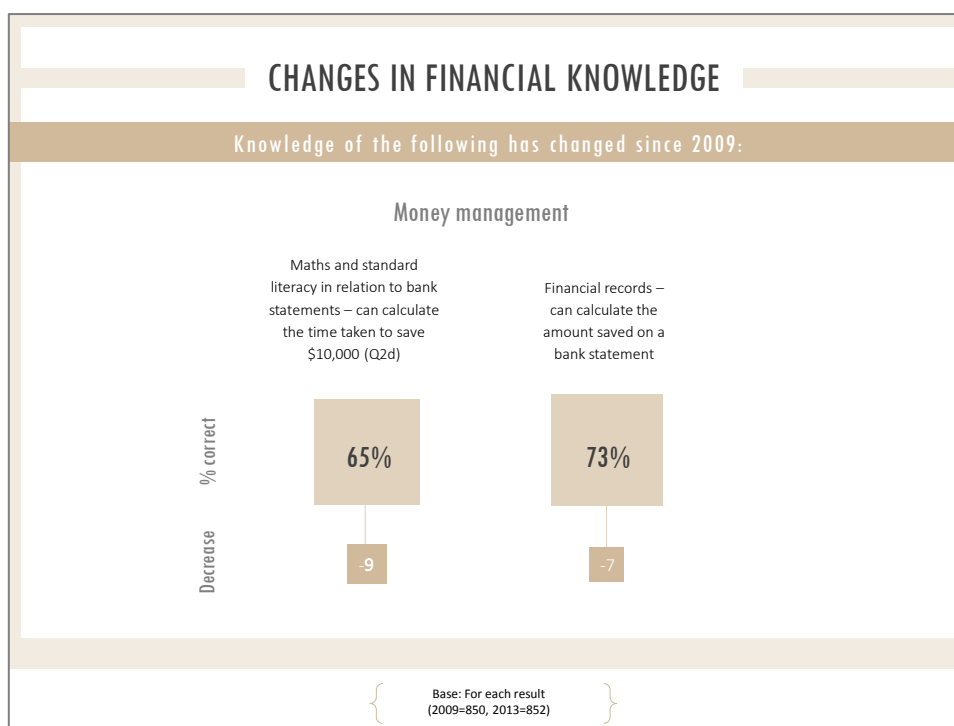
Jane Doe
456 Suburban Drive
Hamilton

Account name: Jane Doe **Account description:** LSB call account

This statement period starts **29 April 2012** This statement period ends **28 May 2012**

Account number: **010505-0012345-00**

Date	Transaction particulars	Withdrawals	Deposits	Balance
29 April 12	Balance brought forward			521.17
29 April 12	Interest		5.45	
29 April 12	Resident withholding tax	4.15		
29 April 12	Visa	426.78		
30 April 12	Pak n Save	64.25		
4 May 12	Payment/salary		1075.25	
6 May 12	ATM	40.00		
7 May 12	Pak n Save	132.98		
9 May 12	Cheque		120.00	
10 May 12	State insurance	62.00		
12 May 12	Rent to Jones Trust	240.00		
13 May 12	Curry to you	27.80		
17 May 12	Contact energy	93.45		
18 May 12	Payment/salary		1075.25	
21 May 12	Pak n Save	44.70		
26 May 12	Rent to Jones Trust	240.00		
27 May 12	Account fee	2.50		
28 May 12	Pak n Save	97.34		
Totals at end of Period		1475.95	2275.95	1321.17



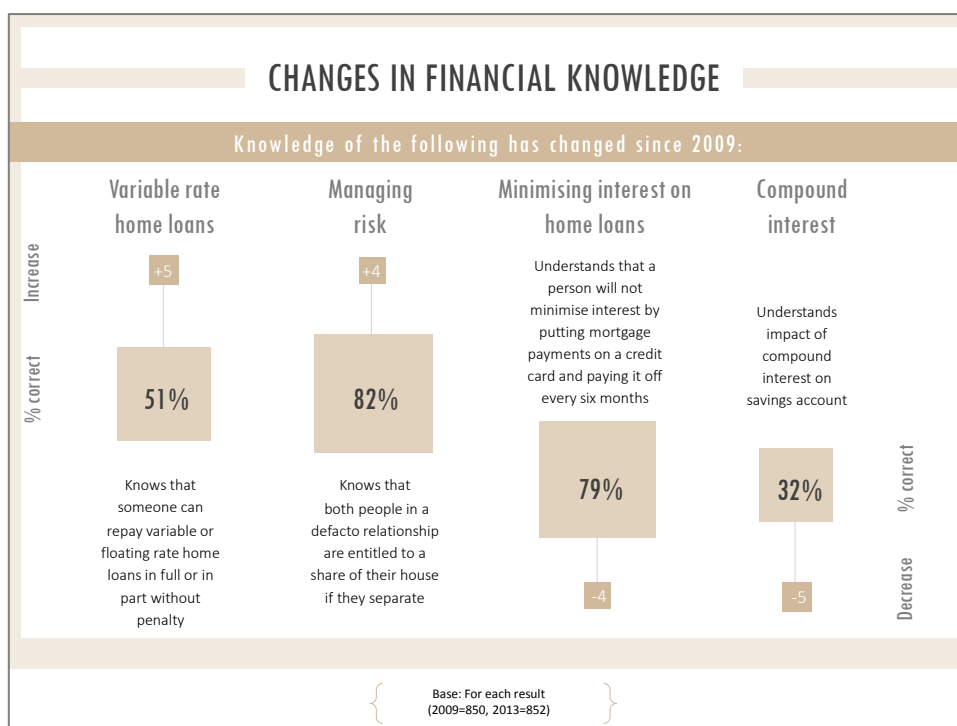
Variable rate home loans: Understanding of variable or floating rate home loan repayments has improved since 2009, reversing the decline reported previously. Half of New Zealanders (51%) are now aware that a variable or floating rate home loan can be repaid in part or in full at any time without penalty. Floating rate home loans are available at historically low rates of interest and their uptake has increased markedly as a result. In addition to their increased prevalence in the market, the intense competition between banks in attracting mortgage customers may have played a part in raising knowledge of different types of mortgages.

Managing risk: Understanding of the entitlement to shared property when a couple separates has increased significantly since 2009. Over eight-in-ten New Zealanders (82%) can now identify the correct response to the scenario presented.

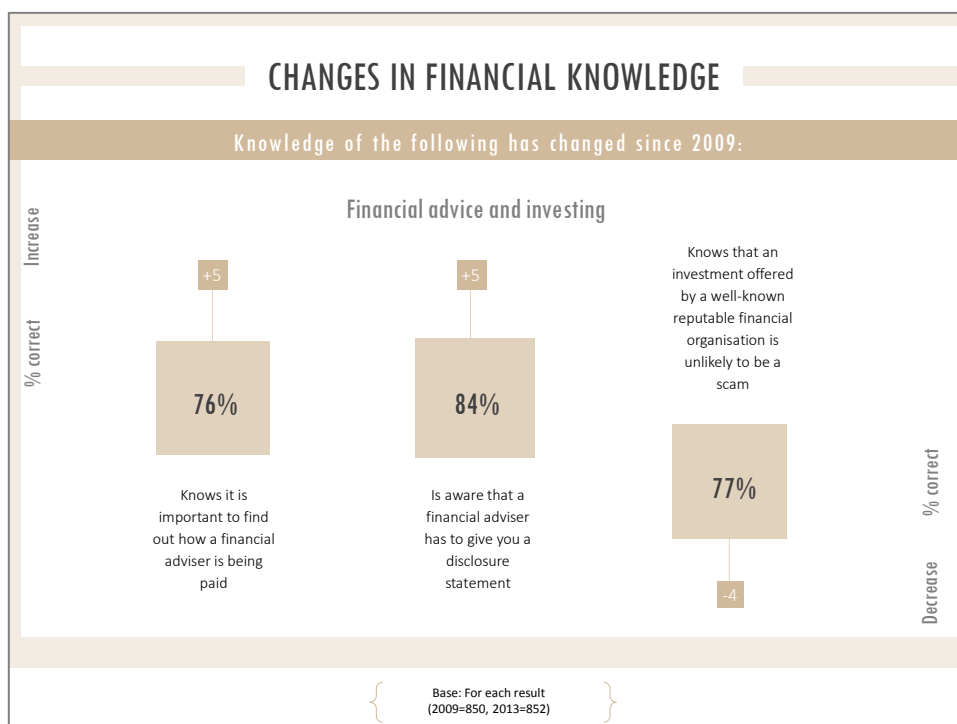
Minimising interest on home loans: Fewer New Zealanders appear to know that if they use their credit card to make some of their home loan payments and only pay their card off every six months they will not minimise their home loan interest (down four points to 79%). Knowledge in this area has fallen for a range of demographic groups, including those in the High knowledge group and those who have a mortgage. However those with a mortgage are more likely than those without to understand that using a credit card to make mortgage repayments will not minimise interest in this scenario. They are also more likely to correctly identify other ways to minimise mortgage interest.

Compound interest: Compound interest continues to be one of the worst understood elements of financial knowledge. Just 32% of New Zealanders understand the impact of compound interest on a savings account, with knowledge having fallen across a range of groups, including those in the High financial knowledge group.¹⁰

¹⁰ Since 2005 this study has measured knowledge of compound interest by asking a series of three questions about two people who have been saving money over differing periods of time (see Q28a to Q28c, Appendix B). The OECD/INFE questions reported later in this summary measure knowledge of compound interest differently (see Q33d and Q33e, Appendix B) however both results suggest that knowledge of the concept is fairly low; large proportions of New Zealanders do not answer the compound interest questions correctly.



Financial advice and investing: Trust in financial institutions has continued to weaken, possibly due to New Zealand finance company closures and overseas bank failures that were widely reported in the media following the GFC. While over three quarters of New Zealanders (77%) know that an investment from a well-known, reputable financial organisation is not likely to be a scam, this is a significantly lower proportion than in 2009.



Lower trust in the finance sector may have heightened awareness of the rules and regulations surrounding financial advice in New Zealand. There has been a significant improvement in the proportion of New

Zealanders who know that a financial adviser must provide them with a disclosure statement, with over eight-in-ten (84%) now being aware of this. Three quarters of New Zealanders (76%) understand that it is important to find out how an adviser is being paid, a significant increase compared to 2009. Changes to the Financial Advisers Act were made in 2010 and implemented over a twelve month period, coming fully into force after 30 June 2011. The publicity around these changes may have played a part in the improved level of knowledge of requirements when dealing with a financial adviser.

We have also identified some trends across the eight year period, from 2005 to 2013

In addition to the changes in financial knowledge observed since the 2009 survey, we have also identified some significant changes since 2005.

Knowledge of savings

There continues to be a slow but steady increase in New Zealanders' understanding of savings. Since 2005, there has been a significant increase in the proportion of New Zealanders who can correctly define savings (up three percentage points to 91%). Knowledge is improving for both those with a savings account and those without one.

Understanding of equity

Understanding of equity is stable across the three surveys overall. However there is an upward trend in the ability of mortgage holders to correctly calculate equity, building on the improvement seen in 2009. Among mortgage holders understanding of equity has increased from 71% in 2005 to 84% in 2013.

The advantages of internet banking

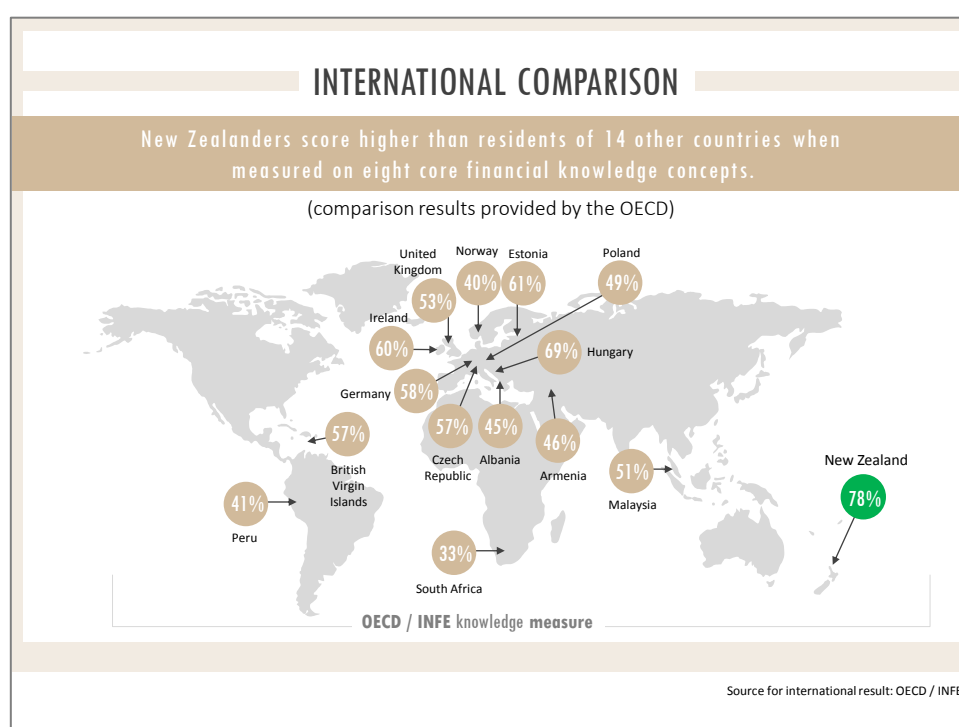
Use of Internet banking continues to rise, with nearly six-in-ten (59%) New Zealanders now using it. There continues to be a broad understanding of the range of benefits that internet banking offers. However, the proportion of New Zealanders who say it offers no benefits or that they are anti-Internet has risen significantly since 2005, although this group remains small at 7%. This increase perhaps reflects the amount of media coverage Internet fraud has received in recent years. Among those who use Internet banking, there appears to be a growing sense of this being a routine activity, with fewer users mentioning a range of specific financial advantages of Internet banking. As Internet banking has become more ubiquitous people may no longer see its distinct advantages.

Comparisons with international data suggest that New Zealanders have relatively high financial knowledge

In 2012 the OECD International Network on Financial Education (INFE) published the results of a pilot study comparing financial literacy among adult residents of 14 participating countries.¹¹ As part of the pilot study, common questions were included in surveys to measure financial knowledge in each participating country. The core questions were included in the 2013 Financial Knowledge and Behaviour Survey.

For the purposes of making an international comparison, the OECD/INFE compare the proportion of people in each country who correctly answer six or more out of eight questions. The chart below displays the New Zealand result, and also the result for the 14 other countries included in the pilot study.

The New Zealand OECD/INFE knowledge score is significant higher than all fourteen countries that participated in the pilot study.

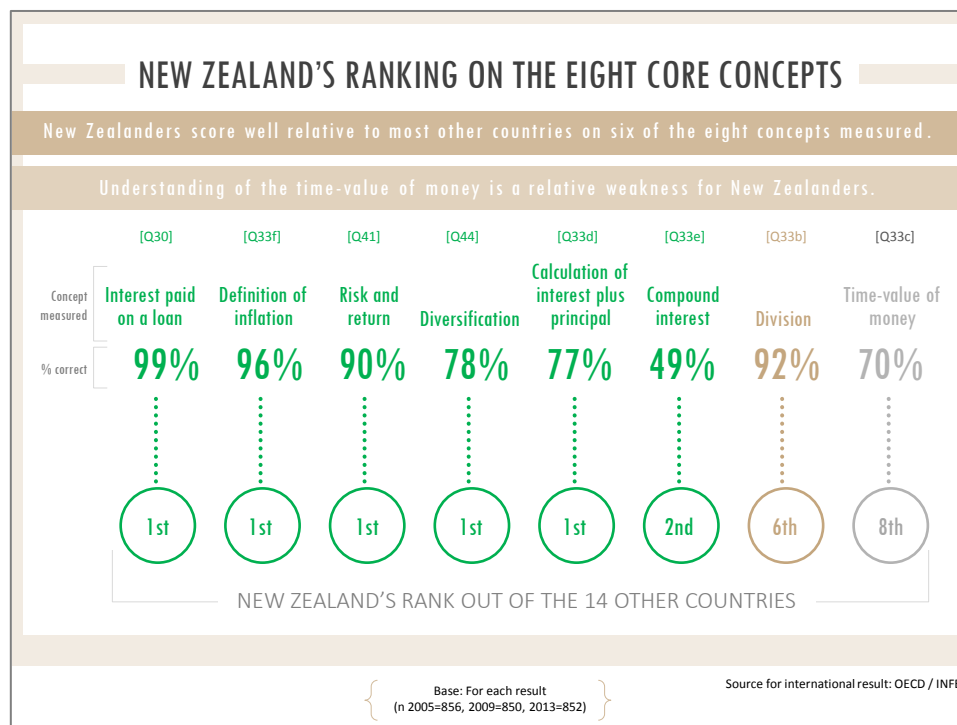


Like many people from the countries included in the OECD/INFE pilot report, the vast majority of New Zealanders can answer the interest paid on a loan, definition of inflation, risk and return and division questions correctly. Understanding of diversification is a relative strength for New Zealanders, as is our understanding of compound interest (although half of New Zealanders do not answer the compound interest question correctly, only 54% do so in Norway, the highest scoring country).

Relative to other countries, understanding of the time value of money is an area of weakness for New Zealanders. Seven of the fourteen countries included in the pilot study achieved a higher result for this

¹¹ See Atkinson, A. and Messy, F. (2012). Measuring Financial Literacy: Results of the OECD / International Network on Financial Education (INFE) Pilot Study. *OECD Working Papers on Finance, Insurance and Private Pensions*, No. 15, OECD Publishing. <http://dx.doi.org/10.1787/5k9cfs90fr4-en>

question. Division is also an area of *relative* weakness, although a large majority answer the division question correctly.



The levels of financial knowledge in New Zealand cannot be compared as fully with those in Australia, but a limited analysis suggests that they are similar (see Page 37).

Key point summary: Financial behaviour

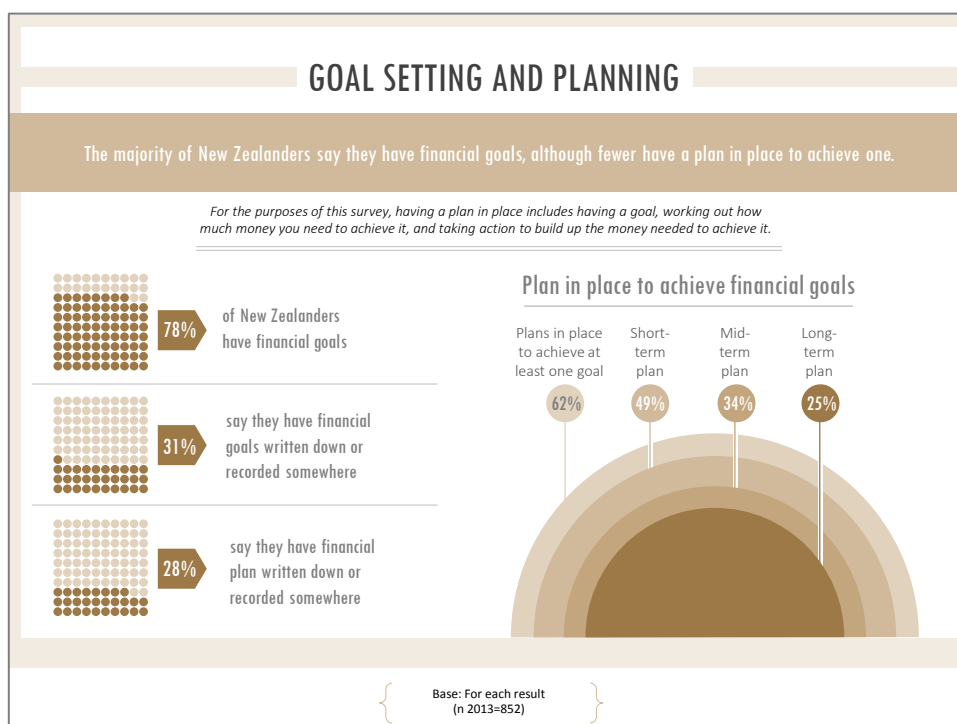
The 2013 survey included a series of questions designed to measure specific financial behaviours. Nearly all of the behaviour questions were drawn from the New Zealand Financial Behaviour Index (NZFBI). A small number of behavioural questions were already included in the previous 2005 and 2009 surveys.

The NZFBI is a six-monthly survey carried out online in May and November each year. Because the survey being reported on here is carried out through face-to-face interviews rather than online, it would not be appropriate to compare responses with those from the NZFBI. However, for the most part results differ only marginally between the two studies.

The majority of New Zealanders say they have financial goals, although fewer have a plan in place to achieve their goals.

For the purposes of this survey, a financial goal is broadly defined, and could include retirement goals as well as other goals. Having a plan in place is defined as having a goal, working out how much money you need to achieve it, **and** taking action to build up the money needed to achieve it.

While the majority (78%) of New Zealanders say they have financial goals, overall only a third (34%) of adult New Zealanders has a plan in place to achieve a mid-term one to five year goal, and just one quarter (25%) has a plan in place to achieve a long-term five plus year goal. It should be recognised however that planning is moderated considerably by age, with the likelihood of having a plan peaking (and being considerably higher than average) between 45 and 54 years of age. This may be a time when many New Zealanders begin giving serious thought to their financial situation when they retire.

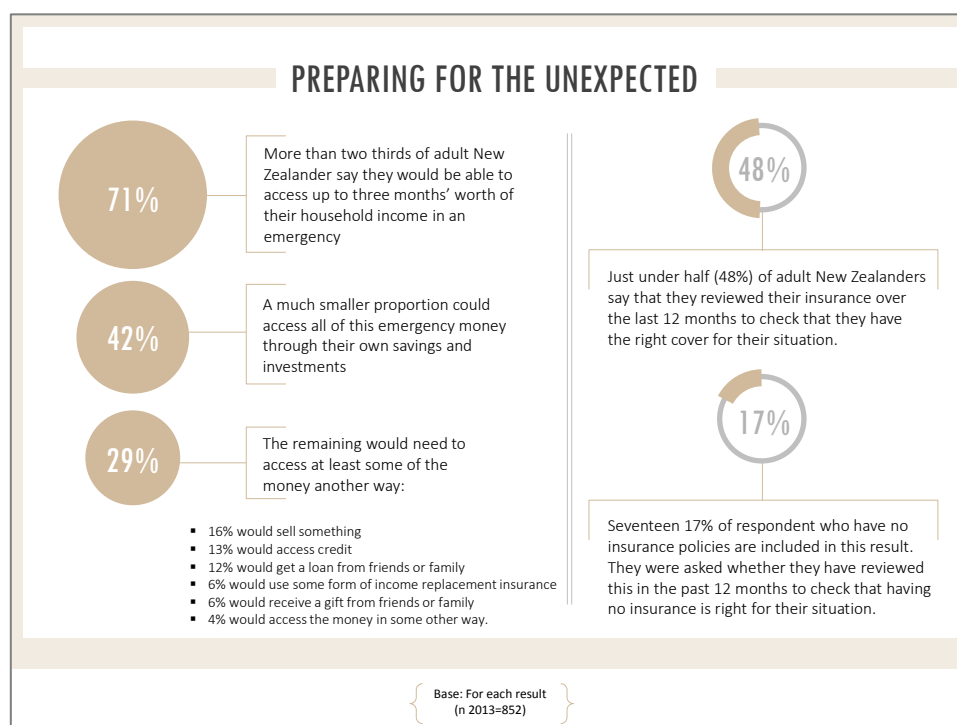


Two in every three Zealanders could access emergency money if something unexpected were to happen.

More than two thirds (71%) of adult New Zealanders say they would be able to access up to three months' worth of their household income in an emergency, however a smaller proportion (42%) say they could access all of this emergency money through their own savings and investments. The remaining 29% would need to access at least some of the money another way. The ability to access up to three months' worth of household income is strongly related to household income, with people from higher income households being more likely to have access to an emergency fund.

Around half of New Zealanders annually review their insurance to check they have the right cover for their situation.

Just under half (48%) of adult New Zealanders say that they reviewed their insurance over the last 12 months to check that they have the right cover for their situation. This figure includes those with no insurance, who were asked whether they reviewed this to check that having no insurance was right for their situation. Issues or troubles experienced with earthquake-related insurance claims following the Canterbury earthquakes have been widely reported in the mainstream media. We suspect the proportion of New Zealanders who annually review their insurance is higher than it would have been prior to the 2010 and 2011 Canterbury earthquakes.



Use of internet banking in New Zealand has increased substantially.

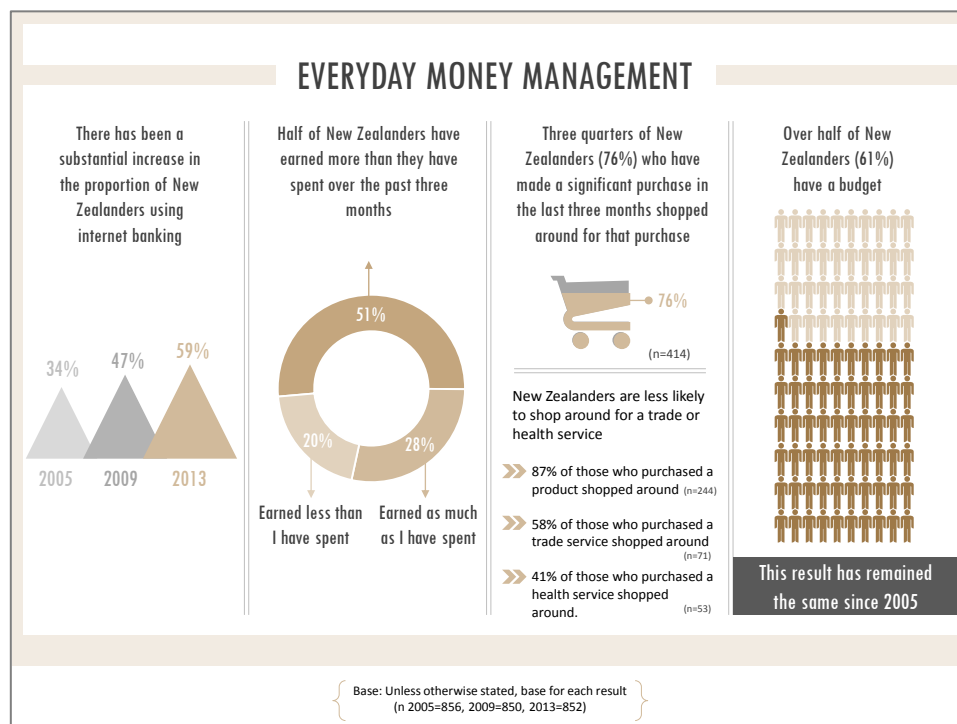
The way New Zealanders pay for goods and services has changed dramatically since this survey was first carried out in 2005. Although EFTPOS and cash are still the predominant methods of payment, the use of Internet banking has increased markedly, from 34% in 2005 to 59% this year. Further analysis shows that while uptake of Internet banking is lower among some demographic groups, such as Māori and those aged 65 years or over, uptake has also increased among these groups since the 2009 survey.

Close to two thirds of New Zealanders have a budget, and around half earn more than they spend.

The proportion of New Zealanders with a budget (61%) has not changed considerably since this survey was first carried out in 2005. When it comes to spending, half of adult New Zealanders (51%) earned more than they spent and a further 28% earned as much as they spent in the three months leading up to the survey. The remainder (20%) earned less than they spent over the three months preceding the survey.

New Zealanders appear to be keen to get a good deal when making significant purchases.

Three quarters of New Zealanders (76%) who have made a significant purchase in the last three months shopped around for that purchase. New Zealanders are most likely to shop around when purchasing a product. They are less likely to shop around for a trade or health service.



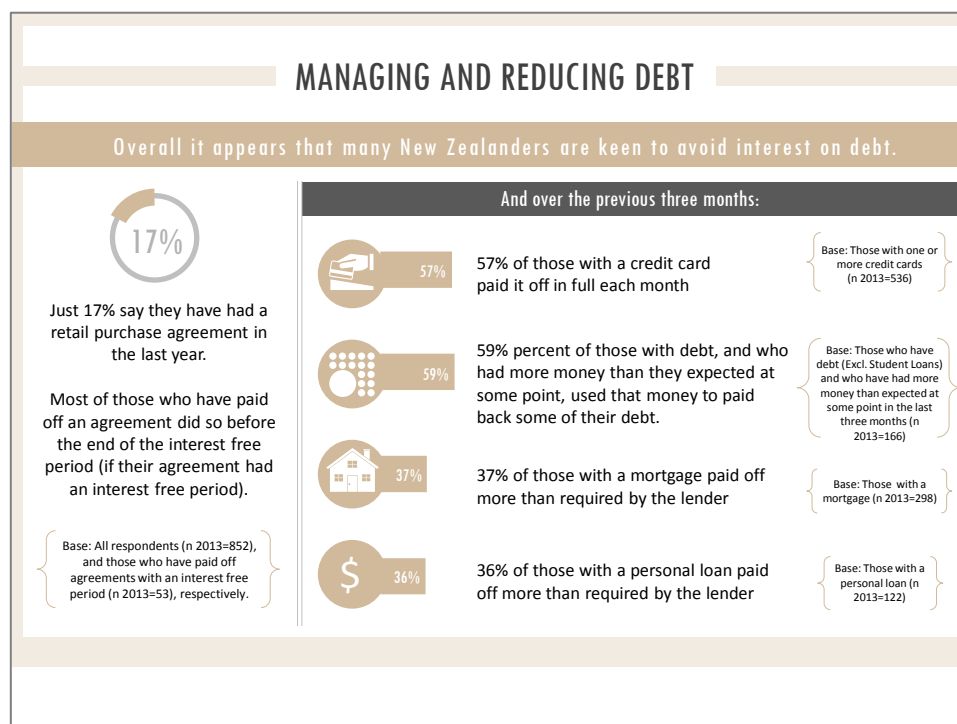
Many New Zealanders are keen to avoid interest on debt.

Firstly, a minority of New Zealanders (17%) say they have had a retail purchase agreement in the last year. Of those who have paid off retail purchase agreements in the last year, a strong majority (87%) paid off their agreements before the end of the interest free period (if their agreement had an interest free period).

Secondly, the majority of New Zealanders appear to use unexpected money wisely to pay back debt. A third (33%) of respondents with at least one debt (excluding a student loan) have had more money than expected at some point in the last three months. This can happen when someone receives more money than they normally receive, or when something costs less than it is expected it to cost. Of those who have had more money than expected, more than half (59%) used that money to paid back some debt.

Finally, over half of New Zealanders with a credit card avoided any interest in recent months; 57% say they paid their credits card off in full each month over the previous three months.

When it comes to mortgages and personal loans, relatively speaking fewer New Zealanders appear to have taken action over the last three months to pay back more than required by or agreed with their lender – 37% and 36% of those with these loans, respectively, have paid back more than required by the lender.

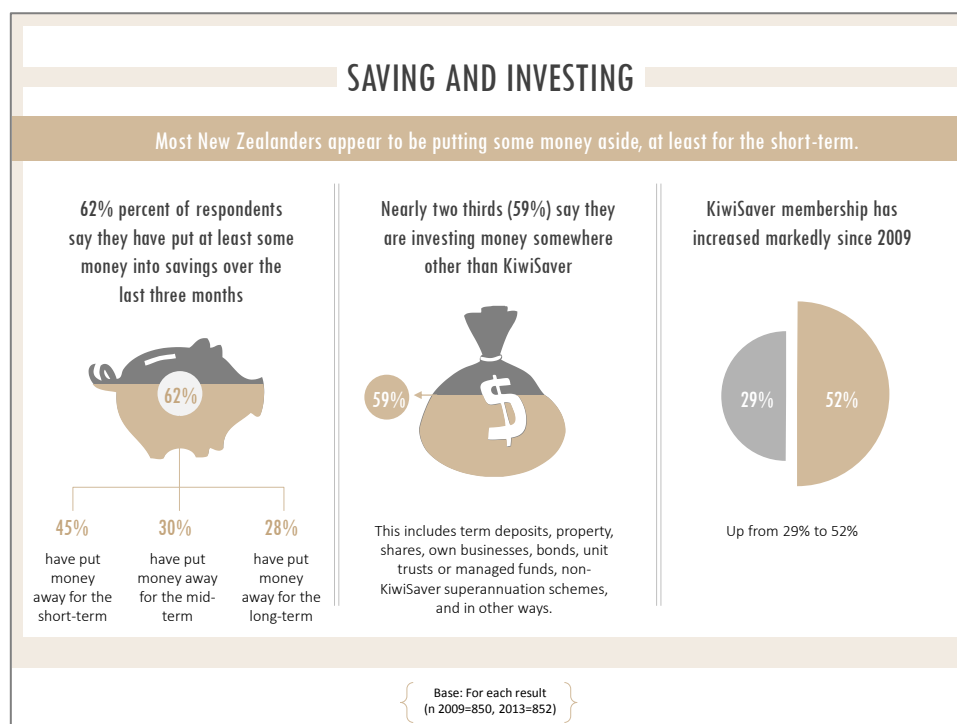


Most New Zealanders appear to be putting some money aside, at least for the short-term.

Most New Zealanders appear to be putting some money aside, at least for the short-term. Sixty two percent of people say they have put at least some money into savings over the last three months. However less than one third of respondents are saving for the mid- (30%) to long-term (28%).

Nearly two thirds of respondents (59%) say they are investing money somewhere other than KiwiSaver. This includes term deposits, property, shares, own businesses, bonds, unit trusts or managed funds, non-KiwiSaver retirement or superannuation schemes, and other investments. If KiwiSaver is included, then three quarters (75%) of New Zealanders are investing money.

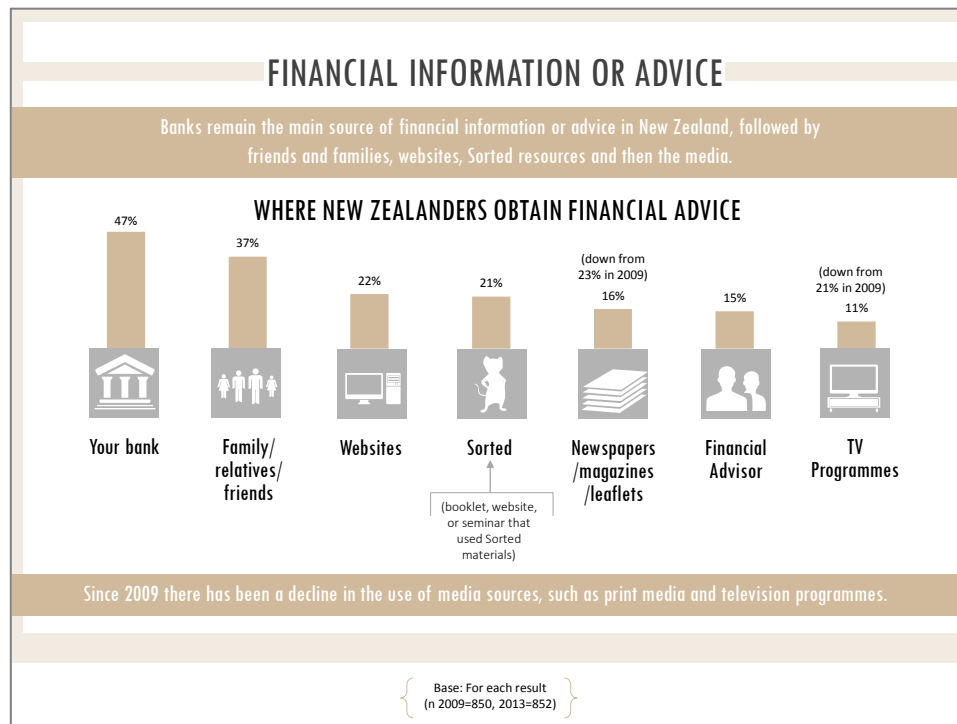
Take-up of KiwiSaver has increased markedly since 2009, from 29% to 52%.



There is a clear socio-economic divide when it comes to savings, with those who are more educated and on higher incomes being most likely to save or invest. This socio-economic divide is less pronounced though when it comes to KiwiSaver membership, where those with personal annual incomes between \$50,000 and \$70,000 are significantly more likely to be KiwiSaver members than others with higher and lower incomes.

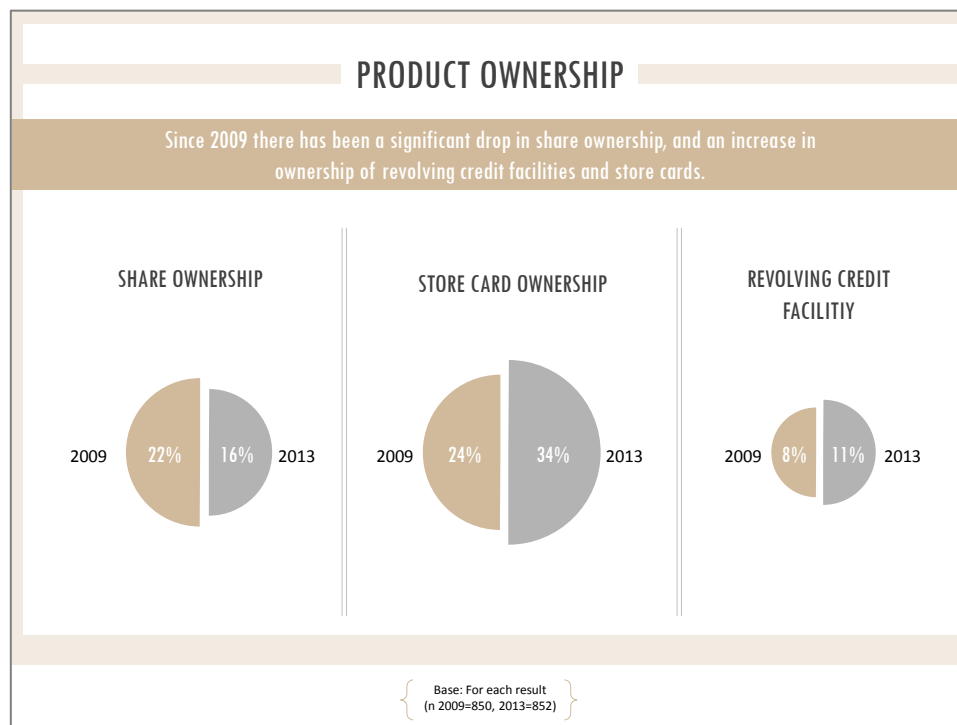
Fewer New Zealanders are receiving financial advice from media sources

Banks are still the main source of financial advice in New Zealand, followed by friends and family, websites, Sorted resources and then the media. Since 2009 there has been a decline in the use of media sources, such as print media and television programmes. New Zealand finance company failures following the GFC may have contributed to public scepticism of investment opportunities advertised through the mainstream media.



Fewer New Zealanders own shares, while more are using store cards and revolving credit facilities

There have been some significant changes since 2009 in New Zealanders' financial product ownership. There has been a significant drop in share ownership, and an increase in ownership of revolving credit facilities and store cards.

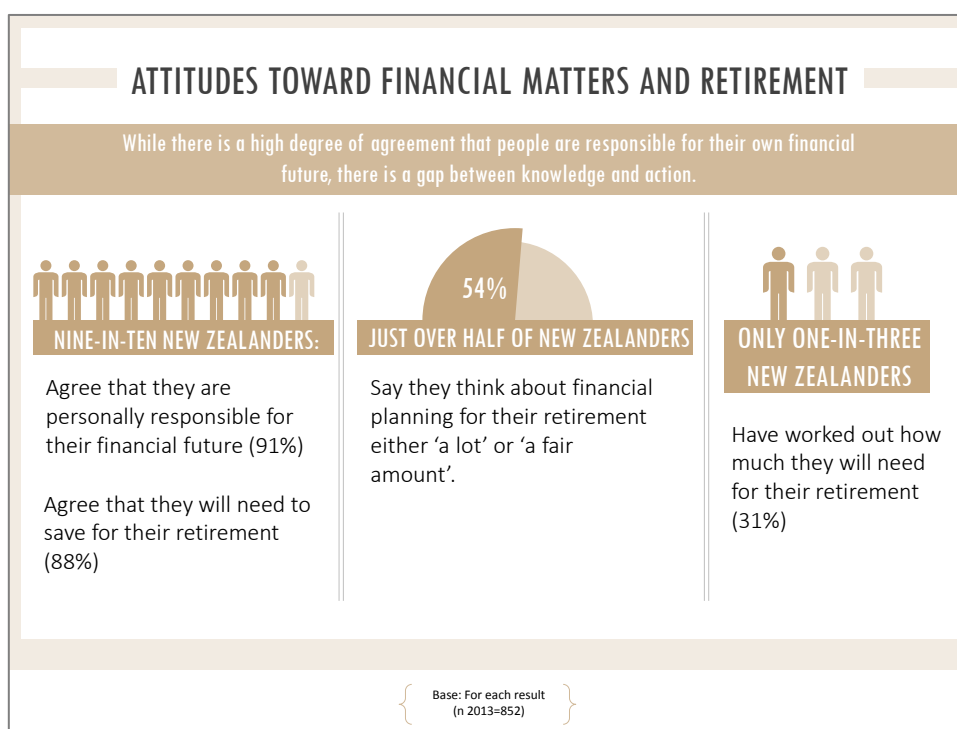


Key point summary: Attitudes toward financial matters and retirement

There is majority agreement that people are responsible for their own financial future, but there is a gap between knowledge and action.

Although the majority (91%) of New Zealanders agree that people are responsible for their own financial future, there is a considerable gap between knowledge and action – only one-in-three New Zealanders (31%) have worked out how much they will need for their retirement, even though most (88%) understand that they will need to save for their retirement.

More than half (54%) of New Zealanders say they think about financial planning for their retirement either ‘a lot’ or ‘a fair amount’. Encouraging people to take firm action to plan for their retirement will be a major challenge, although there is a groundswell of opinion that financially planning for retirement is vital.



Relative to 2009, there have been across the board improvements in New Zealanders' attitudes toward financial matters and retirement:

- It is important to shop around to get the best deal for financial products and services such as insurance, loans and credit cards (agreement up 4 points to 95%)
- I believe I am personally responsible for my financial future (agreement up 3 points to 91%)
- It is important to have a current will (agreement up 6 points to 91%)
- I have worked out how much I need for my retirement (agreement up 5 points to 31%)
- People with KiwiSaver will have an adequate retirement income (disagreement up 12 points to 44%)
- Because of New Zealand Superannuation I don't need to save for retirement (disagreement up 12 points to 88%).

Those in the High knowledge group tend to score more highly than those in the Low knowledge group for attitudes toward financial matters and retirement, with higher scores on four of the six statements. These statements are: agreeing that it's important to shop around for financial products and services or that a current will is important: disagreeing that KiwiSaver will provide an adequate retirement income or that NZ Superannuation means you don't need to save for retirement.

Background and objectives

In 2005, the Commission for Financial Literacy and Retirement income (the Commission)¹², with the support of ANZ, asked Colmar Brunton to conduct a benchmark survey of the financial knowledge of adult New Zealanders. The survey was carried out again in 2009.

The Commission asked Colmar Brunton to conduct the survey again in 2013. This survey retains all questions that form the basis of the measure of New Zealanders' financial knowledge used in the previous survey. However in 2013 the survey also included a new series of questions designed to measure specific financial behaviours. Nearly all of the behaviour questions were drawn from the New Zealand Financial Behaviour Index (NZFBI). The NZFBI is a six-monthly survey designed to track key financial behaviours at regular intervals.

This report presents the detailed findings from the 2013 survey and draws comparisons with previous surveys where appropriate.

The key research objectives of the 2013 survey are:

- to identify areas of low financial literacy (either by topic or population) and therefore assist educators to improve financial literacy in those areas
- to identify sources/channels of financial education used by New Zealanders
- to assist the financial services industry to identify where products or services are misunderstood or confusing to consumers and thus be able to improve design or communication
- to measure changes in financial knowledge levels since 2009 in order to adapt education programmes and the design or communication related to financial products and services
- to make comparisons with financial knowledge surveys carried out in other countries
- to explore links between financial knowledge and financial behaviour
- to assist the Commission in identifying areas of further research.

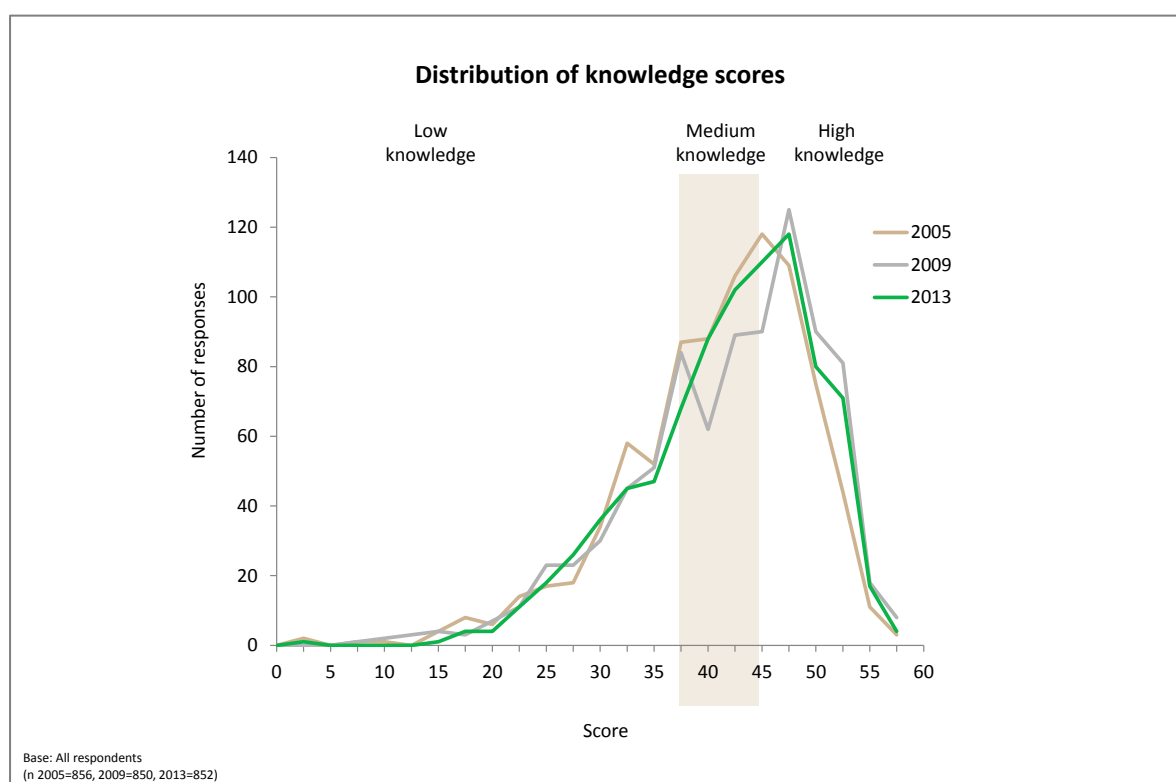
¹² In 2005 and 2009 the Commission for Financial Literacy and Retirement Income was then called the Retirement Commission.

New Zealanders' financial knowledge

Overall financial knowledge

At the overall knowledge level, New Zealanders' financial knowledge in 2013 is consistent with 2009, and remains significantly higher than when financial knowledge was first recorded in 2005. The Medium knowledge group has increased significantly by six percentage points since 2009. This increase is associated with small (non-significant) decreases in both the High and Low knowledge groups. At the end of this section of the report is a summary of results to the financial knowledge questions that involve significant increases or decreases in knowledge since 2009.

Each knowledge question in the survey is assigned a score. When added together, an individual's total score indicates their level of personal financial knowledge. It is possible for the knowledge score to range from 0 to 58.5, with higher scores indicating higher personal financial knowledge. The distribution of knowledge scores for 2005, 2009, and 2013 is shown in the chart below.



At the *overall* knowledge level, New Zealanders' financial knowledge in 2013 is consistent with 2009, although it remains significantly higher than when financial knowledge was first recorded in 2005.

The average (mean) knowledge scores for each survey are as follows:

- 2013: mean = 40.72, standard deviation = 8.21
- 2009: mean = 40.67, standard deviation = 8.85
- 2005: mean = 39.67, standard deviation = 8.38

Financial knowledge groups

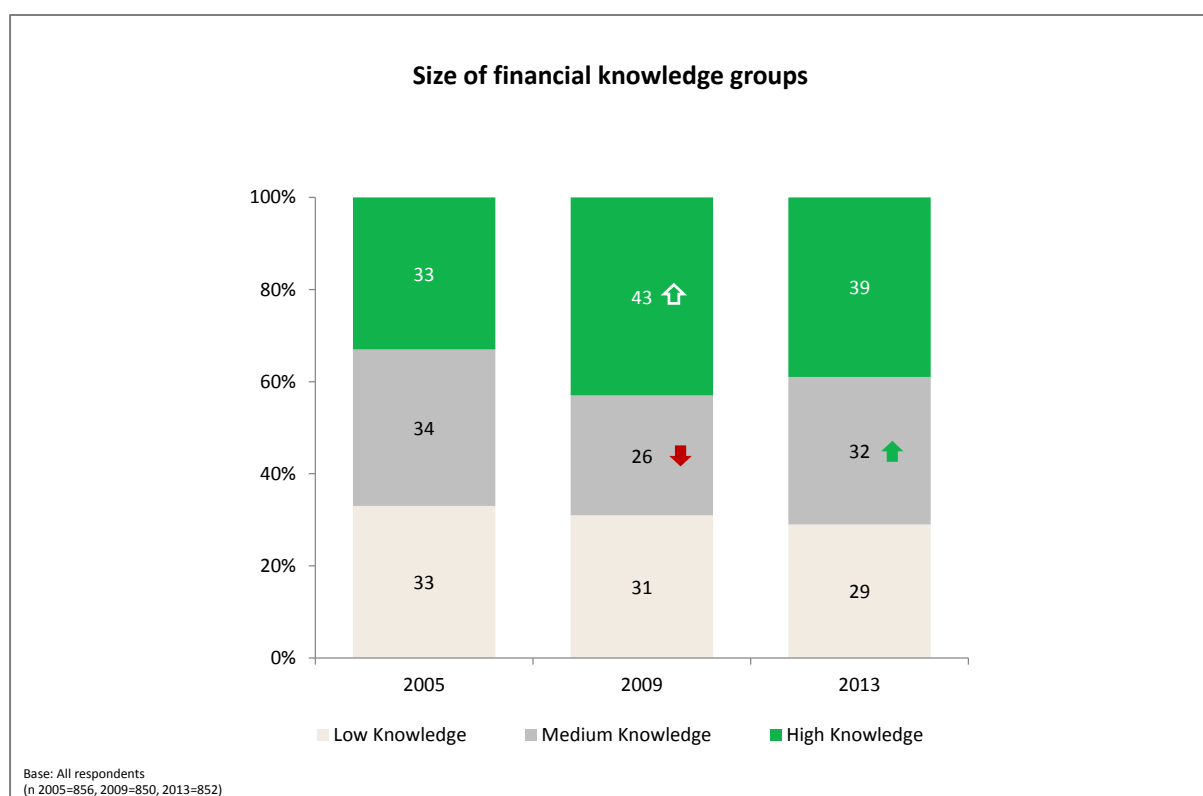
In 2005 the population was divided into three equally-sized knowledge groups based on a constructed financial knowledge score (FKS). Respondents were then grouped by their level of knowledge into three groups (tritiles) as follows:

- Low knowledge - FKS of less than 37.25
- Medium knowledge - FKS of 37.25 to 44
- High knowledge - FKS of 44 to 58.5.

Using the 2005 definitions (listed above), the knowledge groups have also been constructed using the 2009 and 2013 data. By using the same definitions as in 2005, we can assess whether the size of the knowledge groups has changed over time. For example, the analysis in this section of the report assesses whether the size of the Low knowledge group has changed by comparing the proportion of the population who had a financial knowledge score of less than 37.25 in 2009 with the proportion of the population who had a financial knowledge score of less than 37.25 in 2013.

Low, Medium and High knowledge groups

The sizes of the three knowledge groups (Low, Medium and High) are illustrated in the following chart for 2005, 2009 and 2013.



Note: Arrows in green denote statistically significant increases since the previous wave. Arrows in red denote statistically significant decreases since the previous wave.

For the most part, the knowledge groups in 2013 are fairly similar in size to the knowledge groups in 2009.

High knowledge group

In 2009 there was a marked improvement in financial knowledge, with the High knowledge group increasing in size significantly from 33% to 44%. In 2013 the High knowledge group remains statistically similar to 2009, although that has been a small (non-significant) decrease of four percentage points, from 43% to 39%.¹³

Low knowledge group

The size of the Low knowledge group is also statistically similar to 2009, at 29%. Having said this, results across all three surveys are suggestive of a gradual decline in the size of this group. Although not statistically significant, the size of this group has decreased by four percentage points, from 33% in 2005 to 29% in 2013.¹⁴

Medium knowledge group

The Medium knowledge group has increased significantly by six percentage points since 2009, from 26% to 32%. This increase is associated with the small non-significant decreases in both the High and Low knowledge groups.

Demographic profile of knowledge groups

Table 1 profiles demographic groups by the three knowledge groups. The table contains row percentages. An example of how the data should be interpreted is as follows: Forty one percent of males, and 38% of females, are in the High knowledge group. This table can be used to identify statistically significant increases and decreases between surveys. However due to small sub-sample sizes and the amount of time between surveys, the table should not be used to draw conclusions about demographic trends in New Zealanders' financial knowledge across the eight year period as a whole.

Key patterns in the data, including only those changes which are significant, are as follows:

- Financial knowledge remains highest among the 35-64 year age range, although there has been a decrease in knowledge among 34-54 year olds, and particularly among males aged 35 to 44 years.
- Financial knowledge appears to have increased among those aged 65 years or over. Relative to 2009 there are fewer people aged 65 years or over in the Low knowledge group, and there are more men aged 65 years or over in the High knowledge group.
- Financial knowledge has increased among Māori. Compared to 2009 there are more Māori in the High knowledge group, and fewer in the Low knowledge group. Between 2005 and 2009 the proportion of Māori in each knowledge group remained fairly stable.
- In terms of education, financial knowledge remains highest among more highly qualified New Zealanders. However relative to 2009 there are fewer tertiary-educated New Zealanders in the High knowledge group and more in the Medium knowledge group.
- Those who have placed their house in a trust tend to have high financial knowledge. This result is even more pronounced than it was in 2009. Those who own their own home also tend have higher than average financial knowledge, although relative to 2009 there are fewer home owners in the High knowledge group and more in the Medium and Low knowledge groups.

¹³ This difference is significant at the 90% confidence level, but not the 95% confidence level.

¹⁴ This difference is significant at the 90% confidence level, but not the 95% confidence level.

- Renters tend to have lower financial knowledge than others and, compared to 2009, there are fewer renters in the High knowledge group.
- Those in paid employment tend to have higher financial knowledge than those not in paid employment, however relative to 2009 there are fewer employed people in the High knowledge group and more in the Medium knowledge group. When the results are broken down further by occupation, we can see that this decrease is driven mainly by those who are self-employed or own their own business. In contrast, clerical/sales and semi-skilled employees' financial knowledge appears to have increased slightly since 2009, as there are fewer clerical/sales and semi-skilled employees in the Low knowledge group.

Table 1: Profile of demographic groups by knowledge

Demographic categories	Sample Size			Low knowledge			Medium knowledge			High knowledge		
	'05 n=	'09 n=	'13 n=	'05 %	'09 %	'13 %	'05 %	'09 %	'13 %	'05 %	'09 %	'13 %
Total respondents	856	850	852	33	31	29	34	26	32	33	43	39
Men	399	366	371	25	28	26	36	27	33	39	46	41
Women	457	484	481	40	34	32	32	26	31	28	40	38
18-24	92	83	71	57	57	51	32	25	27	11	18	21
25-34	147	116	120	30	37	36	42	30	32	29	33	32
35-44	201	166	171	24	20	23	30	23	34	46	57	43
45-54	158	160	140	22	15	16	28	25	36	50	60	49
55-64	110	145	152	28	21	18	39	27	33	33	53	50
65+	148	180	198	45	44	34	33	28	28	23	29	38
Males 18-24	52	33	34	53	57	56	26	24	25	21	19	18
Males 25-34	57	48	53	23	37	24	43	32	47	34	31	28
Males 35-44	90	72	66	16	17	21	36	20	32	49	64	47
Males 45-54	76	66	56	18	10	14	34	28	38	49	61	48
Males 55-64	54	66	68	16	16	20	38	25	28	46	59	53
Males 65+	70	81	94	35	37	24	35	30	27	30	33	49
Females 18-24	40	50	37	61	57	46	38	26	29	1	17	25
Females 25-34	90	68	67	36	38	46	40	27	18	23	35	35
Females 35-44	111	94	105	32	23	25	24	26	36	44	52	40
Females 45-54	82	94	84	27	20	17	22	22	33	51	58	50
Females 55-64	56	79	84	39	25	15	40	29	38	21	47	47
Females 65+	78	99	104	52	49	43	31	25	28	17	25	30
New Zealand European	537	640	616	24	24	22	37	27	30	39	49	48
Māori	181	112	135	67	56	43	22	31	31	11	13	26
Pacific peoples	133	32	43	85	66	49	11	12	23	4	21	28
Asian peoples	42	60	74	56	40	37	24	28	41	20	32	21
Primary or basic secondary	273	205	203	54	53	49	32	28	29	14	18	22
Secondary school qualification (only)	218	197	203	34	34	28	33	30	36	33	37	35
Tertiary or post-graduate education	365	441	446	20	20	21	35	24	31	45	56	48
Owned by self/partner	491	437	436	23	22	17	33	22	34	44	57	48
In a trust	NA	76	79	NA	16	7	NA	36	13	NA	48	80
Rented	271	286	275	45	44	44	36	28	37	19	28	19
Owned by another in household	74	32	53	59	50	51	33	26	22	8	24	28
In paid employment	522	507	500	24	22	19	35	26	36	41	52	45
Not in paid employment	334	343	352	51	46	45	30	26	25	19	28	30

Demographic categories	Sample Size			Low knowledge			Medium knowledge			High knowledge		
	'05 n=	'09 n=	'13 n=	'05 %	'09 %	'13 %	'05 %	'09 %	'13 %	'05 %	'09 %	'13 %
Total respondents	856	850	852	33	31	29	34	26	32	33	43	39
Main urban area	647	599	616	35	31	27	32	23	32	33	46	41
Provincial	93	133	128	24	34	30	34	29	37	41	37	33
Rural	115	117	108	28	27	35	40	38	25	32	35	40
Household income of \$20,000 or less	192	159	128	62	59	63	30	20	23	8	21	13
Household income of \$20,001 to \$50,000	266	230	239	38	38	39	34	30	34	28	32	28
Household income of \$50,001 to \$100,000	222	205	240	21	14	16	38	30	40	42	56	44
Household income of more than \$100,000	118	146	173	10	9	8	31	20	27	59	71	65
Personal income of \$10,000 or less	113	79	67	57	58	53	24	20	23	19	22	24
Personal income of \$10,001 to \$20,000	184	174	140	47	44	44	37	22	34	16	34	22
Personal income of \$20,001 to \$30,000	129	130	129	42	33	33	28	28	37	30	39	30
Personal income of \$30,001 to \$40,000	106	75	75	24	31	36	46	33	29	29	37	35
Personal income of \$40,001 to \$50,000	84	80	97	18	7	28	31	43	35	51	51	37
Personal income of \$50,001 to \$70,000	90	87	116	10	9	6	37	26	39	52	65	55
Personal income of \$70,001 to \$100,000	47	67	81	7	13	6	33	19	37	60	69	57
Personal income of more than \$100,000	28	37	49	7	9	2	29	13	17	65	78	81
Retired/superannuitant	128	160	171	45	46	40	32	23	26	23	31	34
Beneficiary/unemployed	60	50	54	63	60	55	28	23	20	9	17	25
Clerical/sales employee	65	46	54	19	33	9	32	25	42	50	42	49
Semi-skilled worker	50	41	43	73	65	42	21	24	33	5	11	25
Technical/skilled worker	138	144	143	29	22	27	36	28	33	35	49	39
Business proprietor/self-employed	82	80	74	17	10	17	47	22	35	36	68	49
Business manager/executive	78	74	65	19	13	19	34	25	25	48	62	55
Teacher/nurse/police	82	68	72	34	25	19	36	26	38	31	49	42
Professional/Senior Government official	37	46	66	15	15	11	21	19	28	64	66	62
Labourer/manual/agriculture/domestic	80	40	55	53	51	54	26	24	34	21	24	12
Negative net worth	184	195	192	51	49	50	37	27	32	12	24	18
\$0 to \$100,000 net worth	236	160	144	47	35	29	33	24	38	20	41	34
\$101,000 to \$300,000 net worth	175	166	173	31	32	29	32	26	32	37	42	39
\$301,000 to \$600,000 net worth	128	195	174	16	22	18	33	26	32	51	52	50
\$601,000 plus net worth	127	134	169	13	8	10	36	28	26	52	65	64

Note: The figures in green denote statistically significant increases since the previous wave. The figures in red denote statistically significant decreases since the previous wave.

Profile of knowledge groups by product ownership

Table 2 profiles the three knowledge groups by product ownership. The data contains column percentages. An example of how the data should be interpreted is as follows. In 2013, 91% of the High knowledge group have a savings account. This table can be used to identify statistically significant increases and decreases between surveys. However due to small sub-sample sizes and the amount of time between surveys, the table should not be used to draw conclusions about trends in New Zealanders' financial knowledge by product ownership across the eight year period as a whole.

Key patterns evident in the data are as follows:

- Across many of the financial products, ownership is highest among the High knowledge group and lowest among the Low knowledge group.

- Since 2009, there have been a number of significant increases and decreases in product ownership across the knowledge groups.
 - The incidence of store cards is higher among both the Low and Medium knowledge group.
 - The incidence of credit cards is lower among both the Medium and High knowledge group.
 - Since 2009 the incidence of cheque/transaction/current accounts has decreased among the High knowledge group, while the incident of revolving credit has increased. Also among the High knowledge group the incidence of personal (non-KiwiSaver) retirement savings/superannuation and personal overdrafts has increased since 2009.
 - The incidence of Student Loans has increased among the Low knowledge group.
 - The incidence of high interest call accounts has increased among the Medium knowledge group, and the incidence of shares has decreased among this group.
- Compared to 2009, take-up of KiwiSaver is higher for all knowledge groups. Consistent with 2009, the take-up of KiwiSaver correlates positively with higher financial knowledge.

Table 2: Profile of knowledge groups by product ownership

Demographic categories	Total sample			Low knowledge			Medium knowledge			High knowledge		
	'05 n=	'09 n=	'13 n=	'05 %	'09 %	'13 %	'05 %	'09 %	'13 %	'05 %	'09 %	'13 %
Sample Size n=	856	850	852	373	259	247	250	225	265	233	366	340
Cheque/transaction/current a/c	84	87	89	69	74	81	89	87	91	95	97	93
Savings account	84	85	86	83	79	75	85	85	90	84	89	91
High interest call account	12	17	17	7	8	3	13	10	17	17	27	28
Term deposit/term investment	25	28	27	16	18	16	26	28	30	34	34	34
Unit Trust/Managed fund	15	11	9	2	4	4	14	7	6	28	17	14
Shares*	21	22	16	10	8	6	22	22	13	29	31	25
KiwiSaver	-	29	52	-	17	43	-	31	53	-	36	57
Non-KiwiSaver work based superannuation	16	14	15	11	4	6	13	13	16	23	22	20
Non-KiwiSaver personal retirement savings / superannuation	23	18	21	15	9	9	25	20	20	28	23	30
Mortgage/loan on home live in/holiday home	29	27	30	20	10	12	27	24	29	41	41	45
Mortgage/loan on other properties owned	12	10	11	2	3	2	12	6	7	20	17	21
Personal loan	12	17	16	14	14	15	14	23	18	7	15	14
Personal overdraft	22	23	27	10	16	13	28	25	30	27	26	35
Revolving credit	11	8	11	2	1	2	10	6	8	21	14	21
Government student loan	12	15	18	11	13	21	16	18	21	10	14	14
Credit cards	64	66	62	35	37	43	70	70	60	86	84	78
Store cards	27	24	34	18	13	29	33	29	40	30	29	34
Debit cards†	-	-	47	-	-	36	-	-	56	-	-	46
Lease or hire purchase	21	15	17	24	15	14	20	14	19	19	16	18
House/contents insurance	75	69	68	54	42	37	76	71	70	96	86	90
Vehicle insurance	78	73	75	61	47	47	79	79	80	94	89	91
Private health insurance	40	40	39	27	24	23	39	38	40	54	53	50
Income protection insurance†	-	-	18	-	-	9	-	-	19	-	-	24
Another type of insurance†	-	-	35	-	-	23	-	-	37	-	-	42
A current will	59	59	59	42	46	43	60	56	53	76	71	75
An enduring power of attorney	35	33	34	26	27	32	38	34	29	40	36	40

Note: *In 2013 we specified shares in 'a business other than your own'. †Asked for the first time in 2013. The figures in green denote statistically significant increases since the previous wave. The figures in red denote statistically significant decreases since the previous wave.

Knowledge drivers of changes in knowledge groups

The remainder of this section of the report includes details of the results to individual financial knowledge questions. Table 3 below provides a summary of the results to the financial knowledge questions that involve significant increases or decreases in knowledge since 2009.

Table 3: Knowledge drivers of changes in knowledge groups

Knowledge area	Point allocation in definition of knowledge groups	Change in correct knowledge since 2009
Increases in knowledge		
Budgeting – able to identify the correct definition of a budget (Q10)	1 point	Up 4 percentage points to 85%
Mortgages in relation to home loan interest rates – can repay variable or floating rate home loan in full or in part without penalty (Q24b)	1 point	Up 5 percentage points to 51%
Managing risk – entitlement to share of house when two people separate (Q26)	1 point	Up 4 percentage points to 82%
Retirement planning – important to consider retirement spending/lifestyle (Q35)	1 point	Up 8 percentage points to 83%
NZ Super – able to identify correct amount of NZ Super (Q37)	1 point	Up 12 percentage points to 43%
Consumer rights and responsibilities – important to find out how a financial adviser is being paid (Q47a)	1 point	Up 5 percentage points to 76%
Consumer rights and responsibilities – awareness that a financial adviser has to give you a disclosure statement (Q47d)	1 point	Up 5 percentage points to 84%
Decreases in knowledge		
Maths and standard literacy in relation to bank statements – time taken to save \$10,000 (Q2d)	1 point	Down 9 percentage points to 65%
Financial records – calculating the amount saved on a bank statement (Q2c)	1 point	Down 7 percentage points to 73%
Mortgages in relation to minimising interest by putting some payments on a credit card and paying it off every six months (Q20c)	1 point	Knowing this will <u>not</u> minimise interest is down 4 percentage points to 79%
Savings – understands impact of compound interest on savings account (Q28b)	1 point	Down 5 percentage points to 32%
Retirement planning – important to consider length of retirement (Q35)	1 point	Down 4 percentage points to 20%
Investing – an investment offered by a well-known reputable financial organisation is unlikely to be a scam (Q45c)	1 point	Down 4 percentage points to 77%

International comparison of financial knowledge

Eight questions were included in the 2013 survey to allow comparisons between financial knowledge in New Zealand and financial knowledge in 14 other countries. Seventy eight percent of New Zealanders scored a six or more out of eight on the OECD/INFE international knowledge scale. This is higher than all 14 other countries included in the OECD/INFE pilot project, with the next three highest being Hungary (69%), Estonia (61%), and Ireland (60%).

Like people in most other countries, the vast majority of New Zealanders correctly answered questions measuring knowledge of division, interest paid on loans, risk and return, and the definition of inflation.

Relative to those in other countries, understanding of diversification is a relative strength for New Zealanders, as is our understanding of compound interest. Understanding of the time value of money is an area of relative weakness for New Zealanders. Seven of the fourteen countries included in the OECD/INFE pilot study achieved a higher result for this question. Division is also an area of *relative* weakness, although a large majority of New Zealanders do answer the division question correctly.

In 2012 the OECD International Network on Financial Education (INFE) published the results of a pilot study comparing financial literacy among adult residents of 14 participating countries.¹⁵ As part of the pilot study, eight common questions were included in surveys to measure financial knowledge in each participating country.

Seven of the eight OECD/INFE questions were included for the first time in the 2013 Financial Knowledge and Behaviour survey. One question was omitted because the New Zealand survey already contained an almost identically worded question. All eight questions, and the financial concept being measured by each question, are displayed in Table 4 below. Further detail, such as interviewer instructions, can be seen in the questionnaire which is contained Appendix B.

Table 4: The eight OECD/INFE knowledge questions

Concept being measured by question	Question (correct answer in bold)
Division	Q33b Imagine that five brothers are given a gift of \$1,000. If the brothers have to share the money equally how much does each one get? Open response allowed. Correct answer: \$200.
Time-value of money	Q33c Now imagine that the brothers have to wait for one year to get their share of the \$1,000 and inflation stays at 3 percent. In one year's time will they be able to buy: a) More with their share of the money than they could today b) The same amount c) Or, less than they could buy today
Interest paid on a loan	Q30 You lend \$25 to a friend one evening and he gives you \$25 back the next day. How much interest has he paid on this loan? Open response allowed. Correct answer: None or \$0.
Calculation of interest plus principal	Q33d Suppose you put \$100 into a no fee savings account with a guaranteed interest rate of 2% per year. You don't make any further payments into this account and you don't withdraw any money. How much would be in the account at the end of the first year, once the interest payment is made? Open response allowed. Correct answer: \$102

¹⁵ See Atkinson, A. and Messy, F. (2012). Measuring Financial Literacy: Results of the OECD/International Network on Financial Education (INFE) Pilot Study. *OECD Working Papers on Finance, Insurance and Private Pensions*, No. 15, OECD Publishing.
<http://dx.doi.org/10.1787/5k9cfs90fr4-en>

Concept being measured by question	Question (correct answer in bold)
Compound interest	Q33e And how much would be in the account at the end of five years, remembering there are no fees? Would it be: a) More than \$110 b) Exactly \$110 c) Less than \$110 d) Or is it impossible to tell from the information given
Risk and return*	Q41 An investment with a higher than average return is likely to have higher than average risk. a) True b) False
Definition of inflation	Q33f High inflation means that the cost of living is increasing rapidly. a) True b) False
Diversification†	Q44 It is less likely that you will lose all of your money if you save it in more than one place. a) True b) False

* This question was included in the 2005 and 2009 New Zealand Financial Knowledge surveys, and differs very slightly to the OECD/INFE question which is: An investment with a high return is likely to be high risk.

† This question used the OECD/INFE approved alternative wording for countries where the stock market is not widely used or understood. The standard wording of the OECD/INFE question is: It is usually possible to reduce the risk of investing in the stock market by buying a wide range of stocks and shares.

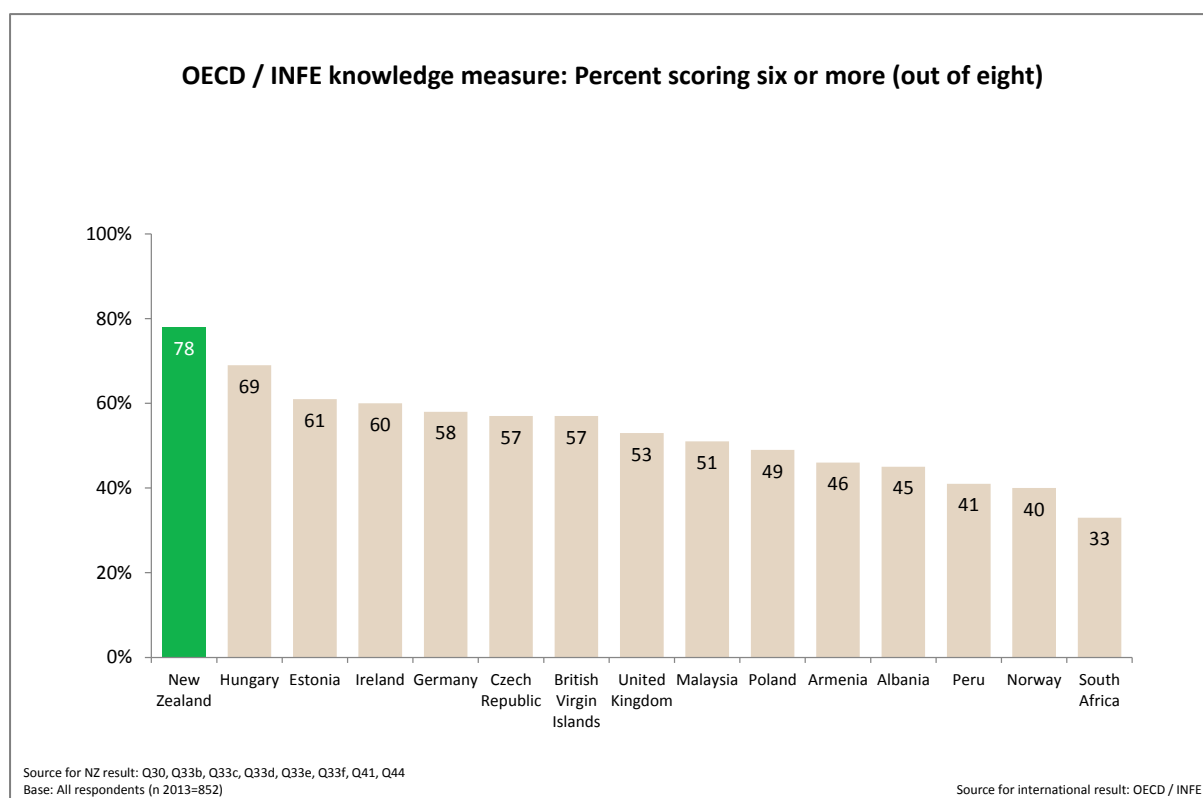
International comparison: Total knowledge score

Consistent with the approach used in the OECD/INFE pilot study, a total score was calculated for these eight questions by assigning each respondent a score of 1 for each correct answer. The compound interest question was only considered correct if a respondent also answered calculation of interest plus principal question correctly. Total scores range from zero (low knowledge) to eight (high knowledge).

For the purposes of making international comparisons, the OECD/INFE compare the proportion of people in each country who achieve a score of six or more out of eight. The chart on the following page displays the New Zealand result, and also the results for the 14 other countries included in the pilot study.

The New Zealand OECD/INFE knowledge score is significantly higher than all fourteen countries that participated in the pilot project.¹⁶

¹⁶ Our questionnaire wording, raw data, and OECD/INFE knowledge score calculations were externally reviewed by OECD/INFE researchers prior to this report being published.



International comparison: Individual questions

Table five and six displays the proportion of people in each country who answered each of the individual OECD/INFE knowledge questions correctly.¹⁷

Like many people from the countries included in the OECD/INFE pilot report, the vast majority of New Zealanders can answer the division, interest paid on loan, risk and return, and definition of inflation questions correctly. Understanding of diversification is a relative strength for New Zealanders, as is our understanding of compound interest.

Understanding of the time value of money is an area of relative weakness for New Zealanders. Seven of the fourteen countries included in the pilot study achieved a higher result for this question. Division is also an area of *relative* weakness, although a large majority of New Zealanders do answer the division question correctly.

¹⁷ This table was adapted from Atkinson and Messy (2012).

Table 5: Correct responses to knowledge questions by country

	Division %	Time-value of money %	Interest paid on loan %	Calculation of interest plus principal %	Compound interest and correct answer to previous question %	Risk and return %	Definition of inflation %	Diversification %
New Zealand	92	70	99	77	49	90	96	78
Hungary	96	78	95	61	46	86	91	61
Estonia	93	86	84	64	31	72	85	57
Ireland	93	58	88	76	29	84	88	47
Germany	84	61	88	64	47	79	87	60
Czech Republic	93	80	88	60	32	81	70	54
British Virgin Islands**	84	74	60	63	20	83	87	41
United Kingdom	76	61	90	61	37	77	94	55
Malaysia	93	62	93	54	30	82	74	43
Poland	91	77	85	60	27	48	80	55
Armenia	86	83	87	53	18	67	57	59
Albania	89	61		40	10	77	81	63
Peru	90	63		40	14	69	86	51
South Africa	79	49	65	44	21	73	78	48

Note: Empty cells have no relevant observations, including those where the response was not recorded. **For diversification British Virgin Islands asked if buying a single company's stock usually provides a safer return than a stock mutual fund

Table 6. Comparison with Norway and Australia

	Division %	Time-value of money %	Interest paid on loan %	Calculation of interest plus principal %	Compound interest and correct answer to previous question %	Risk and return %	Definition of inflation %	Diversification %
New Zealand and Norway								
New Zealand	92	70	99	77	49	90	96	78
Norway*		87	61	75	54	18	68	51
New Zealand and Australia								
New Zealand	92	70	99	77	60†	90	96	78
Australia				65	59	87		

*Under interest for Norway the question asked was: What is meant by the effective interest rate. The Norwegian question reported under Risk and Return asked whether it was true or false that when you buy shares you lend money to the company. For diversification Norway asked if buying a single company's stock usually provides a safer return than a stock mutual fund. †The approach used by OECD/INFE is to count the compound interest question correct only if the calculation of interest plus principal question is also answered correctly. The Australian survey does not report that result, so for the purpose of comparison we have presented the proportion of New Zealanders who answer the compound interest question correctly, irrespective of whether they answered the calculation of interest plus principal question correctly.

Further detail on the comparison with Australia can be found on Page 37. We do not present Australian results in the chart on the previous page because only two Australian results are directly comparable.

Demographic profile of OECD/INFE knowledge questions

Table seven profiles the three knowledge groups by product ownership. The table contains row percentages. An example of how the data should be interpreted is as follows. Ninety five percent of men answered the division question correctly.

Key patterns evident in the data are as follows:

- Men tend to have higher knowledge than women. This is driven mainly by their correct answers to the calculation of interest plus principal question and the compound interest question. Older men, aged 65 years or over, score particularly high across the OECD/INFE questions.
- Māori and Pacific Island people tend to score lower than average. Asian people tend to score higher than average.
- Those with more formal education tend to score higher than those with less formal education.
- Renters tend to have lower financial knowledge than homeowners and those who have placed their home in a trust.
- Those with a higher personal or household income tend to have higher knowledge.
- Those with a high net worth have higher than average knowledge. Those with a negative net worth have lower than average knowledge.

Table 7: Correct responses to knowledge questions by demographics

	Sample size (n=)	Six or more questions correct (out of eight) %	Division %	Time-value of money %	Interest paid on loan %	Calculation of interest plus principal %	Compound interest and correct at previous question %	Risk and return %	Definition of inflation %	Diversification %
Total respondents	852	78	92	70	99	77	49	90	96	78
Men	371	84	95	76	99	84	56	92	97	81
Women	481	71	90	66	98	71	42	89	95	76
18-24	71	77	92	69	99	80	43	88	92	68
25-34	120	72	94	62	99	78	49	86	94	72
35-44	171	76	94	66	98	76	52	90	96	77
45-54	140	83	97	76	100	78	51	90	98	81
55-64	152	83	90	78	98	80	45	96	96	88
65+	198	76	88	73	98	74	48	93	98	80
Males 18-24	34	74	94	62	97	83	46	85	91	72
Males 25-34	53	82	94	76	100	85	58	88	99	71
Males 35-44	66	81	98	69	100	80	56	93	98	79
Males 45-54	56	88	97	78	100	81	57	92	100	79
Males 55-64	68	90	93	87	99	85	55	96	96	96
Males 65+	94	92	94	84	96	92	60	98	99	88
Females 18-24	37	80	90	77	100	77	39	91	94	65
Females 25-34	67	62	93	49	99	71	42	85	90	74
Females 35-44	105	72	91	64	96	72	49	87	95	75
Females 45-54	84	79	96	75	100	76	46	87	96	83
Females 55-64	84	75	87	69	98	75	35	96	96	80
Females 65+	104	63	83	63	99	59	38	89	97	74
New Zealand European	616	81	92	75	99	82	51	92	96	81
Māori	135	64	89	58	97	56	35	89	95	72
Pacific peoples	43	54	92	47	98	57	31	77	89	63
Asian peoples	74	90	99	71	100	84	60	89	98	77
Primary or basic secondary	203	60	85	54	98	60	28	81	93	71
Secondary school qualification (only)	203	78	93	75	99	77	46	93	97	73
Tertiary or post-graduate education	446	84	95	75	99	85	59	93	97	83
Owned by self/partner	436	83	93	76	99	82	53	93	97	81
In a trust	79	92	97	81	99	89	68	97	98	90
Rented	275	68	92	60	98	67	37	87	95	73
Owned by another in household	53	72	91	70	98	78	49	85	89	71
In paid employment	500	82	95	74	99	80	52	91	97	80
Not in paid employment	352	70	89	64	98	73	42	89	94	75
Main urban area	616	78	92	72	98	77	52	90	96	79
Provincial	128	77	94	66	99	84	43	89	95	75
Rural	108	75	92	67	100	74	36	95	94	74

	Sample size (n=)	Six or more questions correct (out of eight) %	Division %	Time-value of money %	Interest paid on loan %	Calculation of interest plus principal %	Compound interest and correct at previous question %	Risk and return %	Definition of inflation %	Diversification %
Total respondents	852	78	92	70	99	77	49	90	96	78
Household income of \$20,000 or less	128	56	91	55	97	64	28	81	95	67
Household income of \$20,001 to \$50,000	239	74	87	67	98	70	41	91	93	77
Household income of \$50,001 to \$100,000	240	80	94	72	99	79	49	91	96	80
Household income of more than \$100,000	173	95	98	84	99	94	70	98	99	86
Personal income of \$10,000 or less	67	66	95	53	99	72	32	79	93	73
Personal income of \$10,001 to \$20,000	140	65	89	65	98	68	34	88	93	77
Personal income of \$20,001 to \$30,000	129	73	90	72	97	64	33	95	97	77
Personal income of \$30,001 to \$40,000	75	72	92	68	100	74	42	83	91	78
Personal income of \$40,001 to \$50,000	97	78	89	70	98	75	52	86	97	76
Personal income of \$50,001 to \$70,000	116	89	98	78	100	91	64	96	99	77
Personal income of \$70,001 to \$100,000	81	93	98	85	99	90	65	98	100	88
Personal income of more than \$100,000	49	100	98	87	100	100	81	100	100	95
Retired/superannuitant	171	74	86	73	99	73	49	92	99	78
Beneficiary/unemployed	54	55	87	51	99	66	31	82	91	68
Clerical/sales employee	54	86	88	75	100	86	46	95	100	80
Semi-skilled worker	43	63	92	57	95	63	33	79	97	72
Technical/skilled worker	143	82	93	76	98	79	54	94	95	82
Business proprietor/self-employed	74	89	98	80	100	86	59	95	94	85
Business manager/executive	65	89	98	77	100	90	62	89	98	78
Teacher/nurse/police	72	80	95	71	98	79	49	90	96	76
Professional/Senior Government official	66	84	100	71	100	92	71	97	97	80
Labourer/manual/agriculture/domestic	55	51	86	51	99	43	15	81	91	61
Negative net worth	192	65	91	57	98	68	37	86	95	68
\$0 to \$100,000 net worth	144	78	92	69	98	82	48	88	95	75
\$101,000 to \$300,000 net worth	173	76	91	69	100	73	45	91	93	75
\$301,000 to \$600,000 net worth	174	83	92	79	99	77	56	94	98	84
\$601,000 plus net worth	169	91	96	83	99	90	62	95	99	93

Note: The figures in green denote significantly higher results than average. The figures in red denote significantly lower results than average.

Comparison with Australia

In 2011 ANZ Australia published the fourth measure of adult financial literacy in Australia.¹⁸ Three thousand five hundred and two telephone interviews were carried out with Australians aged 18 years or over during July and August 2011.

For the most part, the questions in the Australian survey differ to those used in the present survey. However, there are three similar questions that allow us to make comparisons between Australians and New Zealanders. These questions are shown in the table below, along with the percent of adults in each country who answered each correctly.

Note that these questions are used in the OECD/INFE pilot study mentioned above, and measure understanding of risk and return, the ability to calculate interest plus principal, and understanding of compound interest. The approach used by OECD/INFE is to count the compound interest question correct only if the calculation of interest plus principal question is also answered correctly. The Australian survey does not report that result, so for the purpose of comparison we have presented the proportion of New Zealanders who answer the compound interest question correctly, irrespective of whether they answered the calculation of interest plus principal question correctly.

Table 8. Comparison between Australian and New Zealand adults

Questions (correct answer in bold)	Australia 2011 % correct	New Zealand 2013 % correct
An investment with a higher than average return is likely to have higher than average risk. a) True b) False	87% (n=3,502)	90%
Suppose you put \$100 into a no fee savings account with a guaranteed interest rate of 2% per year. You don't make any further payments into this account and you don't withdraw any money. How much would be in the account at the end of the first year, once the interest payment is made? Open response allowed. Correct answer: \$102	65% (n=1,177)	77%
And how much would be in the account at the end of five years, remembering there are no fees? Would it be: a) More than \$110 b) Exactly \$110 c) Less than \$110 d) Or is it impossible to tell from the information given	59% (n=1,177)	60%

Note: The Australian question was worded 'An investment with a high return is likely to have higher than average risk.' The figures in green denote significantly higher results than Australia. All New Zealand percentages are based on the full sample of 852 respondents.

As can be seen in the table, a slightly larger proportion of New Zealanders answer the risk and return question correctly, and greater proportion answer the calculation of interest plus principal question correctly. There is no difference when it comes to the compound interest question.

¹⁸ ANZ (2011). Adult financial literacy in Australia. <http://www.anz.com/resources/f/9/f9fc9800493e8ac695c3d7fc8cff90cd/2011-Adult-Financial-Literacy-Full.pdf.pdf?CACHEID=f9fc9800493e8ac695c3d7fc8cff90cd>

Money management

This year sees several significant changes in financial knowledge in regard to money management.

There continues to be a slow but steady increase in New Zealanders' understanding of savings, particularly among the 55 to 64 year old age group. Knowledge is improving for both those with a savings account and those without one. These changes may be due in part to what we believe has been a greater level of general public conversation about money and finances since the GFC, and also the increased emphasis being advanced by a variety of financial institutions on educating the public about what saving is and why it is important. Higher unemployment in recent years may have led to increased uncertainty over job security, and this is also likely to have played a part in the increased focus on saving for the future.

While understanding of equity is stable overall, there is an upward trend in the ability of mortgage holders to correctly calculate equity, building on the improvement seen in 2009.

However, the improvements in New Zealanders' understanding of how to calculate figures from a bank statement reported in 2009 have not been maintained, with current findings returning to the 2005 benchmark level. There have been falls in both the ability to identify forward calculations (how long to save an additional amount – Q2d) and backward calculation (how much has already been saved – Q2c). It is possible these changes relate to familiarity with bank statements rather than the New Zealanders' numerical ability. With the uptake of Internet banking, a proportion of New Zealanders will have opted out of receiving regular bank statements. Anecdotal evidence in support of this was offered by our interviewers; a few respondents offered comments that the bank statement seemed 'old fashioned'.

Use of Internet banking continues to rise, with nearly six-in-ten New Zealanders now using it. While there are few significant increases in the proportion of people who are able to identify the financial benefits of Internet banking, there continues to be a broad understanding of the range of benefits it offers. However, the proportion of New Zealanders who say it offers no benefits or that they are anti-Internet has risen significantly in 2013, although this group remains small at 7%. This increase perhaps reflects the amount of media coverage Internet fraud has received in recent years. Among those who use Internet banking, there appears to be a growing sense of this being a routine activity, with fewer users mentioning a range of specific financial advantages of Internet banking. As Internet banking has become more ubiquitous people may no longer see its distinct advantages.

Numeracy

Bank statements

A series of questions relating to bank statements were asked. Findings from the first three questions (Q2a, Q2b and Q2c) asked are reported in the Banking section of this report. Results from the last question in the series (Q2d) are reported below.

Now I'm going to show you an example of a bank statement and I will ask you some questions about it. Please look closely at this bank statement and can you tell me:

Q2d) How many months would it take them to save another \$10,000?

❖ ABC BANK

123 Main Street, Hamilton

Jane Doe
456 Suburban Drive
Hamilton

Account name:

Jane Doe

Account description:

LSB call account

This statement period starts

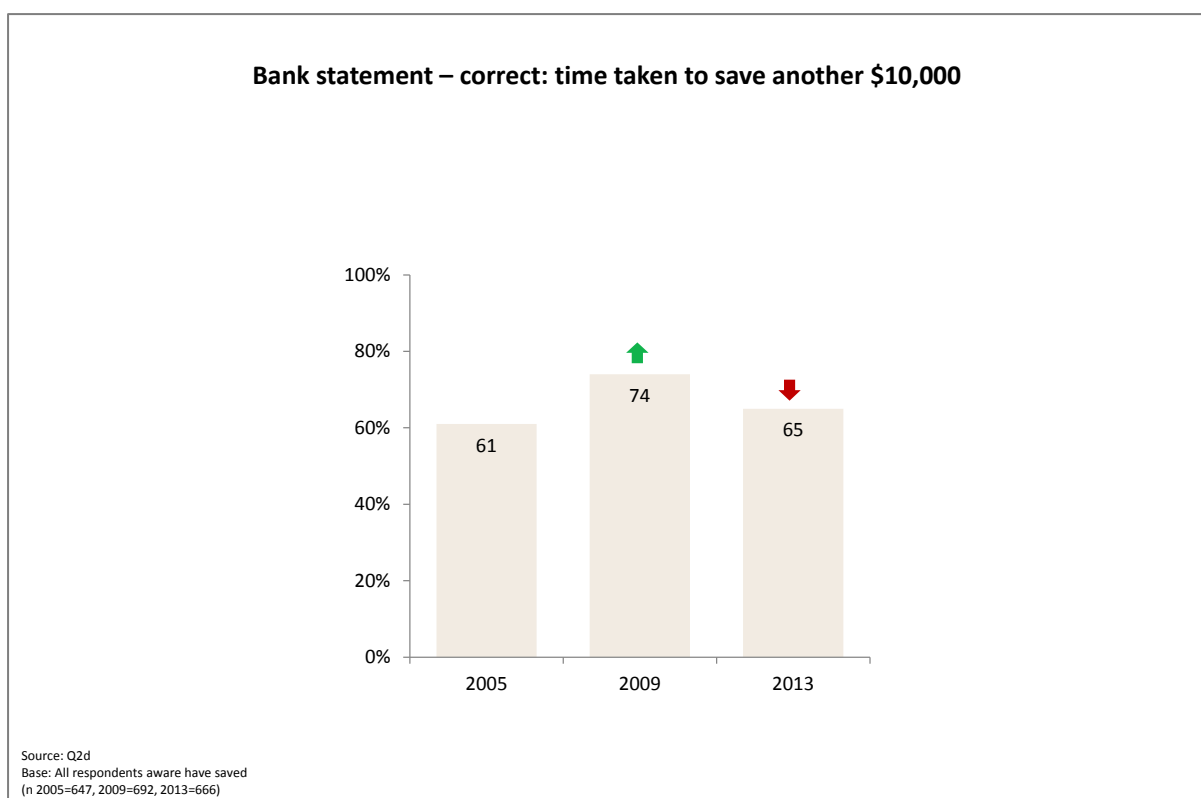
29 April 2012

This statement period ends

28 May 2012

Account number: **010505-0012345-00**

Date	Transaction particulars	Withdrawals	Deposits	Balance
29 April 12	Balance brought forward			521.17
29 April 12	Interest		5.45	
29 April 12	Resident withholding tax	4.15		
29 April 12	Visa	426.78		
30 April 12	Pak n Save	64.25		
4 May 12	Payment/salary		1075.25	
6 May 12	ATM	40.00		
7 May 12	Pak n Save	132.98		
9 May 12	Cheque		120.00	
10 May 12	State insurance	62.00		
12 May 12	Rent to Jones Trust	240.00		
13 May 12	Curry to you	27.80		
17 May 12	Contact energy	93.45		
18 May 12	Payment/salary		1075.25	
21 May 12	Pak n Save	44.70		
26 May 12	Rent to Jones Trust	240.00		
27 May 12	Account fee	2.50		
28 May 12	Pak n Save	97.34		
Totals at end of Period		1475.95	2275.95	1321.17



Note: Arrows in green denote statistically significant increases since the previous wave. Arrows in red denote statistically significant decreases since the previous wave.

Fewer New Zealanders can correctly identify the amount of time required (13 months/12.5 months) now than in 2009 (down nine percentage points to 65%). The current result is consistent with the benchmark findings in 2005.

Demographic drivers

The decrease in knowledge in this area has been driven by significant falls among the following groups:

- Females (down 11 percentage points, from 71% to 60%)
- 45-54 year olds (down 14 percentage points, from 83% to 69%)
- New Zealand Europeans (down 8 percentage points, from 77% to 69%)
- Those with at least some tertiary education (down 12 percentage points, from 82% to 70%)
- Renters (down 19 percentage points, from 74% to 55%)
- Those not in paid employment (down 11 percentage points, from 69% to 58%)
- Urban residents (down 8 percentage points, from 74% to 66%)
- Rural residents (down 21 percentage points, from 76% to 55%)
- Annual household income under \$20,000 (down 19 percentage points from 67% to 48%)
- Annual household income between \$50,000 and \$100,000 (down 18 percentage points, from 85% to 67%)
- Annual personal income between \$10,000 and \$20,000 (down 18 percentage points, from 72% to 54%)
- Annual personal income between \$20,000 and \$30,000 (down 18 percentage points, from 73% to 55%)
- Annual personal income between \$70,000 and \$100,000 (down 13 percentage points, from 89% to 76%).

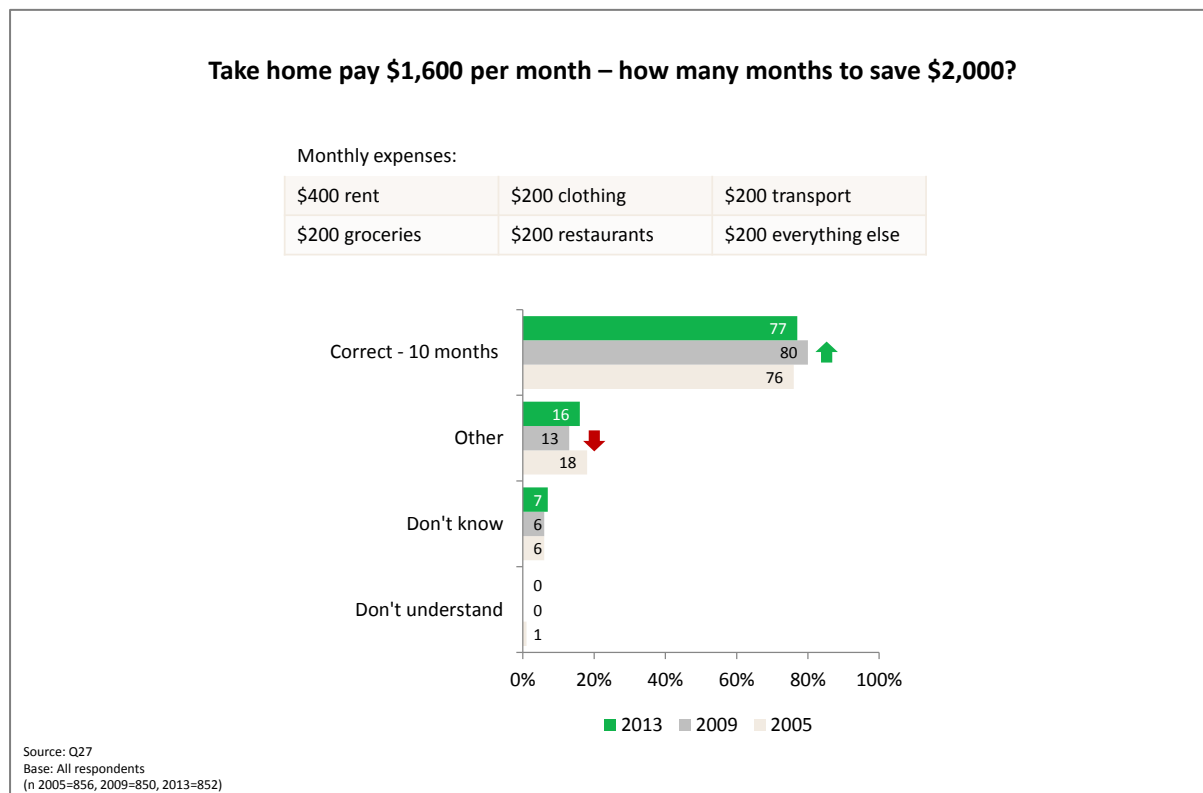
All knowledge groups are less likely to correctly identify the amount of time required to save an additional \$10,000, and results for those in the Medium knowledge group have fallen significantly (down 16 percentage points, from 71% to 55%).

Months to save

We asked a series of questions on the topic of savings. The first of these (Q27) is reported here. The majority of subsequent questions (Q28a-c, Q29a-b, Q31, Q32 and Q33) are included in the Saving section of this report.

People were reminded that they could use a calculator or pen and paper when answering these questions.

Q27) *Jane has a job with a take home pay of \$1,600 per month. She must pay \$400 for rent and \$200 for groceries each month. She also spends \$200 per month on transport. If she budgets \$200 each month for clothing, \$200 for restaurants and \$200 for everything else, how many months will it take her to save \$2,000?*



Note: Arrows in green denote statistically significant increases since the previous wave. Arrows in red denote statistically significant decreases since the previous wave.

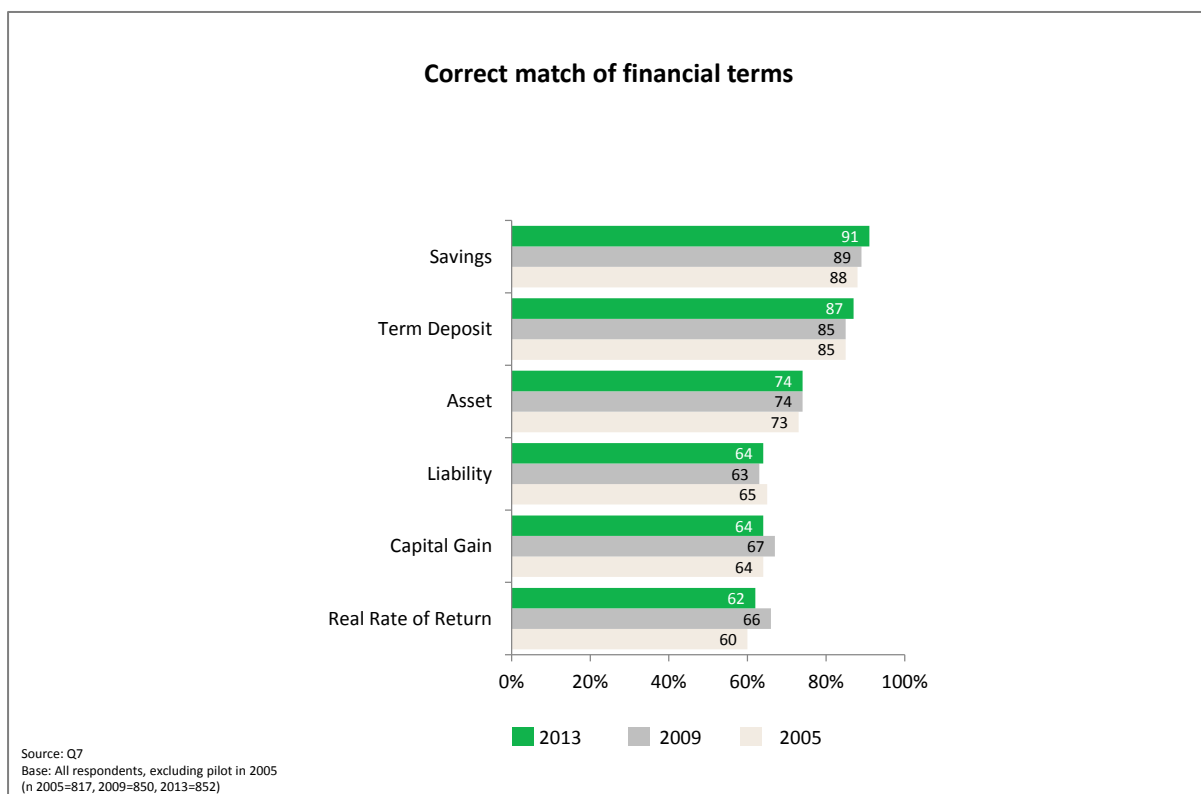
Over three quarters (77%) of New Zealanders can correctly identify that it will take Jane 10 months to save \$2,000. While these results are statistically similar to those of both 2009 and 2005 current findings have fallen *slightly*, losing some of the ground gained between 2005 and 2009.

Understanding financial terms

Definition of terms

People were asked to undertake a matching exercise, marrying up financial terms with their definitions:

Q7) *I have here one set of cards with different terms on them and another set of cards that have definitions. There are more definition cards than terms. I would like you to find the best match between the terms and the definitions.*



Results for all six of the terms are consistent with 2009. Since 2005, there has been a significant increase in the proportion of New Zealanders who can correctly define savings (up three percentage points to 91%).

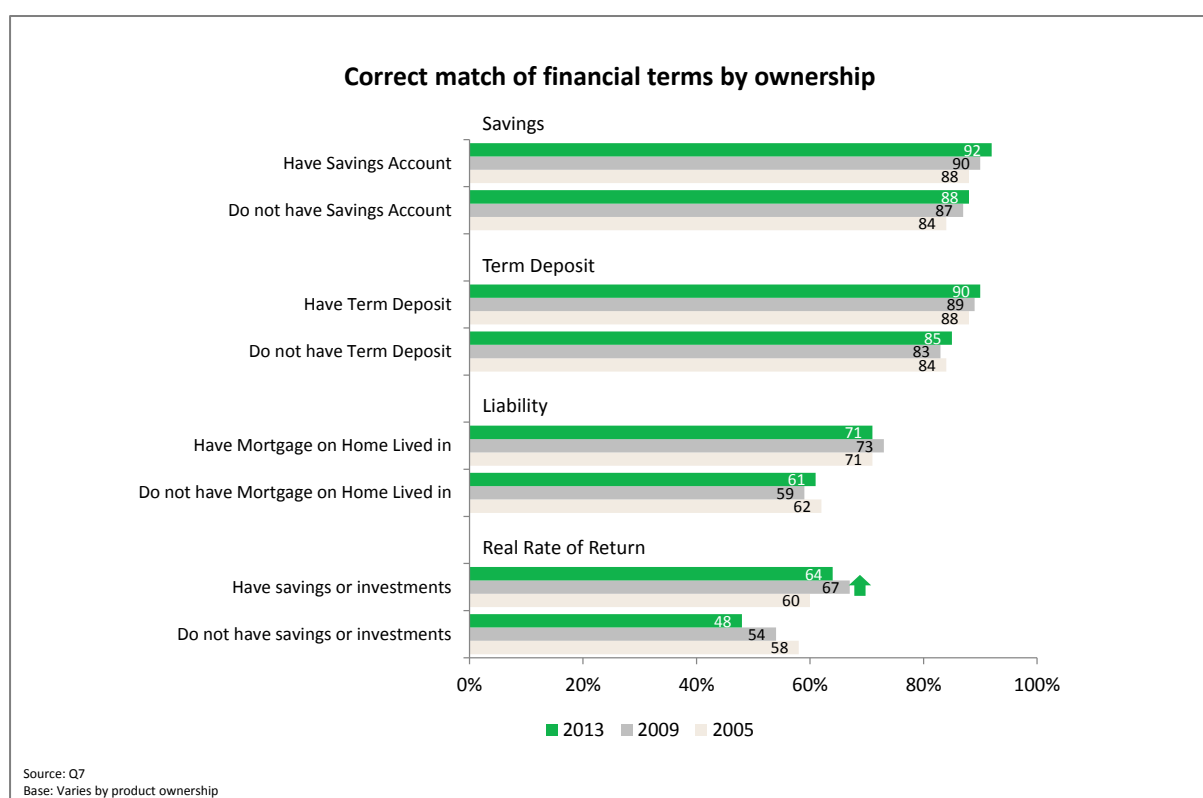
Demographic drivers

Compared to 2005, the increase in New Zealanders' ability to correctly define savings has been driven by significant rises among the following groups:

- 55-64 year olds (up 13 percentage points, from 79% to 92%)
- Urban residents (up 3 percentage points, from 89% to 92%)

There have been increases for all knowledge groups, although none of the improvements are statistically significant.

The chart below looks at understanding of financial terms by product ownership.



As we've seen in previous years, ownership of financial products tends to be associated with higher understanding of relevant financial terms. Current results are broadly consistent with those of previous years. The exception to this is a significant increase in the ability to correctly define savings among those with a savings account when comparing the current results against those of 2005 (up four percentage points to 92%). This change is part of a general upward trend for correctly matching the definition of 'saving', among both those with and without a savings account. A similar trend can be seen for being able to define a term deposit among those who have one.

Net worth

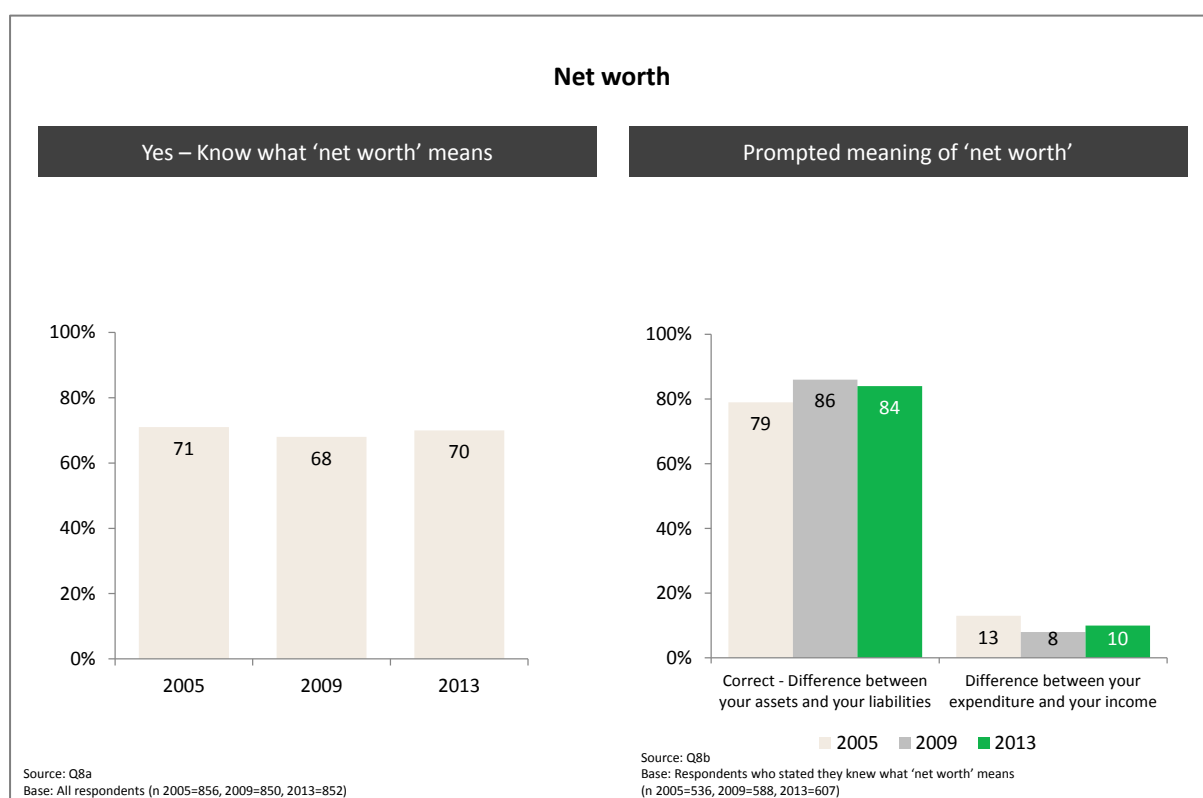
Initially, people were asked:

Q8a) Do you know what the term 'net worth' means?

Those who said they knew what the term meant were given a showcard with four statements and asked to choose the correct definition of 'net worth'. The options were presented as:

Q8b) To know how much wealth you have, you need to measure your net worth. 'Net worth' means...

- a) The difference between your expenditure (what you spend) and income (what you earn or receive)
- b) The difference between your assets (all that you own) and your liabilities (all that you owe)
- c) The difference between your bank borrowings and savings
- d) None of the above



There has been no change in the proportion of New Zealanders who say they know what 'net worth' means – seven-in-ten (70%) claim this knowledge.

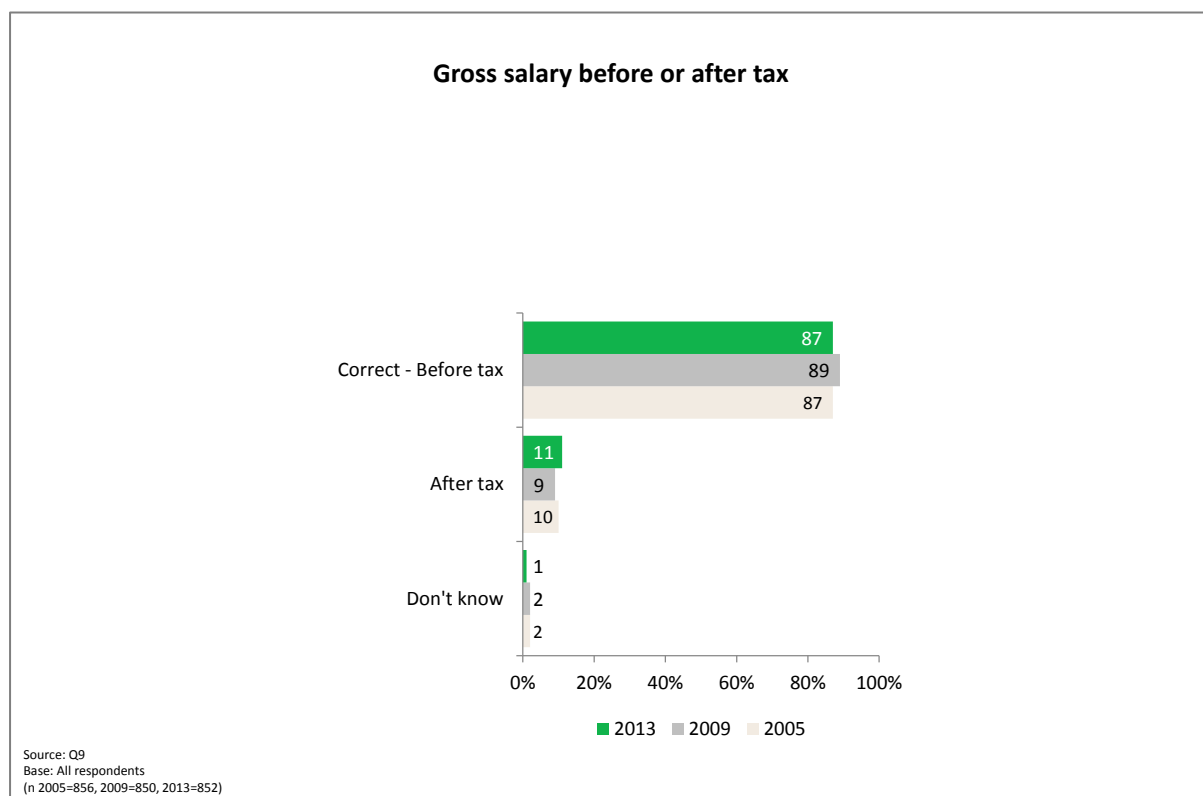
Of those who say they know what 'net worth' means, the majority (84%) chose the correct definition. This result is consistent with findings from 2009. Since 2005 there has been a significant increase in the proportion of New Zealanders who can correctly define 'net worth' (up five percentage points from 79% in 2005 to 84% in 2013).

Taking both questions into account, the overall proportion of New Zealanders who can correctly define 'net worth' is 59%. This finding is on par with 2009 (also 59%) and is similar to 2005 (56%).

Gross salary

People were asked if gross income was before or after tax:

Q9) *And now a question about tax. Is a person's gross salary before or after tax?*



The majority (87%) of New Zealanders know that gross salary is before tax. This result is in line with previous findings.

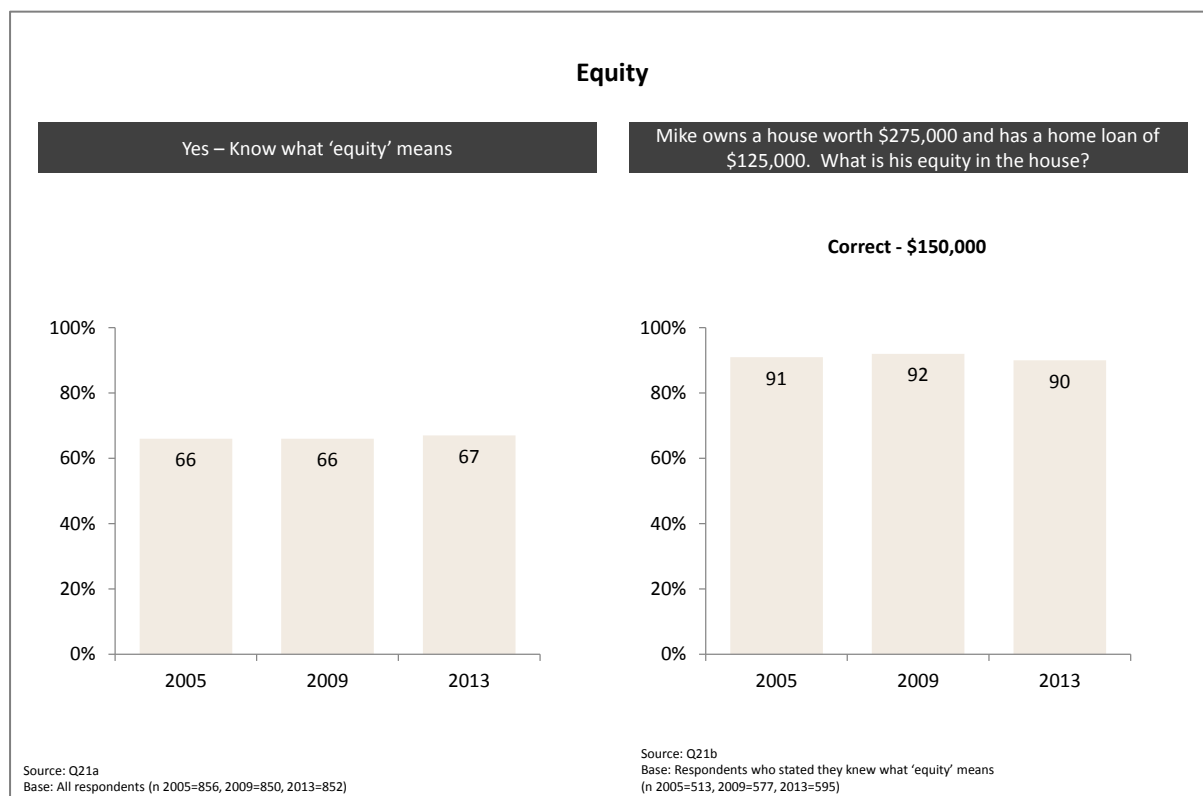
Equity

People were asked:

Q21a) Do you know what the term 'equity' means?

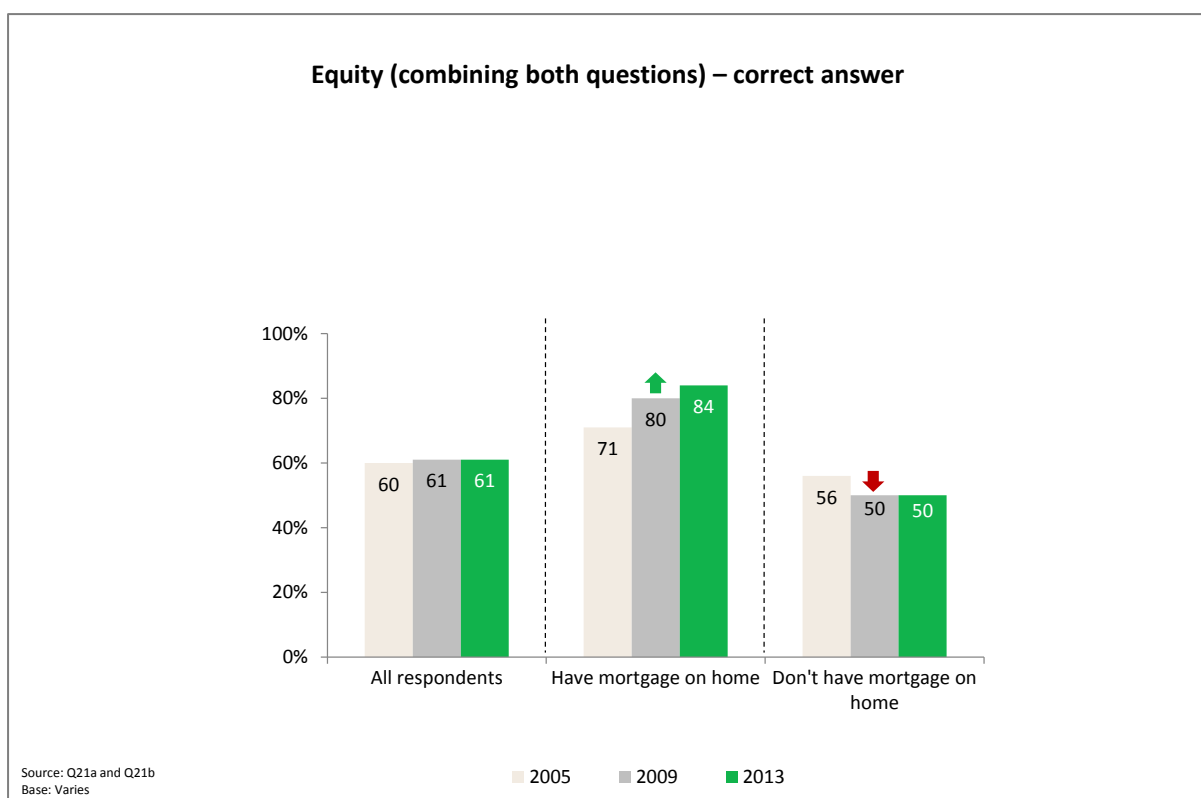
Those who said they knew what 'equity' meant were then presented with an example situation and asked to determine the amount of equity:

Q21b) Mike owns a house worth \$275,000 and has a home loan of \$125,000. What is his equity in the house?



Two thirds (67%) of New Zealanders claim to know what 'equity' means. Nine in ten (90%) of those who say they know what 'equity' means are able to correctly determine the amount of equity in the example scenario. Results for both questions are consistent with previous survey findings.

The chart on the following page shows the level of correct knowledge of the meaning of equity among the total sample, and breaks this down by whether people do/do not have a mortgage.



Note: Arrows in green denote statistically significant increases since the previous wave. Arrows in red denote statistically significant decreases since the previous wave.

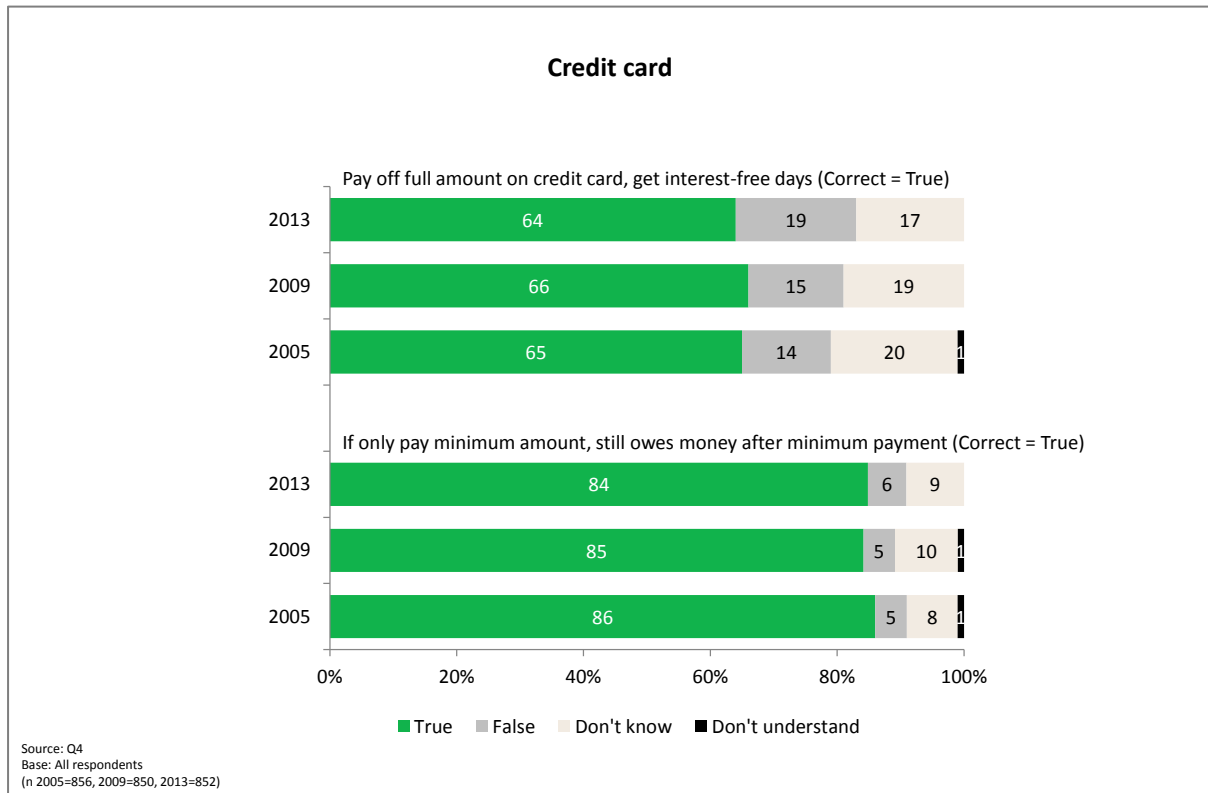
Based on findings from both questions, the overall proportion of New Zealanders who can correctly determine 'equity' is 61%, very much on par with previous results. Understanding of equity continues to increase among those with a mortgage, with current results significantly higher than in 2005 (up thirteen percentage points to 84%). Knowledge is static among those without a mortgage, with 2013 results remaining significantly lower than those of the benchmark findings in 2005 (down six percentage points to 50%).

Credit cards

Understanding of credit card payments was explored through the following question:

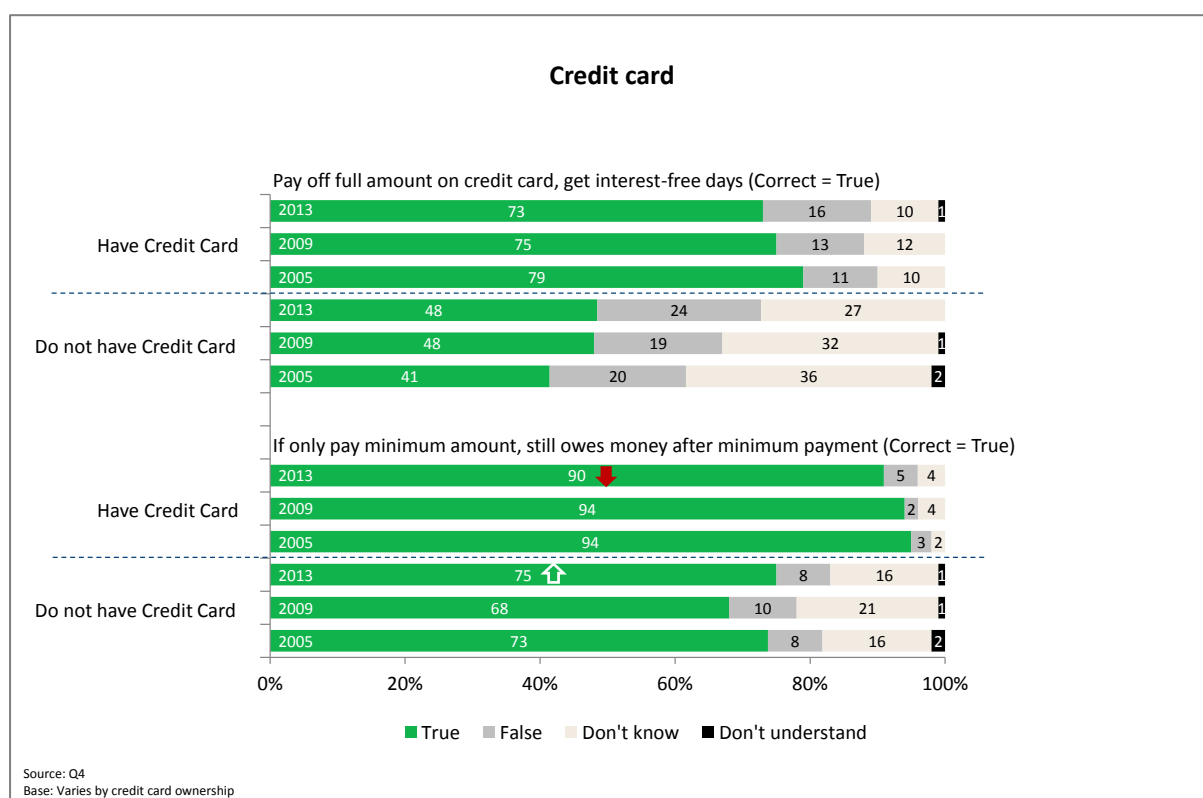
Q4) Please tell me which of the following statements are true and which are false?

- a) If John pays off the full amount on his credit card each month he gets interest-free days on purchases
- b) If John only pays the minimum payment each month he still owes money after the minimum payment.



Almost two thirds (64%) of New Zealanders know that paying off his credit card in full each month would give John interest-free days on purchases. Most (84%) New Zealanders know that if John only pays the minimum amount he would still owe money on his credit card. Both these findings are consistent with those of previous years.

The following chart presents these results by credit card ownership.



Note: Arrows in green denote statistically significant increases since the previous wave. Arrows in red denote statistically significant decreases since the previous wave.

In line with what we would expect, credit card holders have a greater knowledge of credit card payments than those who do not have a credit card.

There has been no change since 2009 in the overall proportion of New Zealanders who know that paying off the full amount on a credit card gives you interest-free days on purchases. However, results for those who have a credit card have been trending downwards, and are now significantly lower than in 2005 (down six percentage points to 73% in 2013).

Since 2009 there has been a significant decline in the proportion of people with a credit card who know that if you only pay off the minimum amount each month you will still owe money after making the minimum payment (down four percentage points to 90% in 2013). The current result is also significantly lower than the 2005 finding. Conversely, those without a credit card are significantly more likely to know the impact of only making minimum payments now than they were in 2009 (up seven percentage points to 75% in 2013).

Banking

Bank statements

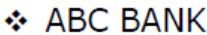
People were asked a series of questions about bank statements. Findings from the last question in the series (Q2d) have been reported earlier in the section entitled Numeracy. Results for the first three questions are presented in this section of the report. The questions reported here are as follows:

Now I'm going to show you an example of a bank statement and I will ask you some questions about it. Please look closely at this bank statement and can you tell me:

Q2a) *How much did they have at the end of the month?*

Q2b) *Have they saved money this month?*

Q2c) *How much have they saved this month?*



123 Main Street, Hamilton

Jane Doe
 456 Suburban Drive
 Hamilton

Account name:
Jane Doe

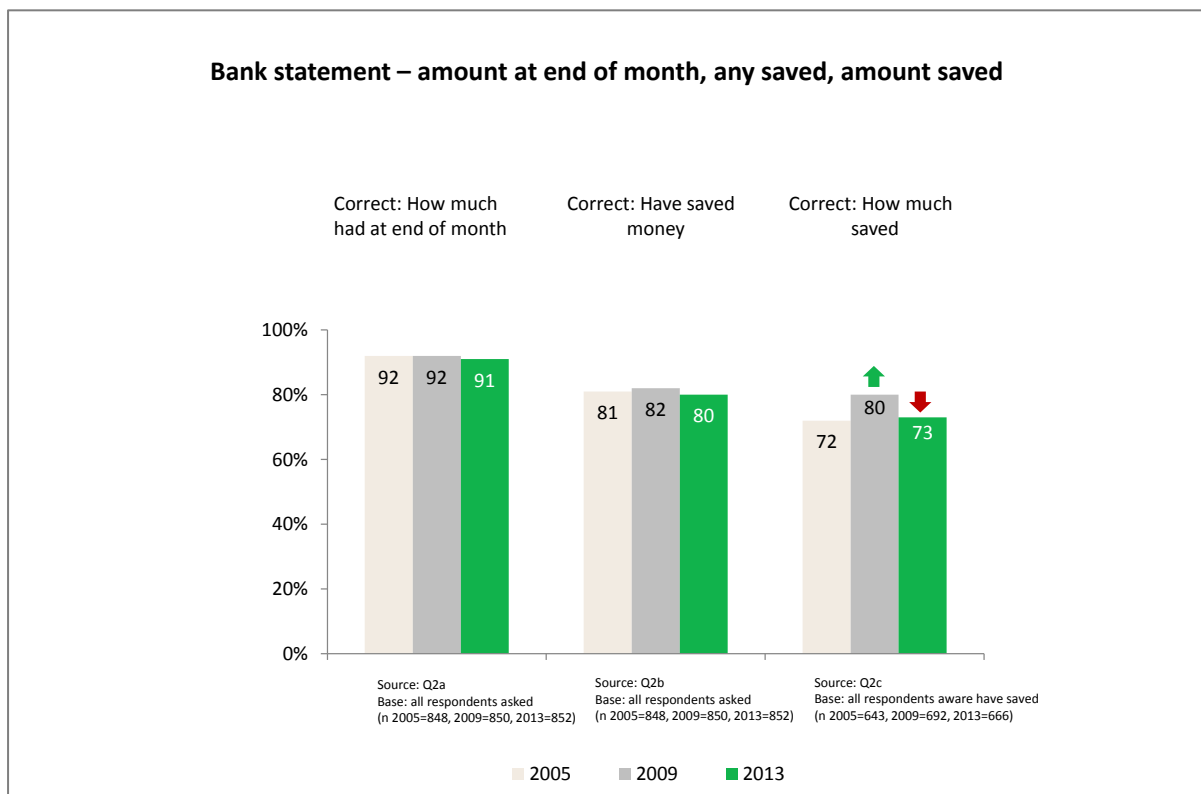
Account description:
LSB call account

This statement period starts
29 April 2012

This statement period ends
28 May 2012

Account number: **010505-0012345-00**

Date	Transaction particulars	Withdrawals	Deposits	Balance
29 April 12	Balance brought forward			521.17
29 April 12	Interest		5.45	
29 April 12	Resident withholding tax	4.15		
29 April 12	Visa	426.78		
30 April 12	Pak n Save	64.25		
4 May 12	Payment/salary		1075.25	
6 May 12	ATM	40.00		
7 May 12	Pak n Save	132.98		
9 May 12	Cheque		120.00	
10 May 12	State insurance	62.00		
12 May 12	Rent to Jones Trust	240.00		
13 May 12	Curry to you	27.80		
17 May 12	Contact energy	93.45		
18 May 12	Payment/salary		1075.25	
21 May 12	Pak n Save	44.70		
26 May 12	Rent to Jones Trust	240.00		
27 May 12	Account fee	2.50		
28 May 12	Pak n Save	97.34		
Totals at end of Period		1475.95	2275.95	1321.17



Note: Arrows in green denote statistically significant increases since the previous wave. Arrows in red denote statistically significant decreases since the previous wave.

The majority of New Zealanders (91%) can correctly identify the amount of money in the account at the end of the month. Most (80%) are able to spot that the account owner had saved money that month. Both of these results are consistent with previous years. Among those who identified that the account owner had saved money just under three quarters (73%) correctly calculated how much had been saved. However, this represents a significant decrease from 2009 (down seven percentage points from 80%). The current finding is consistent with the 2005 result.

Demographic drivers

The decrease in knowledge in this area has been driven by significant falls among the following groups:

- Females (down 9 percentage points, from 78% to 69%)
- 45-54 year olds (down 12 percentage points, from 85% to 73%)
- New Zealand Europeans (down 7 percentage points, from 83% to 77%)
- Those with at least some tertiary education (down 6 percentage points, from 83% to 77%)
- People who own their own home either independently or with their partner (down 8 percentage points, from 82% to 74%)
- Those in paid employment (down 7 percentage points, from 81% to 74%)
- Urban residents (down 8 percentage points, from 81% to 73%)

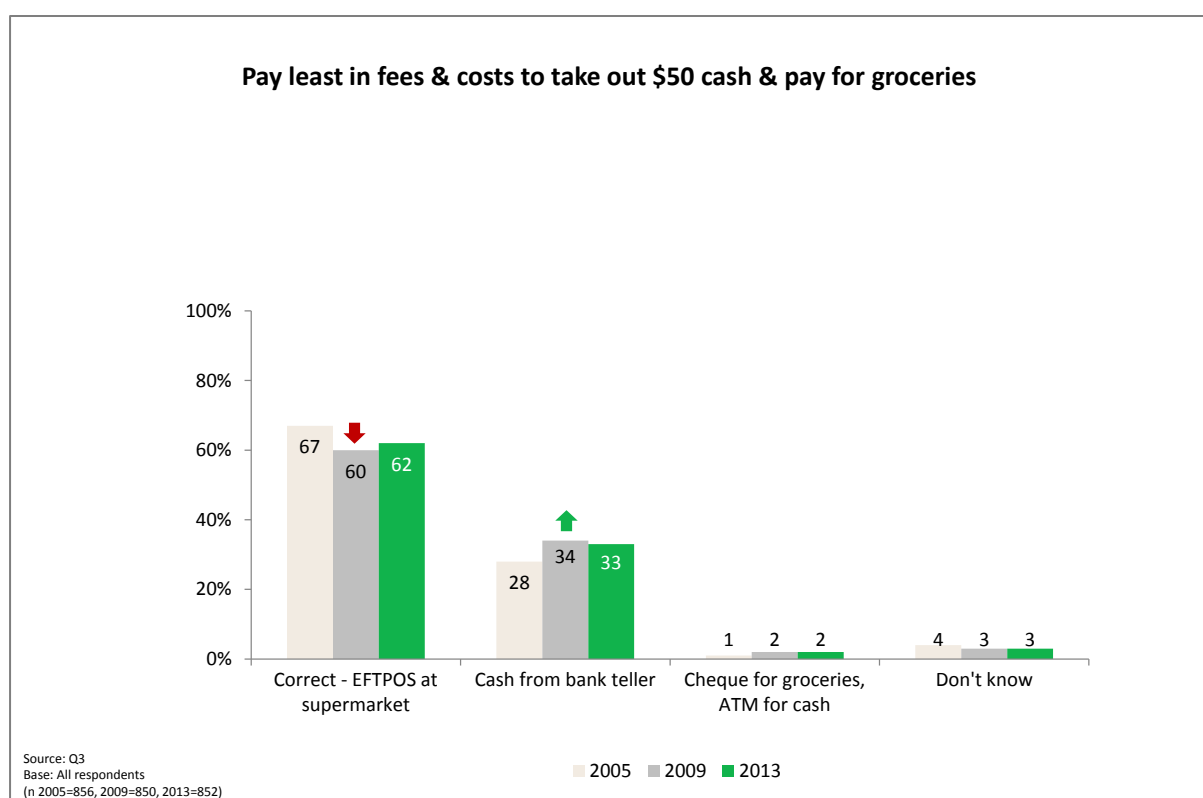
- Annual household income between \$50,000 and \$100,000 (down 12 percentage points, from 85% to 73%).

Decreases in knowledge are also evident across all knowledge groups, and are significantly lower for those in the Medium knowledge group (down 11 percentage points, from 78% to 67%).

Withdrawing cash

Awareness of the fees which apply to basic banking services was tested with the following question:

Q3) John needs to take out \$50 cash for the weekend and also pay for his groceries. Generally, which of the following ways would John pay the least in fees and costs?



Note: Arrows in green denote statistically significant increases since the previous wave. Arrows in red denote statistically significant decreases since the previous wave.

Six-in-ten (62%) New Zealanders are able to correctly identify that the best way for John to pay the least in fees and costs was to pay by EFTPOS and to take out cash in the same transaction. One third (33%) incorrectly believe that withdrawing cash from a bank teller is the best way to minimise fees and costs. Both of these findings are consistent with 2009 results but, as in 2009, they are significantly different from those reported in 2005.

In 2005 a significantly higher proportion of New Zealanders (67%) correctly selected the combined EFTPOS transaction as the best way to avoid fees and costs, while a significantly lower proportion (28%) thought going to a bank to withdraw money was the way to pay the least in fees and costs.

Advantages of Internet banking

To investigate the extent to which New Zealanders recognise the financial advantages of Internet banking, people were asked:

Q5) *Amanda usually does her banking over the counter at her local branch. What **financial** advantages would there be if Amanda used Internet banking instead of going into her local branch? Any other financial advantages?*

The table below shows the main advantages of Internet banking mentioned by New Zealanders.

Table 9: Main advantages of Internet banking mentioned by New Zealanders.

Main reason given	2005 %	2009 %	2013 %
Sample size n=	856	850	852
Correct - Cheaper / cost / no fees / fees lower than over the counter	56	55	54
Quicker	38	43	45
Convenience	26	39	36
Can do it in her own time / time management	16	20	25
24 hour access / can use it anytime	16	26	22
Access at home/work	18	27	21
Save on transport costs/time	11	11	17
Can see details of transactions / transaction history / keeps track of finances	12	16	14
Can do more things with Internet banking	4	6	7
No advantages / anti Internet	4	5	7
Secure / privacy	1	5	5
Don't know	15	12	7

Source: Q5

Base: All respondents

Note: Responses mentioned by less than 5% of respondents in 2013 are not shown. The figures in green denote statistically significant increases since the previous wave. The figures in red denote statistically significant decreases since the previous wave.

As in previous years, the key financial advantage New Zealanders see in using Internet banking rather than going into a branch is that doing so is cheaper – over half (54%) correctly identify this as the main financial advantage.

Mention of being able to bank from home/work has fallen significantly since 2009 (down six percentage points to 21% in 2013). However, there has been a significant rise in the proportion of people mentioning being able to do their banking in their own time as an advantage (up five percentage points to 25% in 2013). There has also been a significant increase in the proportion of New Zealanders mentioning the transport cost/time savings which can be made by using Internet banking (up 6 percentage points to 17% in 2013).

There were a large number of increases in mention of specific advantages between 2005 and 2009. The general upward trend continues for being quicker, more convenient, providing 24 hour access, being able to bank in your own time, being able to do more things with Internet banking and it being secure/private – all of these advantages are significantly more likely to be mentioned now than in 2005. These results are likely to have been influenced by the growing prevalence of Internet banking in New Zealand – 59% use Internet banking now compared to 47% in 2009 and 34% in 2005, with results rising significantly between each wave of research.

However, since 2005 there has also been a significant rise in the proportion of New Zealanders who say Internet banking offers no advantages/that they are anti-Internet. This may be because of the increased focus on Internet fraud in recent years.

The following table shows findings based on users of Internet banking.

Table 10: Main advantages of Internet banking mentioned by Internet banking users.

Main reason given	2005 %	2009 %	2013 %
Sample size n=	238	366	472
Correct - Cheaper / cost / no fees / fees lower than over the counter	75	72	66
Quicker	48	56	51
Convenience	37	51	41
Can do it in her own time / time management	22	23	30
24 hour access / can use it anytime	24	33	26
Access at home/work	21	35	23
Save on transport costs/time	12	13	20
Can see details of transactions / transaction history / keeps track of finances	17	22	18
Can do more things with Internet banking	7	8	10
Secure / privacy	1	9	5
Don't know	4	2	1

Source: Q5

Base: Internet banking users

Note: Responses mentioned by less than 5% of respondents in 2013 are not shown. The figures in green denote statistically significant increases since the previous wave. The figures in red denote statistically significant decreases since the previous wave.

Since 2009 there have been significant decreases for many of the advantages of Internet banking, including the main financial advantage of Internet banking being cheaper than going into a branch. All of these declines, with the exception of being able to bank at home/work, are specific to Internet banking users rather than the wider population. This suggests that among those who use Internet banking there is, to some degree, a sense of ennui about the advantages it provides.

However, since 2009 mention of being able to complete banking in your own time has risen among Internet banking users (up seven points to 30% in 2013). The proportion of those saying Internet banking saves transport costs/time has also significantly increased (up 7 percentage points to 20% in 2013). Both of these results have also risen across New Zealanders as a whole.

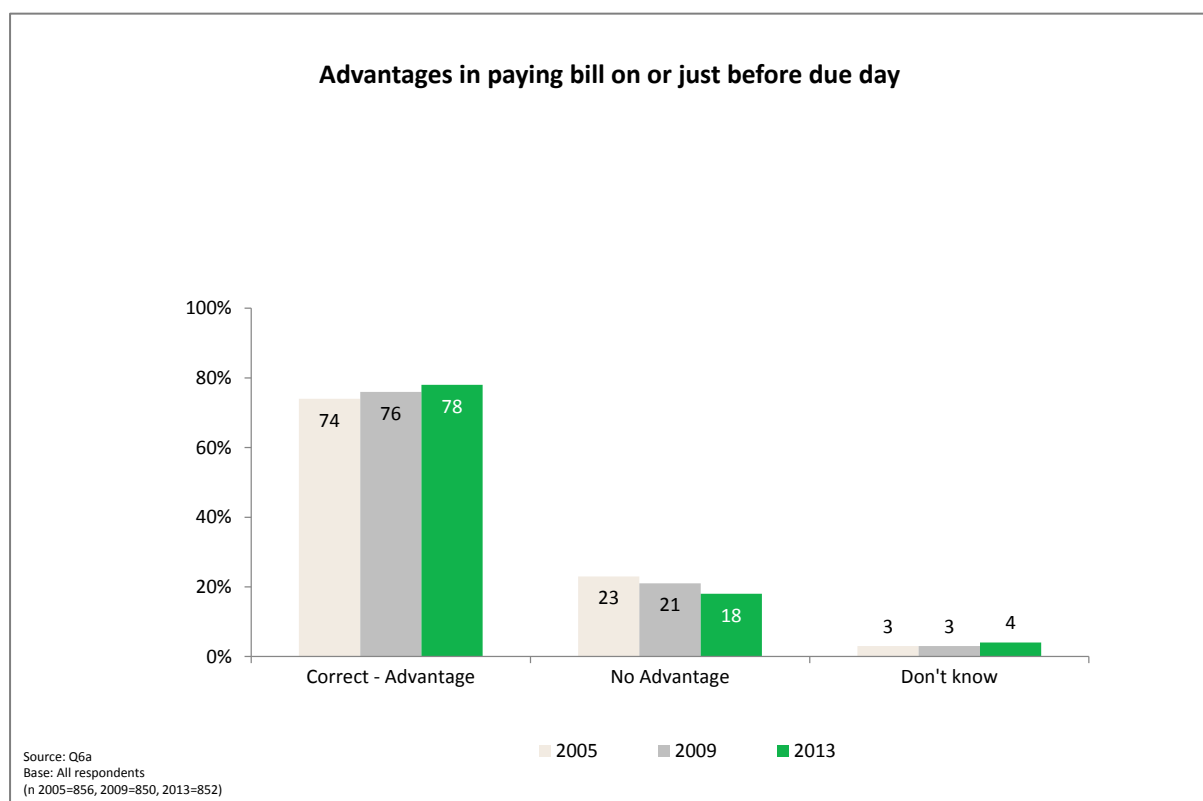
Advantages of paying bills on or before the due date

Similarly, people were asked:

Q6a) *If Elizabeth has a telephone bill due on the 20th of the month, are there advantages in paying the bill on or just before the day it is due?*

Q6b) *What advantages are there? Anything else?*

The following charts shows results for these questions.



Over three quarters (78%) of New Zealanders know that there are advantages in paying a bill on or just before the due day. This result is consistent with findings from previous years. While there has been only a slight (non-significant) fall in the proportion of people incorrectly saying that there are no advantages in paying a bill on or just before the due day (down three percentages points from 21% in 2009 to 18% in 2013), results have been trending downwards. Significantly fewer New Zealanders now think there are no advantages in timely bill payment than was the case in 2005.

The table below shows the main advantages people see in paying a bill on or just before the due day.

Table 11: Main advantages people see in paying a bill on or just before the due day.

Main reason given	2005 %	2009 %	2013 %
Sample size n=	642	637	651
Correct - Avoid being charged interest/fee for being overdue	45	57	53
Correct - She may/does qualify for a discount/reward for paying on time	47	47	46
Correct - Maximise interest earned on her money	23	16	18
Peace of mind that paid and won't be disconnected	16	14	15
Gets a good credit history with telephone company	14	20	14
Don't know	-	-	1

Source: Q6b

Base: Those who considered it an advantage

Note: The figures in green denote statistically significant increases since the previous wave. The figures in red denote statistically significant decreases since the previous wave.

Avoiding interest charges/overdue fees is the main advantage New Zealanders see in paying a bill on or just before the due day, with over half (53%) mentioning this. Overall, results are consistent with those of 2009. The one exception to this is mention of establishing a good credit history, which has fallen significantly (down six points to 14% in 2013). This reverses the increase seen between 2005 and 2009.

While results are similar between 2009 and 2013, avoiding interest/overdue charges is more likely to be mentioned now than in 2005. Maximising the interest earned on the money is less likely to be mentioned as an advantage.

Budgeting

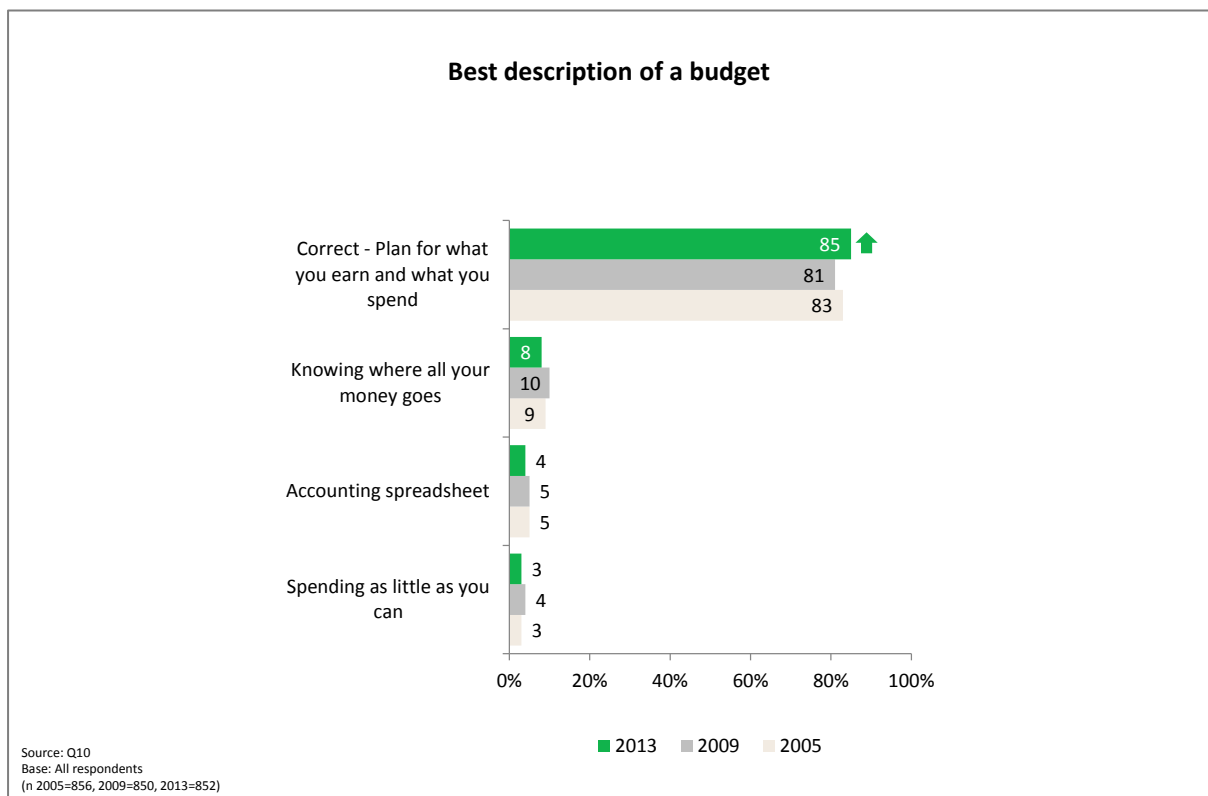
There has been a significant improvement in the level of knowledge of what a budget is — most (85%) New Zealanders now understand what a budget is, up significantly from 2009. This increase has been driven in large part by a significant increase in understanding among those aged 18 to 24 years.

The most important reason for having a budget remains having control of your finances, with nine-in-ten New Zealanders spontaneously mentioning this as a reason. While there is a high degree of understanding of what budgets are and why they are important, there is less awareness of who should have one. Currently, three quarters of New Zealanders know that everyone should have a budget, a result which hasn't changed since the 2005 benchmark research.

Description of a budget

Knowledge of what a budget is was tested through the following question:

Q10) Which of the following is the best description of a budget?



Note: Arrows in green denote statistically significant increases since the previous wave. Arrows in red denote statistically significant decreases since the previous wave.

The majority (85%) of New Zealanders can correctly identify the best description of a budget. There has been a significant increase since 2009 in the proportion of people who know that a budget is *'a plan for what you earn and what you spend'* (up four percentage points from 81%). The current result is consistent with 2005 data.

Demographic drivers

The increase in knowledge of what a budget is has been driven by significant improvements in scores among the following groups:

- 18-24 year olds (up 16 percentage points, from 68% to 84%)
- Those who identify with an Asian ethnicity (up 18 percentage points, from 70% to 88%)
- Those with a secondary school qualification (up 7 percentage points, from 78% to 85%)
- Urban residents (up 5 percentage points, from 81% to 86%).

Importance of a budget

People were asked to give spontaneous answers to the following question:

Q11) Why is it important to have a budget? Anything else?

The table below shows responses to this question. People could give more than one answer. Categories that are similar to each other have been grouped together and presented as a 'nett score' – this figure gives the percentage of respondents that gave at least one of the more detailed suggestions (which are listed below the nett score).

Table 12: Reasons for saying it is important to have a budget

Main reason given - all correct	2005 %	2009 %	2013 %
Sample size n=	856	850	852
Nett Control	92	92	91
To control spending / so you don't overspend / to live within your means	80	84	81
To have savings / surplus	32	25	28
To make sure money will last	14	16	16
To achieve financial goals / for the future	20	15	16
Nett Planning	46	53	51
To plan how much you can spend and save	35	43	41
To plan what you will spend your money on	24	23	20
Nett Tracking	37	43	39
To keep track of where your money is going	33	38	35
So you know where your income is coming from	15	12	11

Source: Q11

Base: All respondents

Note: Responses mentioned by less than 5% of respondents in 2013 are not shown. The figures in green denote statistically significant increases since the previous wave. The figures in red denote statistically significant decreases since the previous wave.

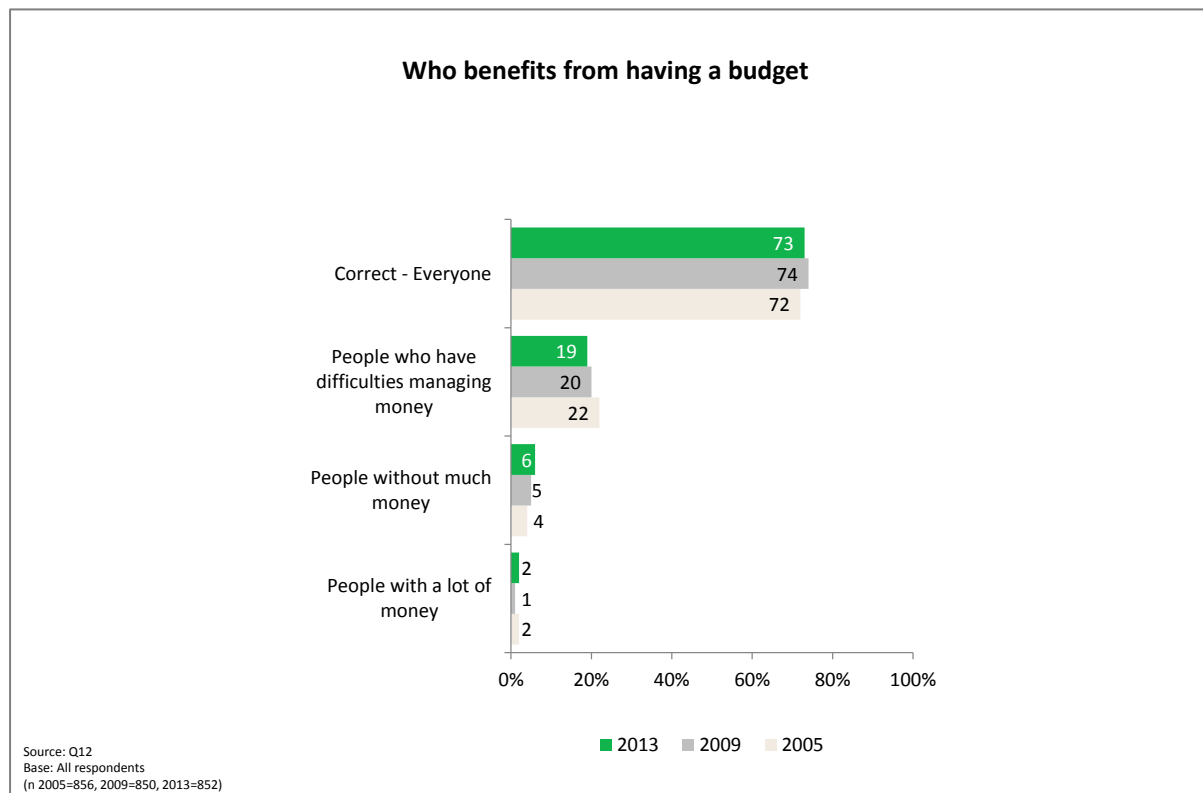
Current results are consistent with those of 2009. Since 2005 there has been a significant decrease in the proportion of people who say it is important to have a budget to achieve financial goals/for the future (down four percentage points to 16%). There has also been a significant decrease in those saying a budget is important so you know where your income is coming from (down four percentage points to 11%).

The overall proportion of New Zealanders who mentioned planning as an important reason for having a budget has risen significantly since 2005 (up five percentage points to 51%). Within this nett score, significantly more people now mention planning how much you can spend and save as a reason to have a budget (up six percentage points to 41%), and significantly fewer think planning what you will spend your money on is important (down four percentage points to 20%).

Who benefits from a budget

People were asked:

Q12) Which of the following best describes who can benefit from having a budget?



Around three quarters (73%) of New Zealanders know that everyone would benefit from having a budget. A fifth (19%) think a budget is for those who have difficulties managing money. Both of these results are consistent with the findings from previous years.

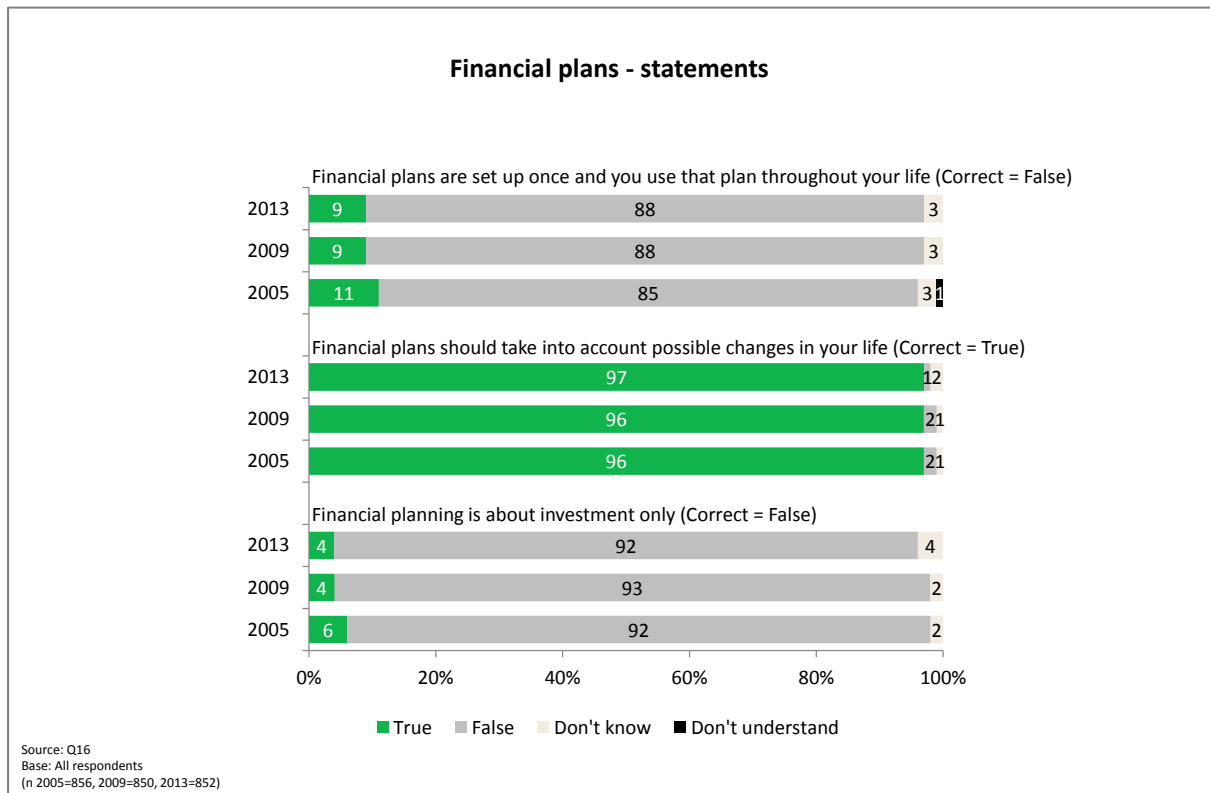
Financial planning

New Zealanders have a good understanding of financial plans, with knowledge levels high among both those who do and do not have a financial plan themselves.

Understanding of financial plans

The level of understanding of financial plans was tested with the following question:

Q16) *I am going to read out some statements about financial plans and would like you to tell me whether you think the statement is true, false, or whether you don't know.*



As in previous years, most New Zealanders have a good understanding of financial plans:

- Nearly nine-in-ten (88%) correctly identify that the statement 'financial plans are set up once and you use that plan throughout your life' is false.
- Almost all (97%) know that it is true that 'financial plans should take into account possible changes in your life'.
- Over nine-in-ten (92%) correctly say that 'financial planning is about investment only' is false.

The current findings are consistent with those of previous years, and there are no significant differences between those who have a financial plan and those who do not.

Debt knowledge

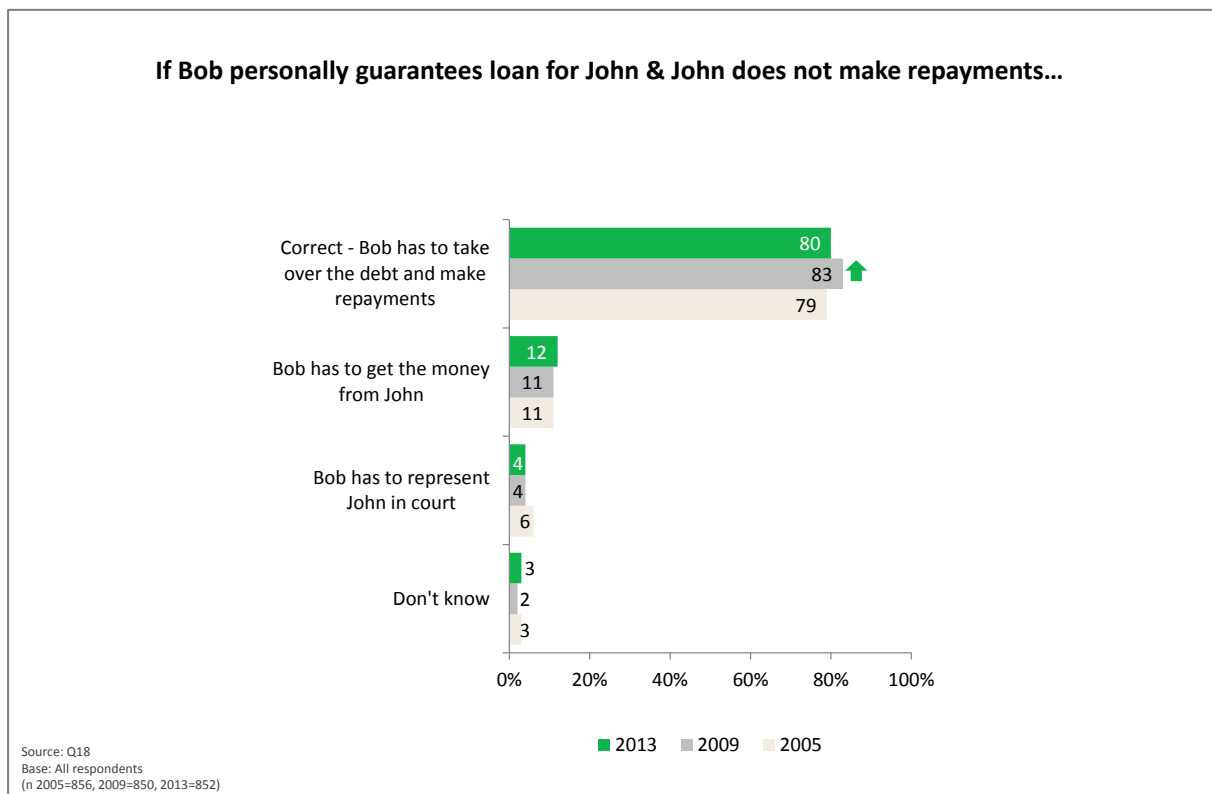
Most New Zealanders (80%) understand the role of a guarantor. As in previous years, just over half of New Zealanders understand that consolidating debt at a lower interest rate is the fastest way to pay off debt. As with knowledge of the role of guarantors, understanding is greater among those who have a loan or a mortgage.

Loan guarantees

The level of understanding of the responsibility of a loan guarantor was tested with the following question:

Q18) *If Bob personally guarantees a loan for John, and John does not make the repayments he is supposed to, which one of the following is Bob required to do?*

- a) Bob has to represent John in court*
- b) Bob has to take over the debt and make the repayments*
- c) Bob has to help to get the money from John.*



Note: Arrows in green denote statistically significant increases since the previous wave. Arrows in red denote statistically significant decreases since the previous wave.

Eight-in-ten (80%) New Zealanders correctly identify that if John does not make loan repayments they become Bob's responsibility. This result is not significantly different from either the 2009 or 2005 result.

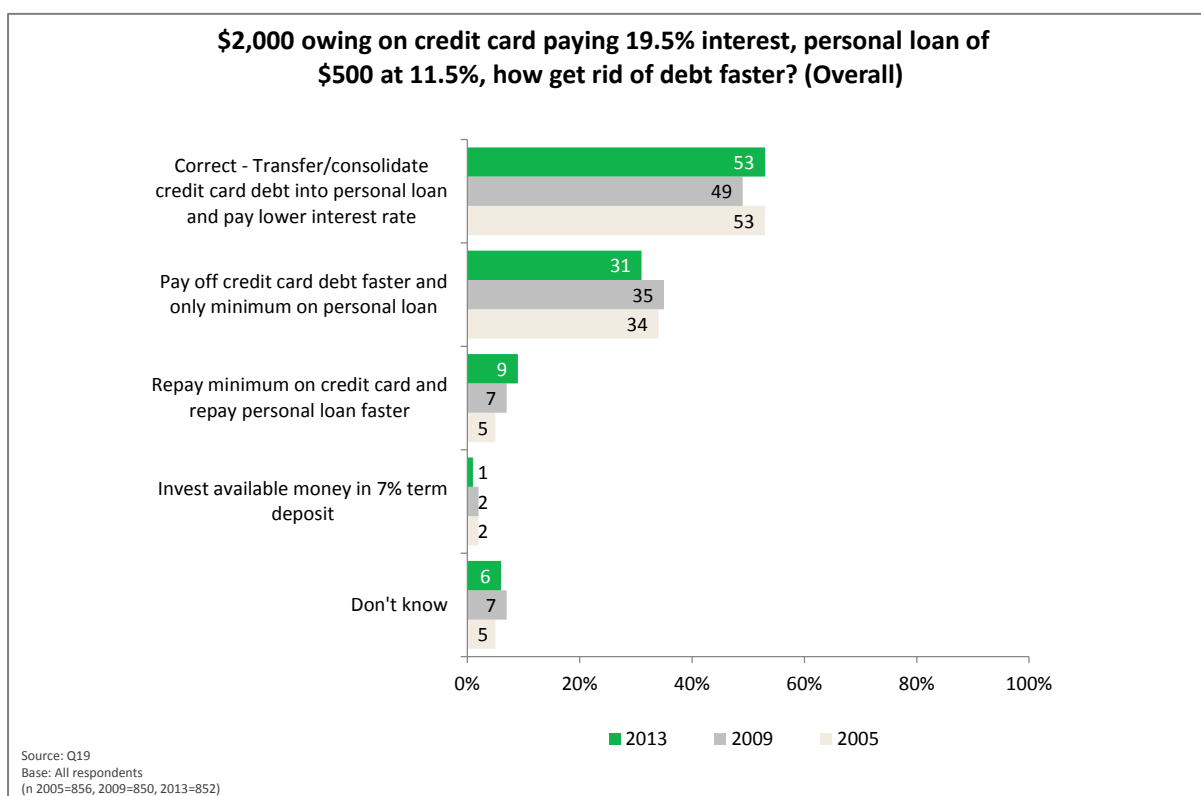
Those with a loan (either a mortgage or personal loan) are significantly more likely than those without one to identify the correct answer (89% of those with a loan chose the right answer compared to 73% of those without).

Debt management

Respondents' understanding of the fastest way to pay off debt was tested with the following question:

Q19) *If Pete has \$2,000 owing on his credit card paying 19.5% interest, and another personal loan of \$500 at 11.5% interest, which would allow him to get rid of his debt faster?*

- a) Repay the minimum amount on the credit card and repay the personal loan faster*
- b) Pay off the credit card debt faster and pay only the minimum amount on the personal loan until the credit card debt is cleared*
- c) Invest any available money in a term deposit paying 7%*
- d) Transfer or consolidate the credit card debt into the personal loan and pay the lower interest rate.*



Around half (53%) of New Zealanders know that the best way for Pete to get rid of debt faster is to consolidate his credit card debt into his personal loan, and thus pay a lower interest rate. This result is consistent with those of previous years.

Since 2005 there has been a significant increase in the proportion of New Zealanders who incorrectly selected repaying the personal loan faster than the credit card (up four percentage points to 9%).

The chart below shows that those who have a personal loan or mortgage are more likely to select the correct answer. There have been no changes in these findings over time.

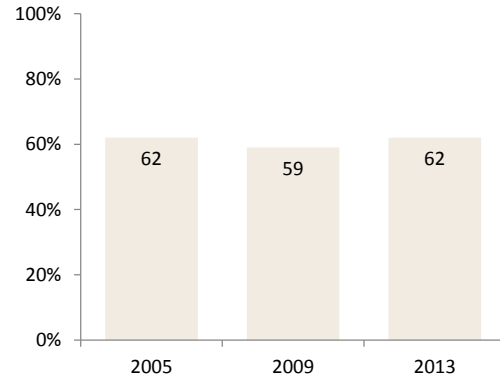
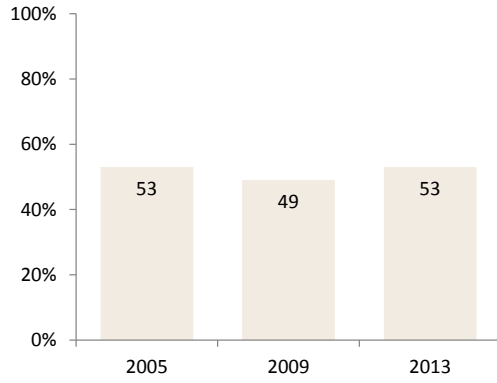
\$2,000 owing on credit card paying 19.5% interest, personal loan of \$500 at 11.5%, how get rid of debt faster? (Overall)

Correct – Consolidate the Debt

Correct – Consolidate the Debt

All respondents

Have personal loan or home mortgage



Source: Q19
Base: All respondents (n 2005=856, 2009=850, 2013=852)

Source: Q19
Base: Respondents who have a personal loan or home mortgage (n 2005=312, 2009=314, 2013=328)

Home loans/mortgages

Knowledge of ways to minimise interest on a mortgage is mixed – the vast majority of New Zealanders know that mortgage interest can be minimised by increasing the amount of regular payments, but only just over half know that paying half your monthly payment every fortnight will minimise your interest.

There has been a significant decrease in the proportion of New Zealanders who know that using a credit card for some repayments will not minimise their interest (down four points to 79%). Knowledge in this area has fallen for a range of demographic groups, including those in the High knowledge group and those who have a mortgage. However, those with a mortgage remain more likely than those without to understand that using a credit card for mortgage repayments will not minimise interest. They are also more likely to correctly identify the other ways to minimise mortgage interest.

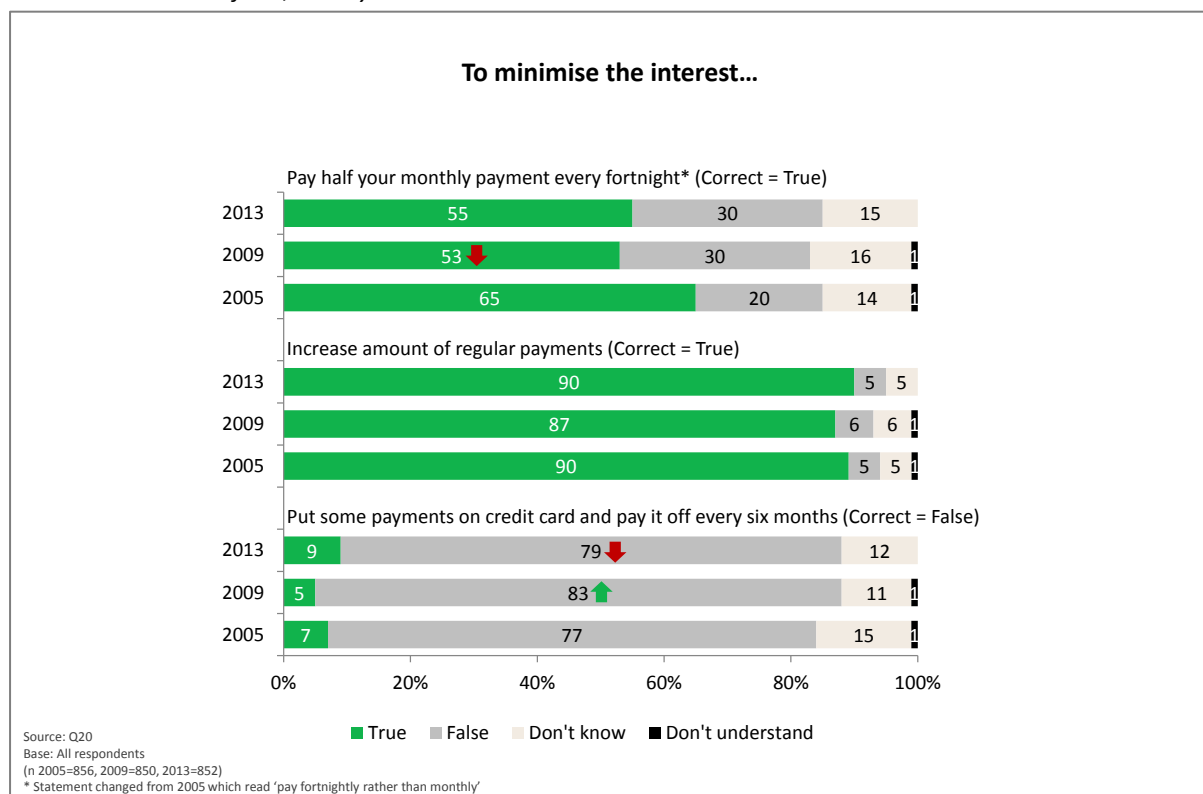
Understanding of variable or floating rate home loan repayments has improved in 2013, reversing the decline reported in 2009. Half of New Zealanders are now aware that a variable or floating rate home loan can be repaid in part or in full at any time without penalty. Improvements have been seen across a wide range of demographic groups. In particular those in the 25 to 34 year old age group are much more likely to know this now than in 2009 (up 19 percentage points to 52%). The intense competition between banks in attracting mortgage customers is likely to have played a part in raising the knowledge of the types of mortgages available, especially for this age group who may be newer to the mortgage market. Additionally, floating rate home loans have been available at historically low rates of interest for quite some time and their uptake has increased markedly as a result, leading to a greater familiarity with this type of mortgage.

Minimising interest

To gauge the level of understanding of how to minimise interest on a mortgage, people were asked:

Q20) *A home loan is what people usually call a mortgage, it is the money that is borrowed to pay for a house. I am going to read out some statements about minimising the amount of interest you pay on a home loan and would like you to tell me whether you think the statement is true, false, or whether you don't know.*

First, if you wanted to minimise the amount of interest you pay on your home loan you could (...). Is that true or false, or do you not know?



Note: Arrows in green denote statistically significant increases since the previous wave. Arrows in red denote statistically significant decreases since the previous wave.

'Pay half your monthly payment every fortnight'

Just over half (55%) of New Zealanders know that paying half of your monthly payment every fortnight minimises the interest on a home loan. This result is consistent with findings from 2009. However, as in 2009, the proportion of people who answer correctly is significantly lower than in 2005 (down 10 percentage points from 65% in 2005).

'Increase amount of regular payments'

Nine-in-ten (90%) New Zealanders know that interest on a mortgage can be minimised by increasing the amount of regular payments. This result is similar to that of previous years.

'Put some of your payments on your credit card and pay the credit card off every six months'

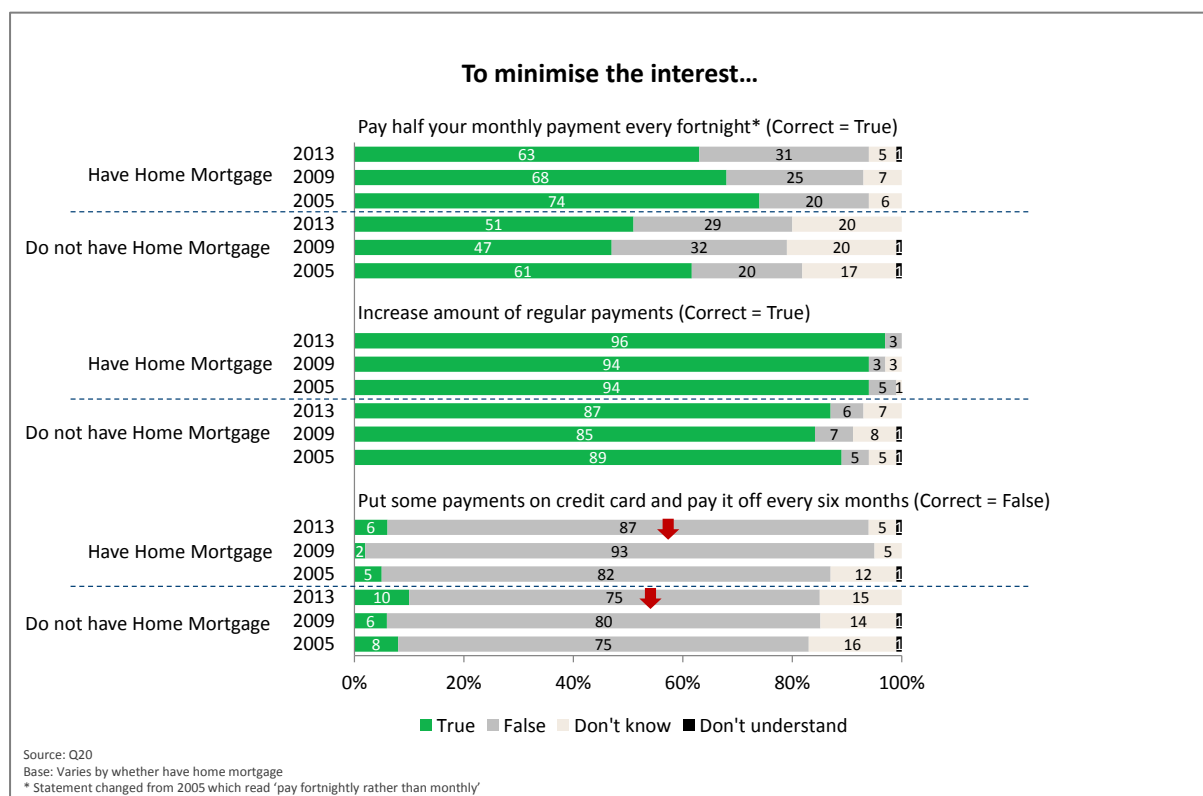
Nearly eight-in-ten (79%) New Zealanders know that interest on a mortgage will not be minimised by using a credit card for some payments. After a significant improvement in 2009, the current findings have fallen back to 2005 levels (a significant decrease of four percentage points from 83% in 2009).

This decrease has been driven by significant declines in scores among the following groups:

- Males (down 8 percentage points, from 86% to 78%)
- 35-44 year olds (down 8 percentage points, from 90% to 82%)
- 55-64 year olds (down 12 percentage points, from 88% to 76%)
- Those with at least some tertiary education (down 7 percentage points, from 90% to 83%)
- Renters (down 10 percentage points, from 79% to 69%)
- Those in paid employment (down 5 percentage points, from 88% to 83%)
- Urban residents (down 5 percentage points, from 83% to 78%)
- Annual household income between \$50,000 and \$100,000 (down 8 percentage points, from 93% to 85%).

There have been falls for all knowledge groups, with a significant drop for those in the High knowledge group (down 5 percentage points, from 96% to 91%).

The following chart compares the level of understanding of how to minimise interest on a mortgage among those who have a mortgage and those who do not.



Note: Arrows in green denote statistically significant increases since the previous wave. Arrows in red denote statistically significant decreases since the previous wave.

Those with a mortgage remain consistently more likely to select the correct answer on all three statements.

There have been no changes in findings since 2009 for knowing that paying half your monthly payment fortnightly or increasing the amount of your mortgage payments are ways to minimise the interest on a mortgage. However, compared to 2005 there have been falls for correctly identifying making fortnightly rather than monthly mortgage payments (results for those with a mortgage have fallen eleven percentage points over this time – from 74% to 63%, those without a mortgage have dropped ten percentage points – from 61% to 51%).

The decrease since 2009 in the proportion of New Zealanders who know that using a credit card to make mortgage payments is not a way of minimising interest on a mortgage has occurred across both those with a mortgage and those without one. There has been a six percentage point fall (from 93% in 2009 to 87% in 2013) among those with a mortgage, while those who do not have a mortgage have seen a five percentage point reduction in knowing this statement is false (from 80% in 2009 to 75% in 2013). Current findings are consistent with 2005 results.

Fixed interest rates

To measure peoples' understanding of the circumstances in which a fixed interest rate is preferable, the following question was asked:

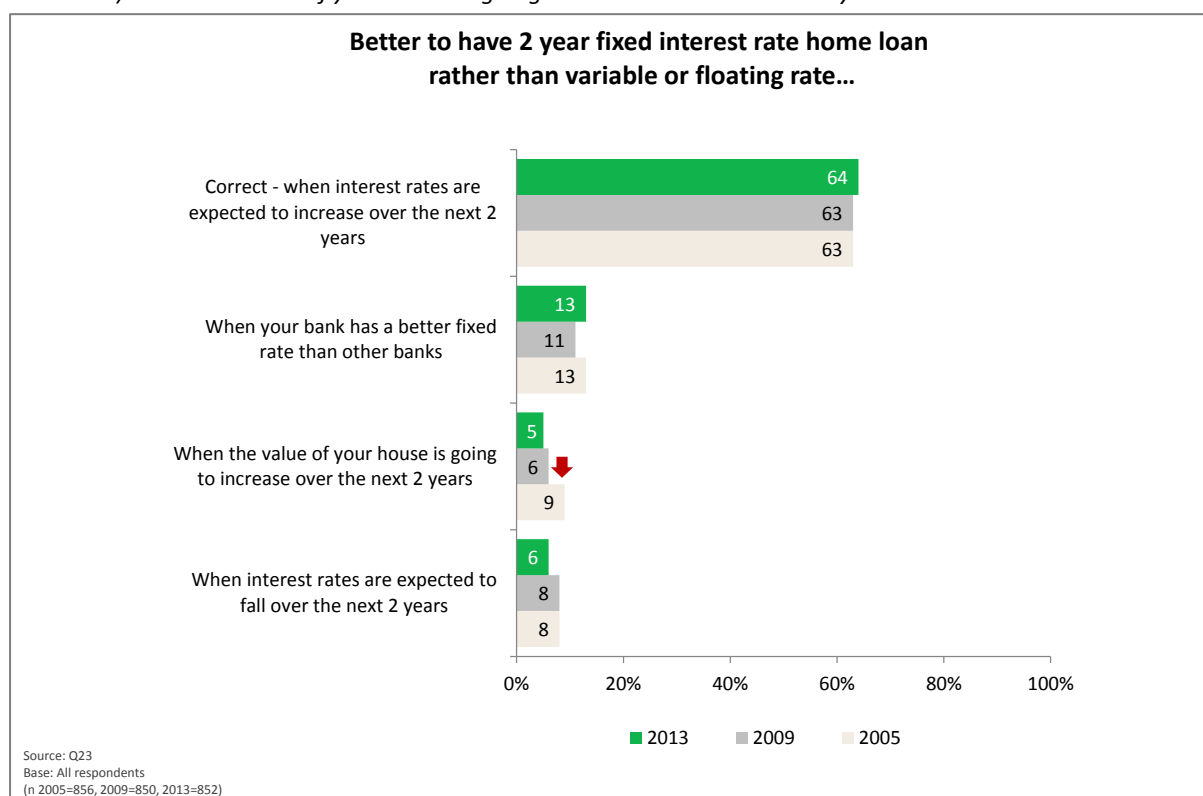
Q23) *In which of the following situations would it be better to have a two year fixed interest rate home loan rather than a variable or floating rate home loan?*

a) *When your bank comes out with a better fixed interest rate than the other banks*

b) *When interest rates are expected to increase over the next 2 years*

c) *When interest rates are expected to fall over the next 2 years*

d) *When the value of your house is going to increase over the next 2 years*

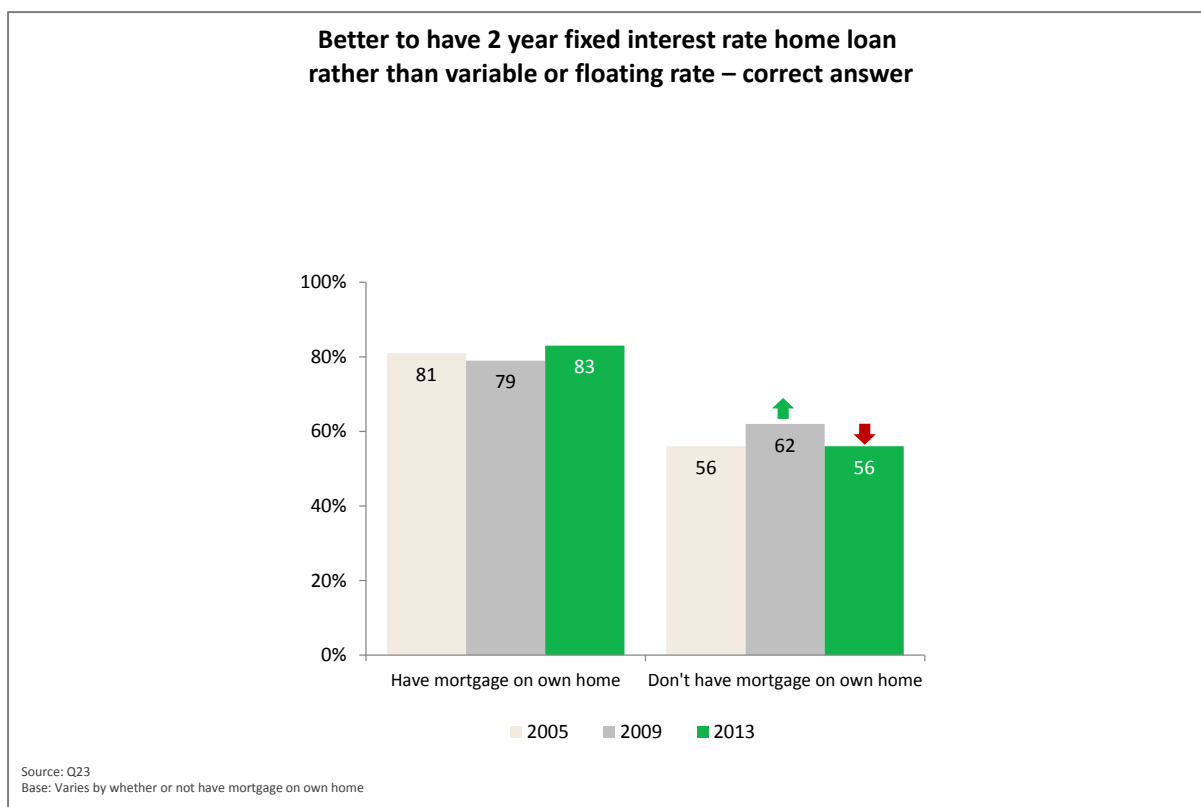


Note: Arrows in green denote statistically significant increases since the previous wave. Arrows in red denote statistically significant decreases since the previous wave.

Almost two thirds (64%) of New Zealanders know that it would be better to have a two year fixed interest home loan when interest rates are expected to rise. This result is on par with those of previous years.

Between 2005 and 2009 there was a significant decrease in the proportion of people incorrectly identifying house prices as a reason to have a fixed interest rate home loan. While the current result is consistent with that of 2009 (was 6% in 2009, 5% in 2013) the proportion incorrectly choosing this option remains significantly below the 2005 level.

The chart below provides a comparison between the proportion of New Zealanders who gave the correct answer among those who have a mortgage on their own home and those who do not.



Note: Arrows in green denote statistically significant increases since the previous wave. Arrows in red denote statistically significant decreases since the previous wave.

New Zealanders who have a mortgage on their home are significantly more likely than those without a personal mortgage to provide the correct answer.

Since 2009 there has been a significant decrease in the proportion of those without a mortgage who know that it is better to have a fixed rate mortgage when interest rates are predicted to rise (down six percentage points from 62% in 2009 to 56% in 2013). The current results have returned to 2005 levels for this group.

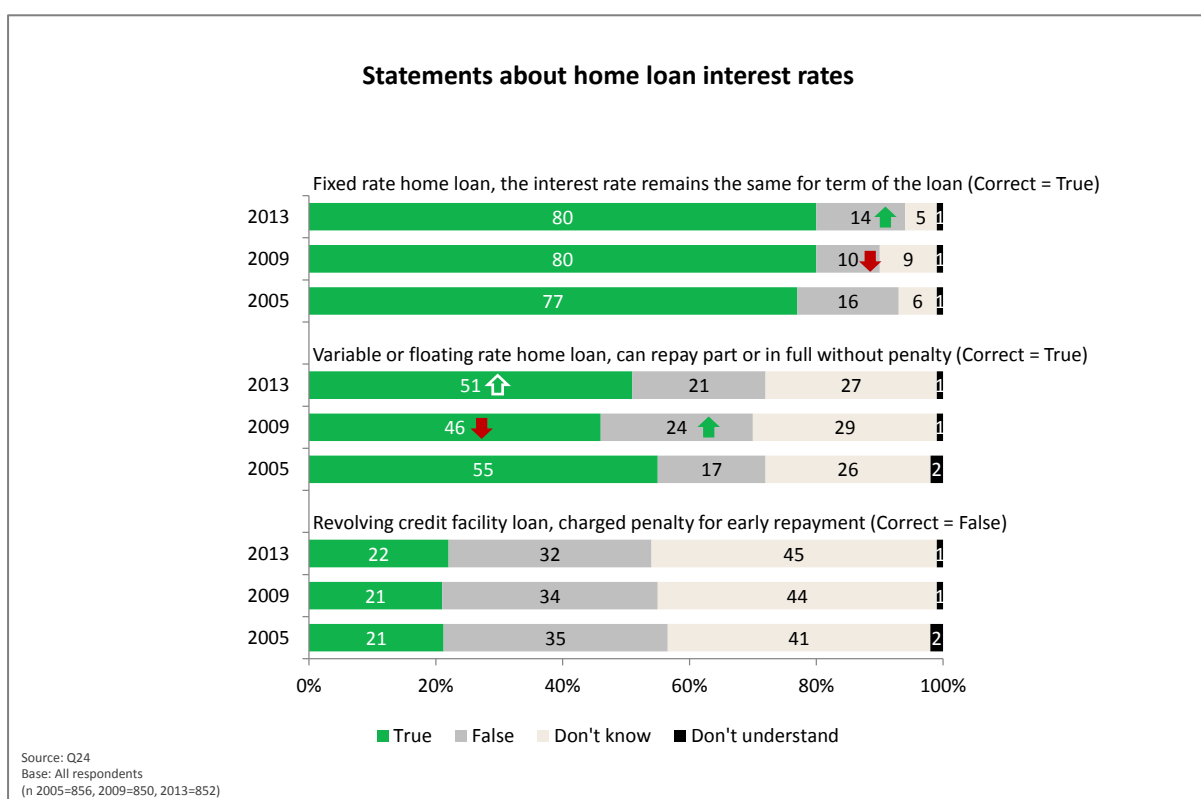
Fixed, floating, and variable home loans

Peoples' understanding of fixed, floating and variable interest rates was measured with the following question:

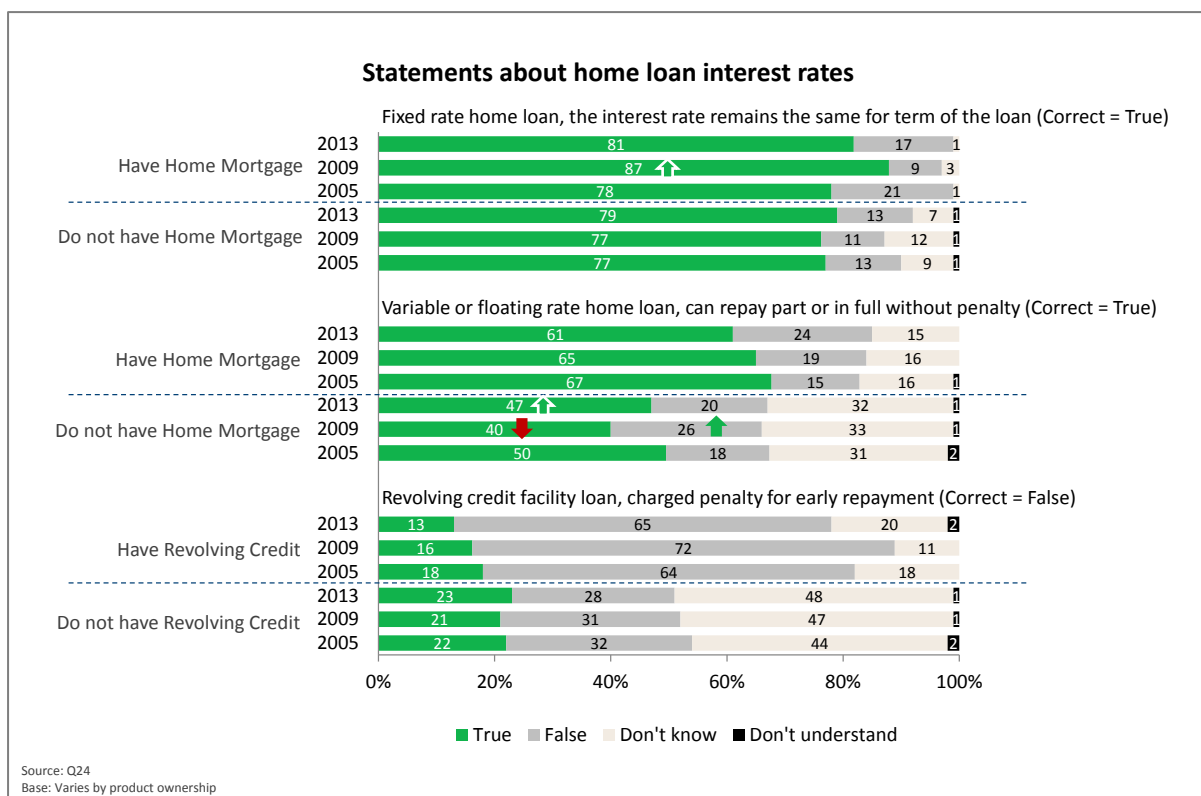
Q24) *I am now going to read out some statements about different types of home loans and would like you to tell me whether you think the statement is true, false, or whether you don't know.*

- a) *With a fixed rate home loan, the interest rate remains the same for the term of the loan*
- b) *With a variable or floating rate home loan, you can repay in part or in full at any time without penalty*
- c) *With a revolving credit facility loan, you are charged a penalty for making an early repayment.*

The following two charts present findings from these questions – the first shows results based on the total sample, the second provides analysis based on those with and without the relevant financial product.



Note: Arrows in green denote statistically significant increases since the previous wave. Arrows in red denote statistically significant decreases since the previous wave.



Note: Arrows in green denote statistically significant increases since the previous wave. Arrows in red denote statistically significant decreases since the previous wave.

‘With a fixed rate home loan the interest rate remains the same for the term of the loan’

As in 2009, eight-in-ten (80%) New Zealanders correctly identify that this statement is true. In 2009 there was a significant decrease in those saying this statement is false. This has been reversed in 2013, rising four percentage points from 10% to 14%. There have been no changes when looking at results by having/not having a mortgage.

‘With a variable or floating rate home loan, you can repay in part or in full at any time without penalty’

Half (51%) of New Zealanders know that this statement is true, recovering some of the ground lost in this area of knowledge in 2009 (up five percentage points from 46%). While there has been no change since 2009 in the proportion of New Zealanders who identified the statement as false, the current result is significantly higher than that recorded in 2005. Among those who do not have a mortgage there has been a significant improvement in the proportion correctly identifying the statement as true (up seven percentage points to 47% in 2013). This recovers the ground lost by this group between 2005 and 2009.

At the overall level, the increase in understanding that you can repay a variable or floating home loan without penalty has been driven by significant improvements in scores among the following groups:

- 25-34 year olds (up 19 percentage points, from 33% to 52%)
- Renters (up 8 percentage points, from 32% to 40%)
- Those not in paid employment (up 8 percentage points, from 40% to 48%)
- Urban residents (up 6 percentage points, from 47% to 53%)

- Annual household income under \$20,000 (up 11 percentage points, from 31% to 42%)

All knowledge groups have improved scores in 2013, but none of the rises are significant.

'With a revolving credit facility loan, you are charged a penalty for making an early repayment'

Only a third (32%) of New Zealanders knows this statement is false. There have been no changes in knowledge of this area over the years, but results appear to be slowly trending downwards.

As would be expected, those with a revolving credit loan are more likely than those without one to know this statement is false (65% identified it as such). Additional analysis shows that those with a mortgage are more likely than those without to correctly identify this statement as false (39% compared with 29% without a mortgage).

Managing risk

There have been marked improvements in New Zealanders' understanding of aspects of managing risk, specifically with regard to life insurance and the entitlement to shared property when two people separate.

Compared to 2005 a significantly higher proportion of New Zealanders can now identify who would need the greatest amount of life insurance. Knowledge in this area has been high since the research began, but has been trending up and has now risen to almost universal understanding. This improvement can be seen across a variety of demographic groups, including both the Low and High knowledge groups.

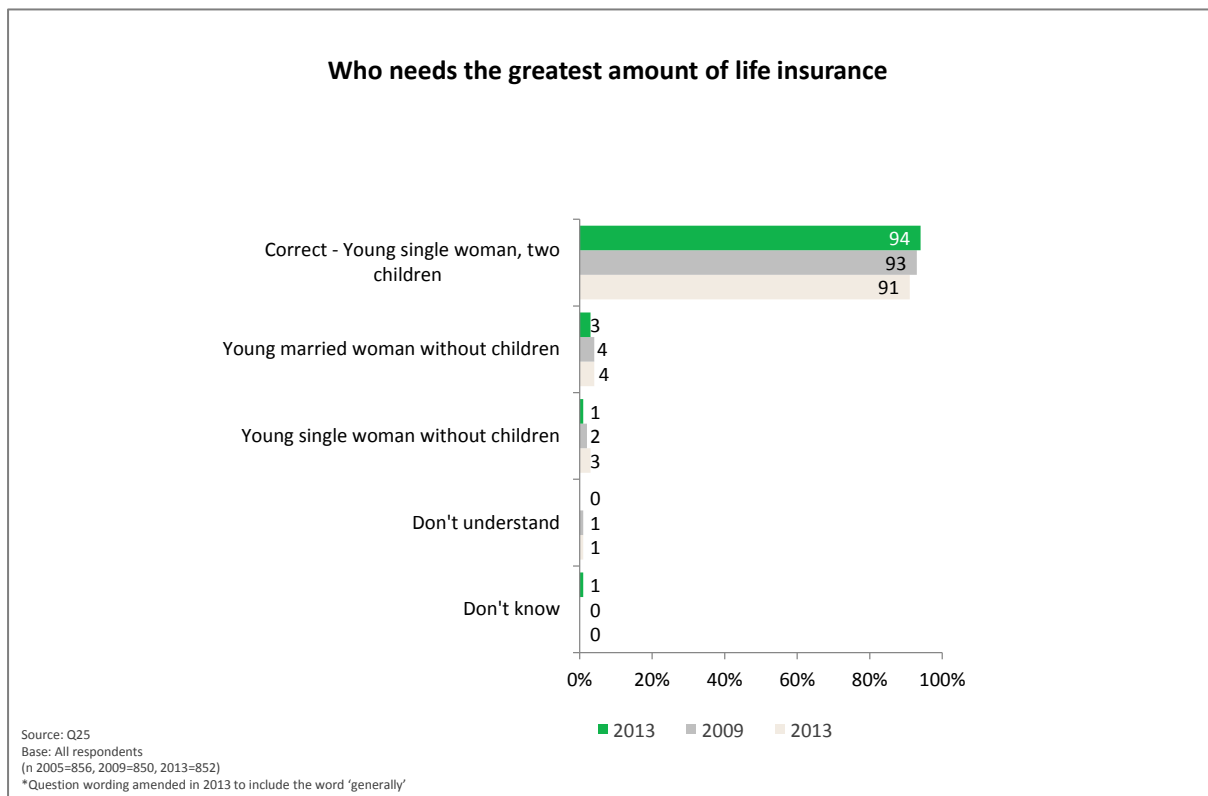
Understanding of the entitlement to shared property when a couple separates has increased significantly compared to 2009. Over eight-in-ten New Zealanders can now identify the correct response to the scenario presented.

Life insurance

To gauge understanding of life insurance needs, everyone was asked:

Q25) *If each of the following people had the same amount of yearly income, who would generally need the greatest amount of life insurance?*

- a) *A young single woman without children*
- b) *A young single woman with two children*
- c) *A young married woman without children*



As in previous years, almost all (94%) New Zealanders know that a single woman with children needs the greatest amount of life insurance. While the current result is consistent compared to 2009, the proportion of people giving the correct answer has been trending up, and the current result is significantly higher than the 2005 benchmark (up three percentage points from 91%).

Demographic drivers

Compared to 2005, the rise in knowledge of who needs the greatest amount of life insurance has been driven by significant improvements in scores among the following groups:

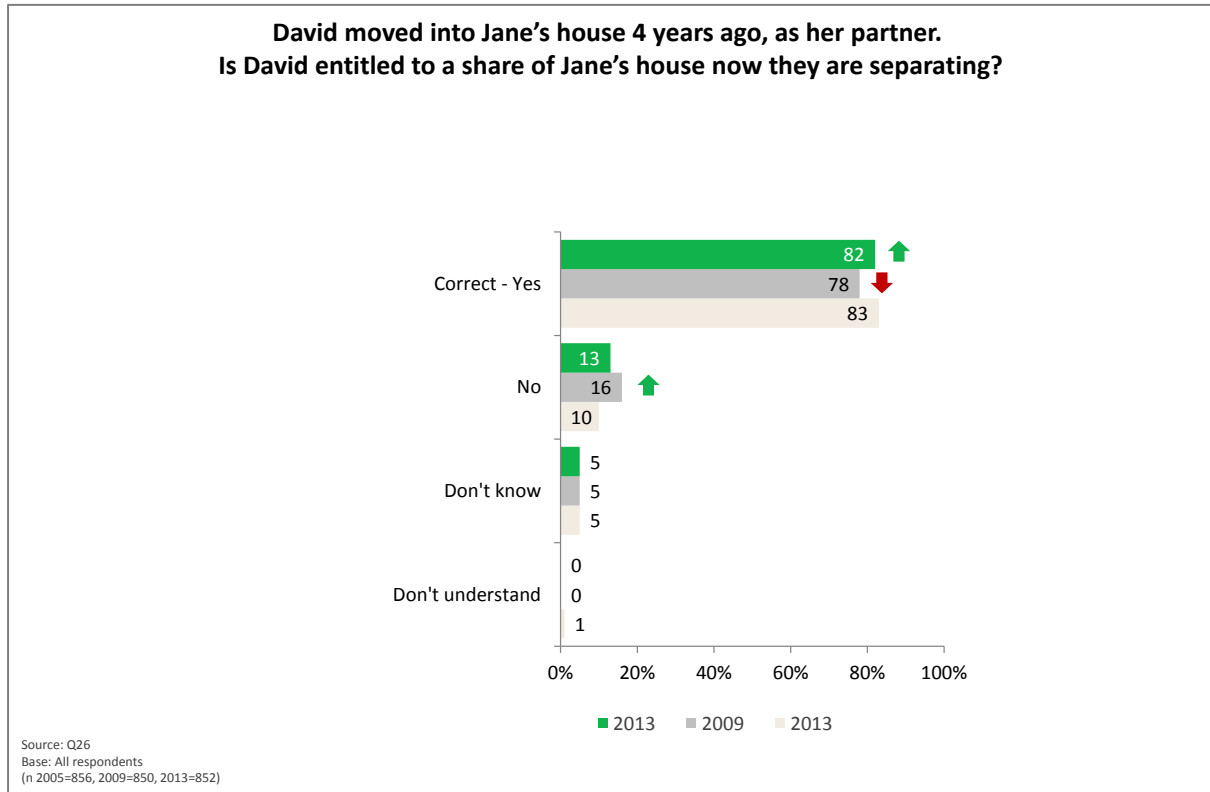
- Males (up 6 percentage points, from 87% to 93%)
- NZ Europeans (up 3 percentage points, from 93% to 96%)
- Māori (up 8 percentage points, from 87% to 95%)
- Those with a secondary school qualification (up 6 percentage points, from 90% to 96%)
- People who own their own home (up 3 percentage points, from 92% to 95%)
- Those not in paid employment (up 6 percentage points from 88% to 94%)
- Urban residents (up 4 percentage points, from 91% to 95%)
- Annual household income between \$20,000 and \$50,000 (up 6 percentage points, from 89% to 95%).

While the Medium knowledge group is no more likely to correctly identify who needs the greatest amount of life insurance now than in 2005, both the Low and High knowledge groups are significantly more likely to select the correct answer. Those in the Low knowledge group have risen 6 percentage points, from 81% to 87%. There is near universal knowledge of who needs the greatest amount of life insurance for the High knowledge group, following a 3 percentage point rise from 96% to 99%.

Entitlement to share of house when two people separate

People were asked:

Q26) *David moved into Jane's house four years ago, as her partner. They have now decided to separate. Is David entitled to a share of Jane's house?*



Note: Arrows in green denote statistically significant increases since the previous wave. Arrows in red denote statistically significant decreases since the previous wave.

Just over eight-in-ten (82%) New Zealanders are aware that David is entitled to a share of Jane's house. This represents a significant increase on 2009 findings (up four percentage points from 78% in 2009 to 82% in 2013). Current results are consistent with those of 2005.

Demographic drivers

The increase in knowledge of entitlement to the share of a house when two people separate has been driven by significant improvements in scores among the following groups:

- Females (up 8 percentage points, from 78% to 86%)
- Māori (up 13 percentage points, from 63% to 76%)
- Those with a secondary school qualification (up 13 percentage points, from 74% to 87%)
- Renters (up 9 percentage points, from 70% to 79%)
- Those not in paid employment (up 7 percentage points from 72% to 79%)
- Rural residents (up 10 percentage points, from 81% to 91%)

All knowledge groups have improved scores in 2013, but none of the rises are significant.

Saving

New Zealanders' knowledge of matters related to saving continues to be mixed. While understanding of interest accrual remains strong, knowledge of compound interest is poor and has weakened compared to 2009 – only one third of New Zealanders understand that those who save for longer will have saved more than someone putting the same amount of money aside over a shorter period. Understanding of compound interest has fallen across a wide range of groups, including those in the High knowledge group.

There has been no improvement in New Zealanders' understanding of compound interest on term deposits. As seen in previous years just over half of New Zealanders understand that paying interest back into the deposit will increase the overall amount of interest earned.

In contrast, inflation is well understood by New Zealanders. The vast majority know that to maintain current living standards in five years salaries would need to increase. Eight-in-ten understand that if inflation is at a higher level than interest rates, then the buying power of savings will drop.

While understanding of inflation is strong, there has been no improvement in scores since 2009, despite the increased coverage of issues around inflation, such as quantitative easing in Japan, the USA and UK, and media coverage on interest rates and inflation in New Zealand.

Compound interest on savings account

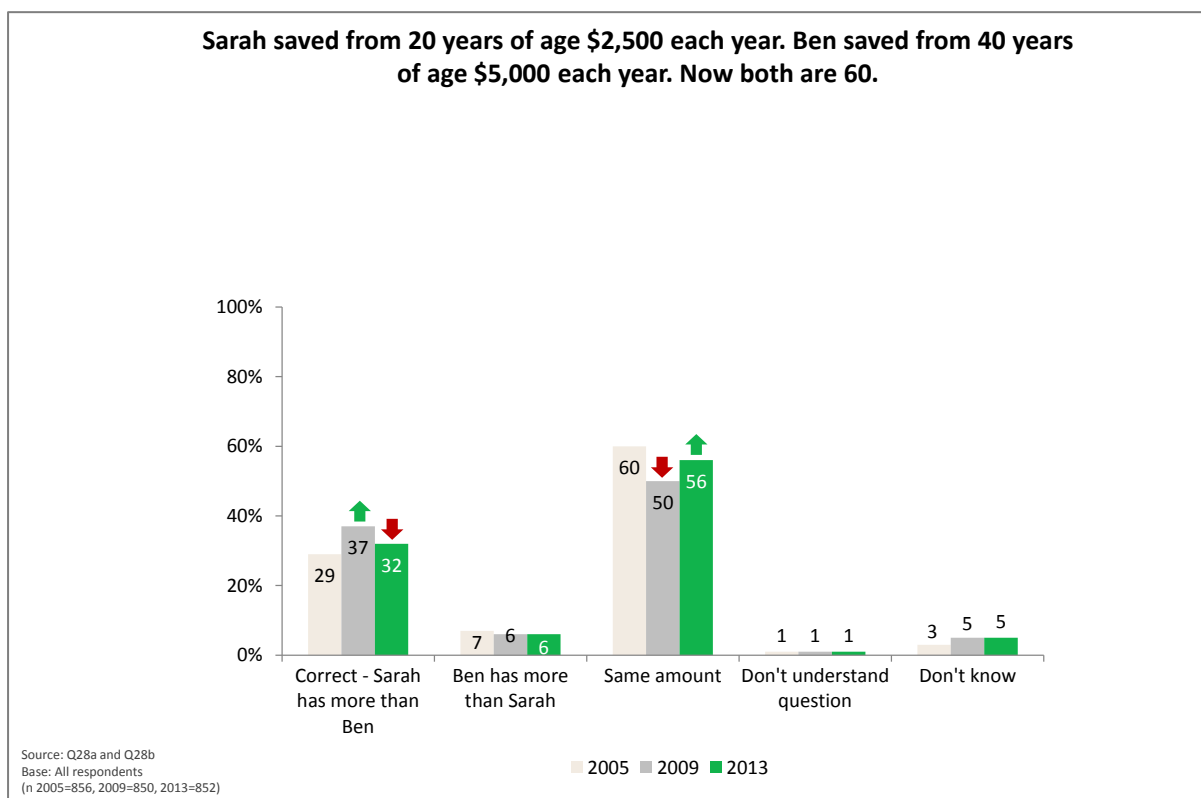
Knowledge of compound interest was tested with the following question:

Q28a) Ben and Sarah are the same age and both put their money into a savings account earning interest. Sarah started saving when she was 20 and saved \$2,500 each year. Ben started saving when he was 40 and saved \$5,000 each year. They are now both 60. Do Ben and Sarah have the same amount of money saved, or does one have more than the other?

If one has more:

Q28b) Who has more money?

Q28c) Why do they have more money?



Note: Arrows in green denote statistically significant increases since the previous wave. Arrows in red denote statistically significant decreases since the previous wave.

One third (32%) of New Zealanders correctly identify that Sarah would have saved more money than Ben. This is a significantly lower proportion than in 2009 (down five percentage points from 37%). Conversely, the proportion of people who incorrectly say that both Sarah and Ben would have the same amount has risen significantly since 2009 (up six percentage points from 50% to 56%).

Demographic drivers

The drop in knowledge of who would have more savings in this scenario has been driven by significant decreases in scores among the following groups:

- Males (down 10 percentage points, from 43% to 33%)
- 35-44 year olds (down 12 percentage points, from 44% to 32%)
- 45-54 year olds (down 16 percentage points, from 48% to 32%)
- 55-64 year olds (down 11 percentage points, from 41% to 30%)
- NZ Europeans (down 8 percentage points, from 40% to 32%)
- Those who own their home (down 9 percentage points, from 42% to 33%)
- Those in paid employment (down 10 percentage points, from 43% to 33%)
- Annual household income between \$50,000 and \$100,000 (up 18 percentage points, from 45% to 27%)

Those in the High knowledge group are significantly less to correctly identify who would have more savings (down 12 percentage points, from 60% to 48%).

Reason why Sarah would have more

Among those who knew that Sarah would have more, 82% correctly identified that her money would have grown in her savings account for a longer period of time, earning compound interest. This result is consistent with that of previous years (81% in 2009, 85% in 2005).

Full knowledge of compound interest

Overall, 31% of all New Zealanders are able to identify both that Sarah would have saved more **and** that this was because her money had been in a savings account longer, thereby earning compound interest. This result is consistent with that of 2009 (35%) and, as in 2009, is significantly higher than in 2005 (up six percentage points from 25%).

Compound interest on term deposit

People's understanding of compound interest was further tested by asking the following question:

Q31) Which of the following term deposits would pay the most interest in total, or would they pay the same amount of interest?

- a) 1 year term deposit at 7% interest per annum paid at maturity
- b) 1 year term deposit at 7% interest per annum paid quarterly back into the term deposit
- c) They would pay the same amount of interest

The table below shows the proportion of New Zealanders who correctly identified that having interest paid quarterly back into the deposit would pay the most interest overall. Results are also provided by those who do/do not have a term deposit themselves.

Table 13: The proportion of New Zealanders who correctly identified that having interest paid quarterly back into the deposit would pay the most interest overall

	Total			Have term deposit			Don't have term deposit		
	2005 %	2009 %	2013 %	2005 %	2009 %	2013 %	2005 %	2009 %	2013 %
Sample size n=	856	850	852	206	241	258	605	639	590
Correct - A one year term deposit at 7% interest per annum paid quarterly back into the term deposit	53	58	56	59	70	69	51	53	51
A one year term deposit at 7% interest per annum paid at maturity	9	7	7	7	5	5	10	8	7
They would pay the same amount of interest	28	20	25	29	16	21	28	21	27
Don't understand the question	2	2	2	1	1	-	2	2	3
Don't know the answer	8	13	10	4	8	5	9	15	11

Source: Q31 and BQ3e

Base: All respondents, those who have a term deposit, those who don't have a term deposit

Note: The figures in green denote statistically significant increases since the previous wave. The figures in red denote statistically significant decreases since the previous wave.

As in previous years, more than half (56%) of New Zealanders can identify that a term deposit paying interest back into the deposit on a quarterly basis will pay the most interest overall. As might be expected, those with a term deposit are more likely than those without to choose the right answer. As with overall findings, there have been no changes in results by term deposit ownership over time.

However, there have been several changes in the proportion of New Zealanders who incorrectly said that both of the term deposits described would pay the same amount of interest. There has been an increase in the overall proportion of New Zealanders choosing this option (up five percentage points to 25%). Current results are consistent with those of 2005 (28%). Those who have a term deposit are increasingly well-informed about compound interest – they are less likely to say both would pay the same amount of interest now than in 2005 (down eight percentage points to 21%). Those who do not have a term deposit are less well-informed now than in 2009, with a six percentage point rise in incorrectly selecting this response.

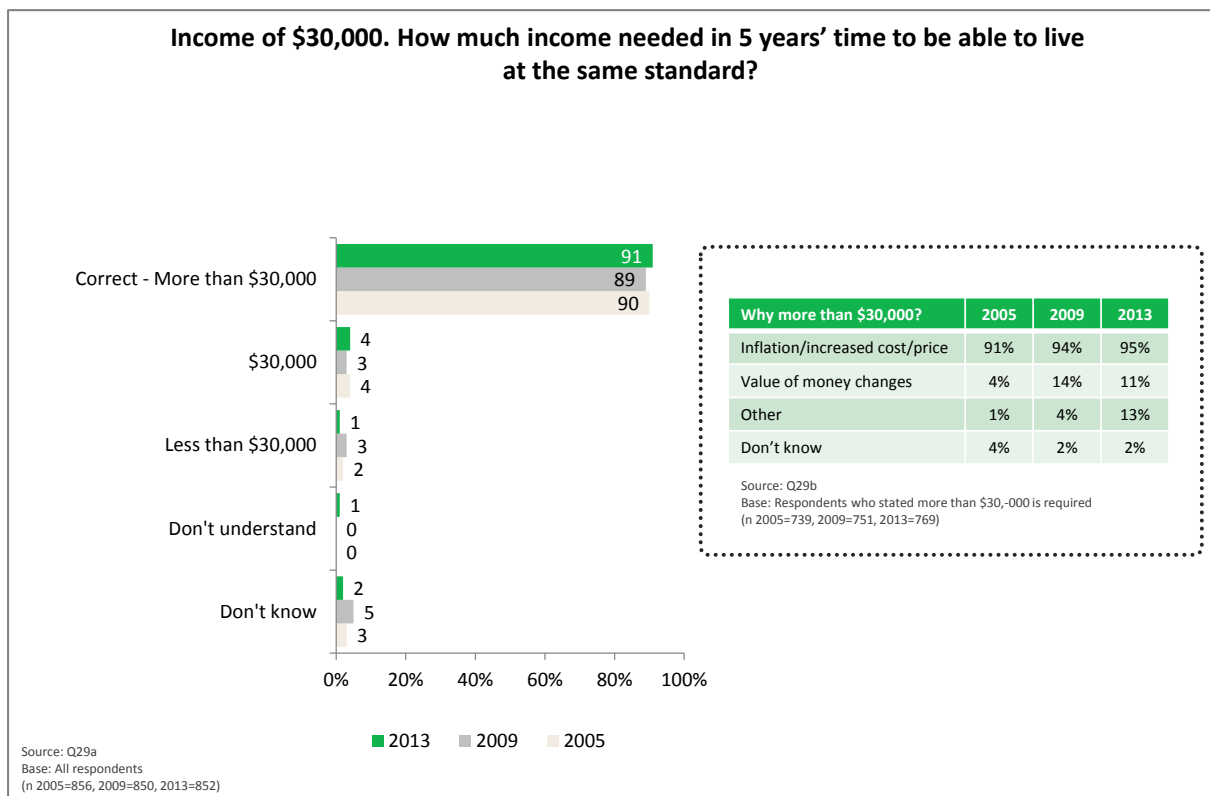
Inflation

Knowledge of inflation was tested with the following question:

Q29a) *If John currently has an income of \$30,000, how much income will he need in five years' time to be able to live at the same standard?*

- a) \$30,000
- b) Less than \$30,000
- c) More than \$30,000

Q29b) *Why does he need more than \$30,000?*

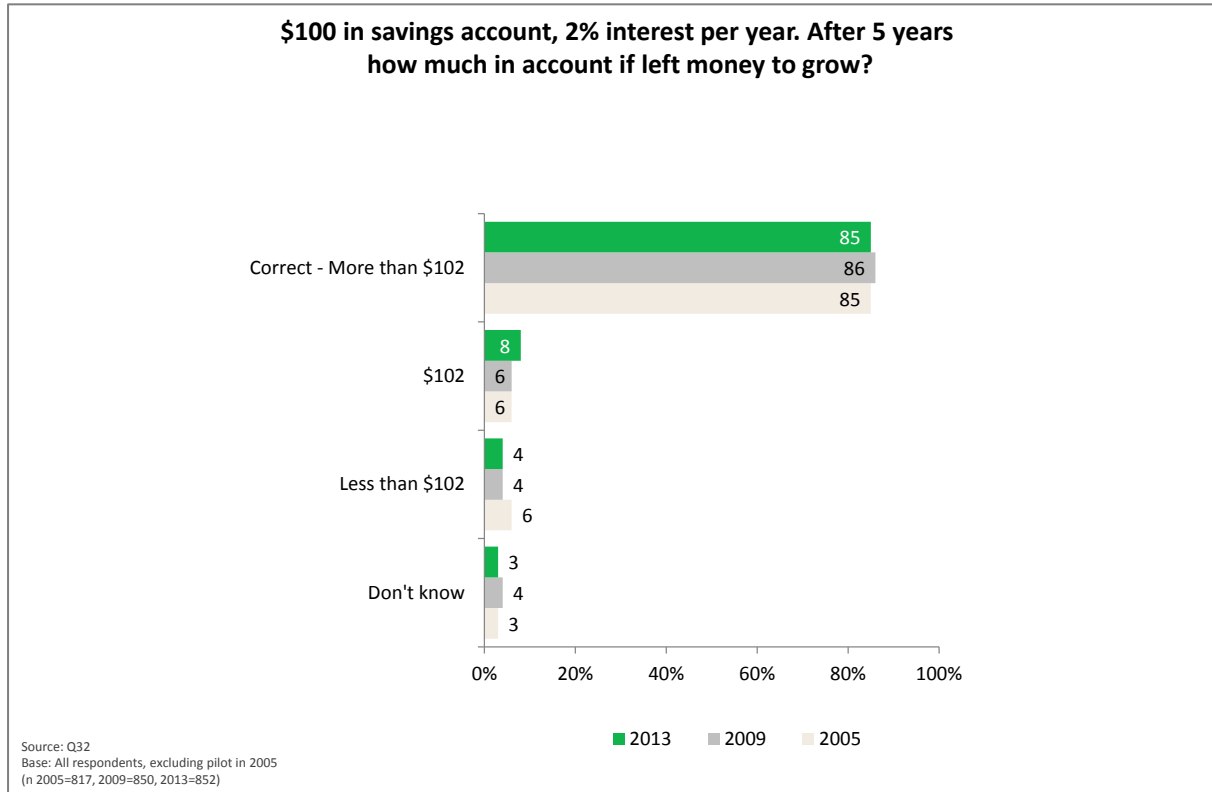


As in previous years, the vast majority (91%) of New Zealanders know that for John to maintain his current standard of living he will need a higher income in five years' time. Among those who knew John would need a higher income, almost all (95%) said this was because of inflation. Just over one-in-ten (11%) said that the reason was because the value of money changes over time. Both of these results are consistent with those of previous years. Please note that in 2009 and 2013 people were able to provide more than one answer, which is likely to have resulted in the slighter higher responses in each category compared to 2005.

Interest accrual

The following question was used to test knowledge of interest accrual:

Q32) *If Moana had \$100 in a savings account and the interest rate was 2% per year, after 5 years how much would Moana have in her account if she left the money to grow? Would it be more than \$102, exactly \$102 or less than \$102?*

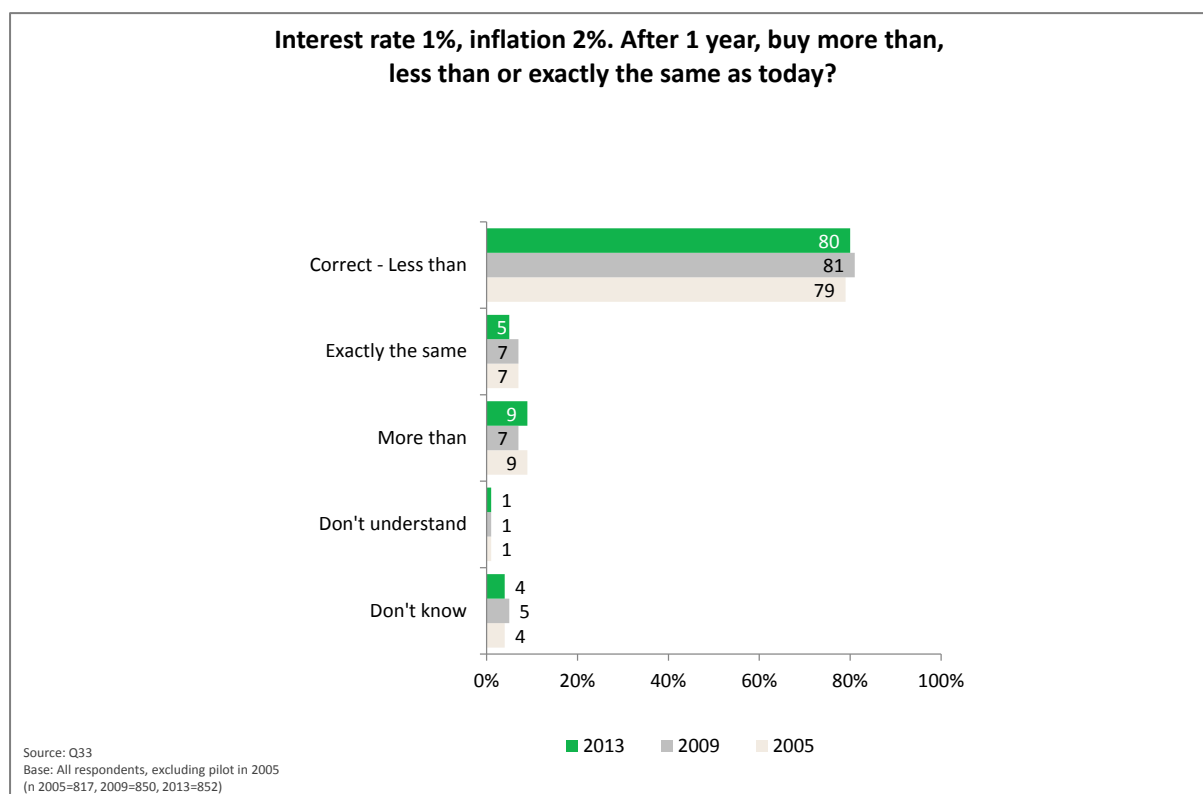


The large majority (85%) of New Zealanders understand that Moana would have more than \$102 in her account after five years. This result is on par with those of previous years.

Effects on inflation and savings

People were asked:

Q33) *If the interest rate on Anne's savings account was 1% per year and inflation was 2% per year, after 1 year, would she be able to buy more than, exactly the same as, or less than today with the money in this account?*



Eight-in-ten (80%) New Zealanders know that the buying power of Anne's savings will have dropped over the year. This result is very much on par with those of previous years. The proportion of New Zealanders who thought Anne's buying power increased over the year is also steady, on just under one-in-ten (9%).

Retirement

When thinking about saving for retirement, over eight-in-ten (83%) New Zealanders identify what kind of lifestyle people want for their retirement as a consideration, significantly more than in 2009. This increase can be seen across many demographic groups, including a substantial rise for the Low knowledge group.

Over half of New Zealanders mention bearing their current financial situation in mind, while almost half cite an aspect of retirement income, such as whether they will work part-time in their retirement. Significantly fewer people now mention the length of their retirement as a consideration when thinking about saving for retirement, down to one fifth from one quarter in 2009.

Most New Zealanders are aware of the age of eligibility for NZ Super – 87% know that they become entitled to receive it at age 65. There continue to be gradual improvements in knowledge of the age of eligibility.

There has been a significant improvement in the proportion of New Zealanders who know the amount of NZ Super, with over four-in-ten able to identify the correct amount from a list of options. This represents a twelve point increase since 2009. Knowledge of the amount of NZ Super has increased significantly for many groups of New Zealanders, including both the Medium and High knowledge groups.

Around half of New Zealanders know that NZ Super is neither income nor asset tested, consistent with the 2009 findings.

While it is unsurprising that financial knowledge around eligibility for and the amount of NZ Super increases with age, there is one exception – those aged 45 to 54 years are significantly less likely than average to be able to identify the correct amount of NZ Super.

Factors to consider in saving for retirement

People were asked to provide spontaneous answers to the following question:

Q35) *What are all the things a person needs to consider when they think about saving for retirement?
Anything else?*

The question wording was changed in 2009 to provide greater encouragement for people to mention all the factors they would consider. This is very likely to have been the reason for respondents, on average, to mention more factors in 2009 and 2013 than in 2005. Therefore care should be taken when comparing the 2005 results with other years.

Please note that because people were encouraged to give more than one answer responses that are similar to each other have been grouped together and presented as a 'nett score' – this figure gives the percentage of people who gave at least one of the more detailed suggestions (which are listed below the nett score).

The following table shows the things New Zealanders think about when they think about saving for retirement.

Table 14: The things New Zealanders think about when they think about saving for retirement

Main reasons given - all correct	2005 %	2009 %	2013 %
Sample size n=	856	850	852
Nett retirement spending/lifestyle	80	75	83
How much money they will need in their retirement / how comfortable / well off they want to be in their retirement	51	49	49
What costs they will have when they are retired	33	20	40
Retirement spending/lifestyle	6	26	31
Where they want to live in retirement	14	14	19
Whether they own their own home	29	19	18
Whether paying off debt in retirement	12	10	12
Whether have health insurance	15	10	11
Nett current financial situation	47	58	56
How much they can afford to save	33	28	24
How long before they plan to retire / what age they want to retire	12	22	20
Pay off mortgage	1	21	19
How much money they already have saved	12	19	15
Nett retirement income	43	44	47
How much money they will have in retirement	22	18	18
Whether/how much they will earn from investments	22	20	16
How much Govt Super will receive*	N/A	10	13
How much they will have saved when they retire	12	10	10
How much KiwiSaver will be worth*	N/A	5	10
Whether they will work part time when they are retired	3	6	5
Nett length of retirement	14	24	20
How long they will live for in their retirement	8	18	14
Their life expectancy	8	10	9

Source: Q35

Base: All respondents

Note: Other responses in 2013 include 'health issues' (15%), 'family commitments' (10%), and 'inflation' (7%) *New categories added in 2009. The figures in green denote statistically significant increases since the previous wave. The figures in red denote statistically significant decreases since the previous wave.

The single biggest consideration for New Zealanders when thinking about saving for retirement is how much money they will need in their retirement/how comfortable/well-off they want to be when they retire. This consideration was spontaneously mentioned by half (49%) of New Zealanders. This has been the dominant consideration since the start of the research programme, and current results are very similar to those of previous years.

While the proportion of New Zealanders citing how much money is needed in retirement/how comfortable/well-off they want to be has remained unchanged, more people think about an aspect of retirement spending/lifestyle now than in 2009 (up eight percentage points to 83%). Within this category there have been rises in consideration for what costs they will have when they retire (up twenty percentage points to 40%); where they want to live in their retirement (up five percentage points to 19%) and retirement spending/lifestyle in general (up five percentage points to 31%).

The increase in the proportion of New Zealanders who identify retirement spending/lifestyle as a consideration when thinking about saving for retirement has been driven by significant improvements in scores among the following groups:

- Males (up 6 percentage points, from 75% to 81%)
- Females (up 10 percentage points, from 74% to 84%)
- 18-24 year olds (up 25 percentage points, from 54% to 79%)
- 25-34 year olds (up 13 percentage points, from 68% to 81%)
- 55-64 year olds (up 8 percentage points, from 80% to 88%)
- 65 years and over (up 13 percentage points, from 73% to 86%)
- New Zealand Europeans (up 8 percentage points, from 78% to 86%)
- Those with primary or basic secondary education (up 20 percentage points, from 61% to 81%)
- Those with a secondary school qualification (up 9 percentage points, from 74% to 83%)
- People who have their home in a trust (up 13 percentage points, from 79% to 92%)
- Renters (up 14 percentage points, from 67% to 81%)
- Those not in paid employment (up 16 percentage points, from 67% to 83%)
- Urban residents (up 8 percentage points, from 75% to 83%)
- Rural residents (up 12 percentage points, from 69% to 81%)
- Annual household income under \$20,000 (up 19 percentage points, from 61% to 80%)
- Households with incomes of between \$20,000 and \$50,000 (up 10 percentage points, from 69% to 79%)
- Those in the Low knowledge group (up 25 percentage points, from 49% to 74%)

Overall, the nett score for considering their current financial situation when thinking about retirement has remained stable since 2009, with over half (56%) of New Zealanders mentioning a consideration under this broad heading. Within this category there has been a significant decrease in the proportion of New Zealanders who see the amount of money they already have saved as a consideration (down four percentage points to 15%).

The proportion of New Zealanders who think about retirement income when they think about saving for retirement is unchanged, with just under half (47%) citing a consideration under this category. There has been a significant decrease in the proportion of people mentioning whether/how much they will earn from investments (down four percentage points to 16%). This is off-set by the significant increase in the proportion of people mentioning how much KiwiSaver in particular will be worth when they retire – 5% of people mentioned this in 2009, while 10% do so now. The fall in mention of investments and the rise of the value of KiwiSaver as a consideration suggest that as KiwiSaver has become more established it has grown more important in people's financial planning.

There has been a significant decline in the proportion of New Zealanders who consider the length of their retirement when thinking about retirement savings (down four percentage points to 20%). The specific category which has fallen within this grouping is how long they will live for in their retirement – 14% of New Zealanders consider this when thinking about retirement savings, down four percentage points since 2009.

The overall decrease in thinking about the length of retirement has been driven by significant declines in scores among the following groups:

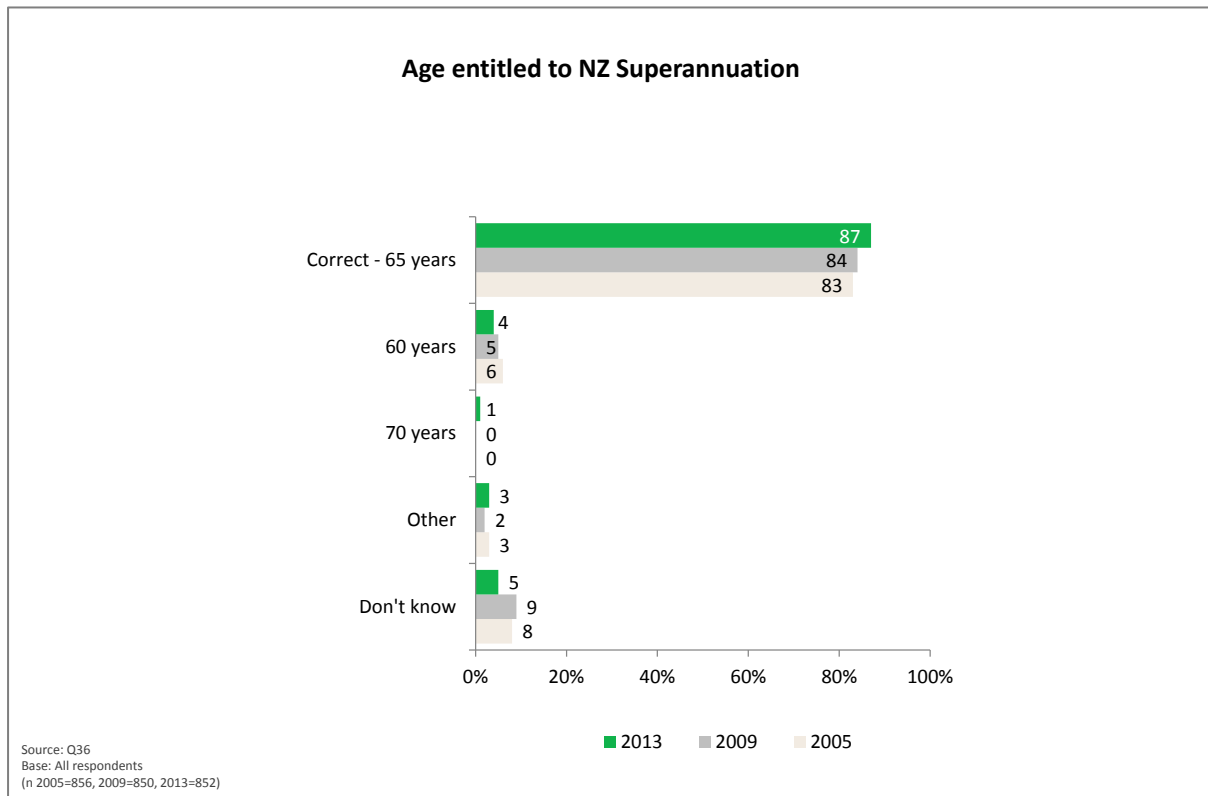
- 55-64 year olds (down 14 percentage points, from 31% to 17%)
- New Zealand Europeans (down 6 percentage points, from 27% to 21%)
- Renters (down 8 percentage points, from 21% to 13%)
- Provincial New Zealanders (down 13 percentage points, from 30% to 17%)
- Annual household income under \$20,000 (down 14 percentage points, from 28% to 14%)
- Those in the Medium knowledge group (down 8 percentage points, from 20% to 12%).

NZ Superannuation – age

To test respondents' understanding of the eligibility criteria for New Zealand Superannuation, respondents were first asked:

And now thinking about New Zealand Superannuation, which is often called NZ Super, which is the pension the government provides...

Q36) At what age are people entitled to NZ Super?



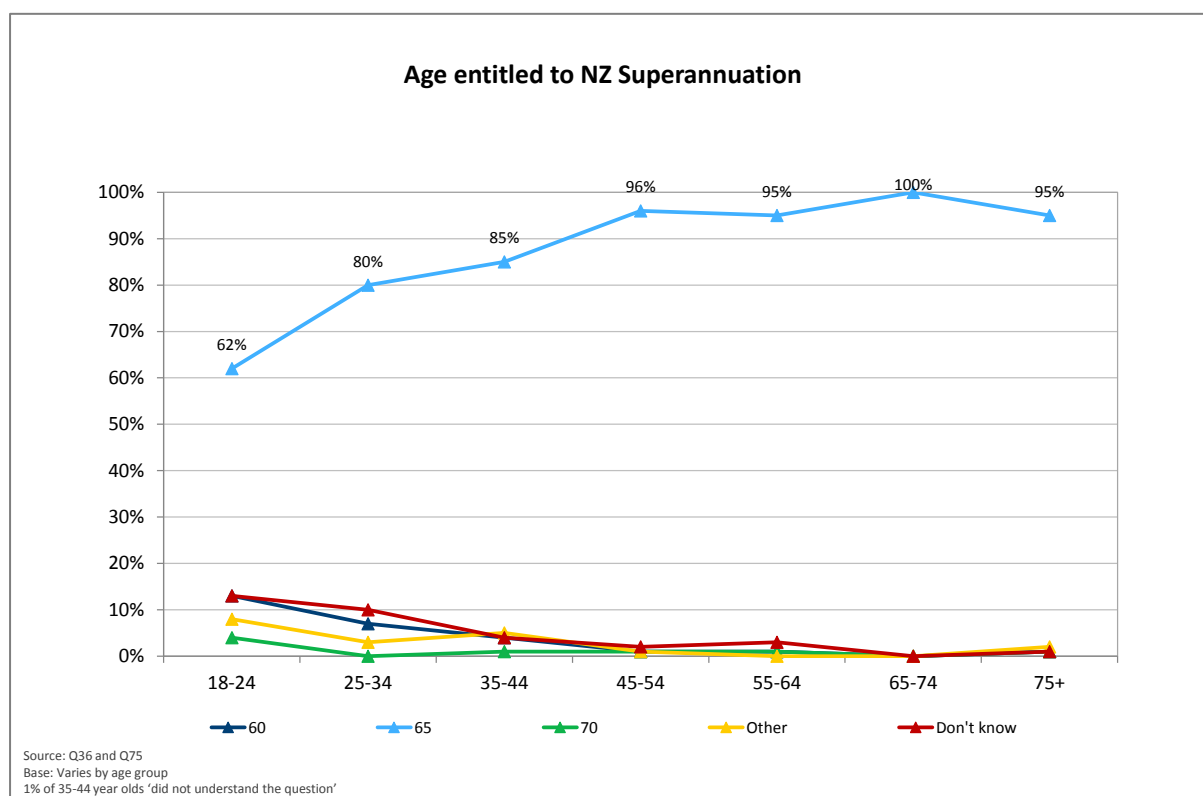
As in previous years, the proportion of New Zealanders who know that 65 years is the age of eligibility for NZ Super is high (87%). The current result is similar to that of 2009, but up significantly from 2005 (up by four percentage points from 83%).

Demographic drivers

The increase in knowledge compared to 2005 has been driven by significant increases in scores among the following groups:

- Females (up 8 percentage points, from 81% to 89%)
- 65 years or older (up 7 percentage points, from 91% to 98%)
- Māori (up 14 percentage points, from 70% to 84%)
- Pacific Island peoples (up 43 percentage points from 47% to 90%)
- Those with a secondary school qualification (up 8 percentage points, from 76% to 84%)
- Those with at least some tertiary education (up 4 percentage points, from 87% to 91%)
- Those who own their own home, either independently or with a partner (up 4 percentage points from 91% to 95%)
- Urban residents (up 6 percentage points, from 81% to 87%)
- Households with incomes between \$50,000 and \$100,000 (up 6 percentage points, from 86% to 92%)

The following chart shows responses by age group. Unsurprisingly, correct knowledge rises as people start to reach retirement age.



NZ Superannuation – amount

People were asked:

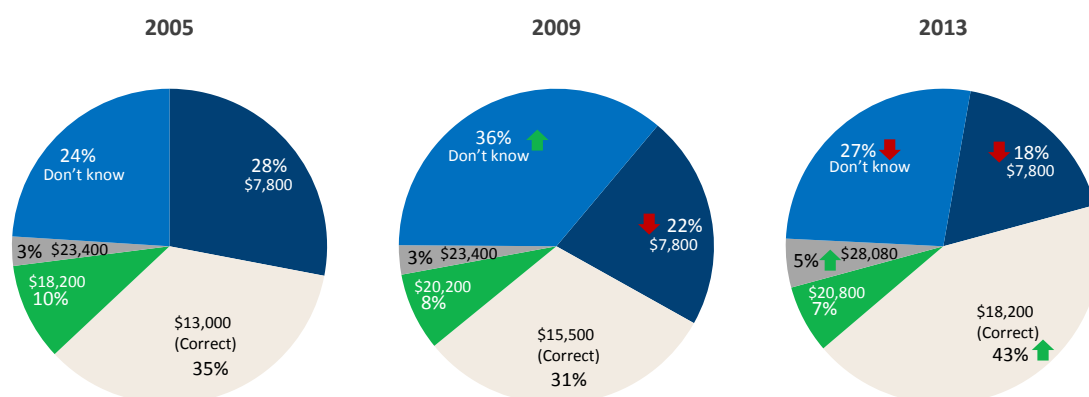
Q37) Do you know which of these amounts is closest to the after-tax amount of NZ Super for a single person living alone?

People were prompted with possible amounts. The amounts shown in each year of the survey are detailed in the following table.

Table 15: Amounts presented to respondents each year the survey was carried out

2005		2009		2013	
Per year	Per week	Per year	Per week	Per year	Per week
a) \$7,800	\$150	a) \$7,800	\$150	a) \$7,800	\$150
b) \$13,000	\$250	b) \$15,500	\$300	b) \$18,200	\$350
c) \$18,200	\$350	c) \$20,200	\$390	c) \$20,800	\$400
d) \$23,400	\$450	d) \$23,400	\$450	d) \$28,080	\$540

Amount closest to after-tax amount for NZ Super for single person living alone



Source: Q37
Base: All respondents
(n 2005=856, 2009=850, 2013=852)

Note: Arrows in green denote statistically significant increases since the previous wave. Arrows in red denote statistically significant decreases since the previous wave.

There has been a significant increase in the proportion of New Zealanders who know the amount of NZ Super for a single person living alone. Over four-in-ten (43%) New Zealanders can identify the correct amount, up twelve percentage points from 2009. The proportion of New Zealanders identifying the correct answer is also significantly higher than in 2005 (up eight percentage points from 35%).

Fewer people now select \$7,800 as the amount of NZ Super than in 2009 (down four percentage points to 18%), part of a downward trend since the benchmark findings in 2005.

The proportion of people choosing the incorrect amount of \$20,800 is significantly lower than in 2005 (down three percentage points to 7%). The current result is consistent with that of 2009.

There has been a significant rise (compared to both 2005 and 2009) in the proportion of people incorrectly identifying the amount of NZ Super as \$28,080 per year, although this remains low at 5%.

Fewer people give a 'don't know' response now than in 2009 (down nine percentage points to 27%).

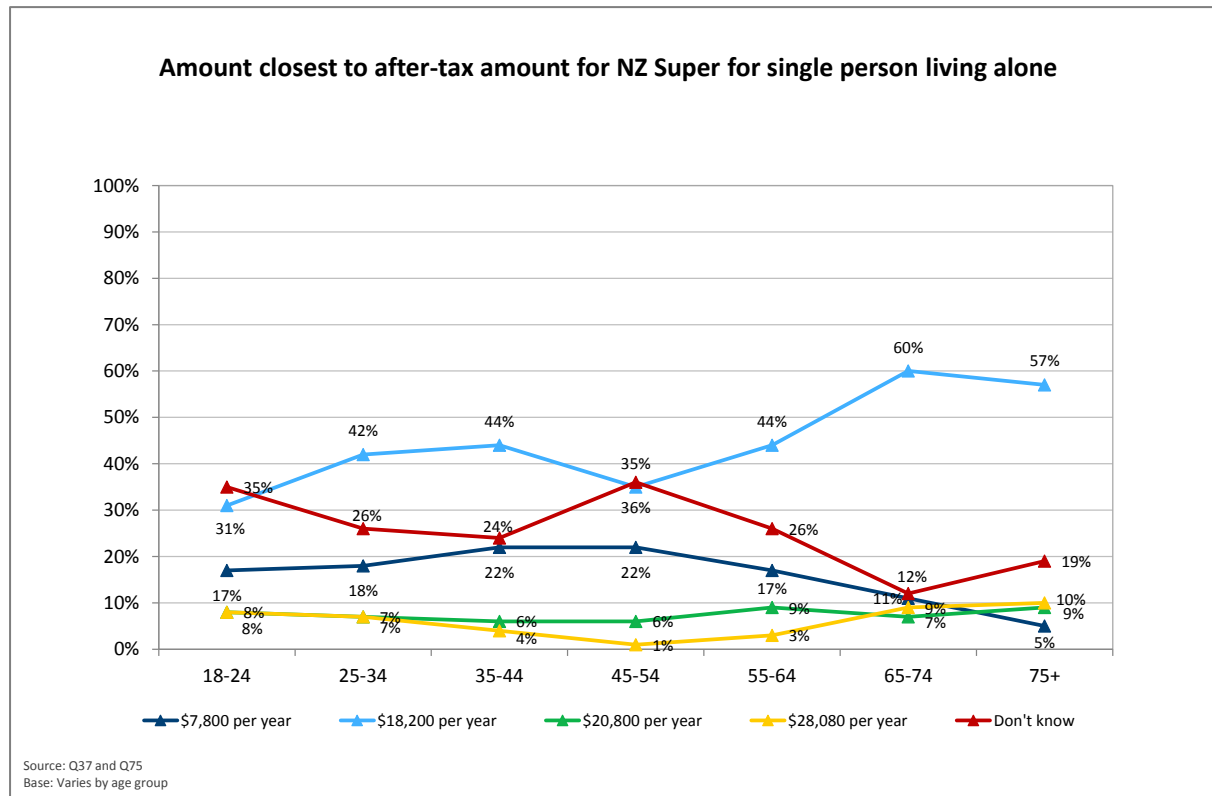
Demographic drivers

The increase in knowledge of the amount of NZ Super compared to 2009 has been driven by significant increases in scores among the following groups:

- Males (up 18 percentage points, from 26% to 44%)
- 25-34 year olds (up 16 percentage points, from 25% to 41%)
- 35-44 year olds (up 20 percentage points, from 24% to 44%)
- 55-64 year olds (up 17 percentage points, from 27% to 44%)
- 65 years or older (up 14 percentage points, from 45% to 59%)
- New Zealand Europeans (up 14 percentage points, from 32% to 46%)
- Those with primary or basic secondary education (up 16 percentage points, from 30% to 46%)
- Those with a secondary school qualification (up 10 percentage points, from 30% to 40%)
- Those with at least some tertiary education (up 10 percentage points, from 33% to 43%)
- Those who own their own home, either independently or with a partner (up 11 percentage points, from 33% to 44%)
- Those who have their home in a trust (up 25 percentage points, from 33% to 58%)
- Those in paid employment (up 13 percentage points, from 29% to 42%)
- Those not in paid employment (up 9 percentage points, from 35% to 44%)
- Urban residents (up 9 percentage points, from 32% to 41%)
- Rural residents (up 22 percentage points, from 31% to 53%)
- Provincial New Zealanders (up 20 percentage points, from 26% to 46%)
- Households with incomes between \$50,000 and \$100,000 (up 16 percentage points, from 30% to 46%)
- Households with incomes above \$100,000 (up 14 percentage points, from 28% to 42%)

Awareness of the correct amount of NZ Super has risen for all knowledge groups, with significant rises for the Medium and High knowledge groups. Results for the Medium knowledge group have increased 16 percentage points, from 27% to 43%. The High knowledge group has increased by 12 percentage points, from 40% to 52%.

The following chart shows perceptions of the amount of NZ Super by age group. As with knowledge of the age of eligibility, awareness of the actual amount of NZ Super increases with age – with one exception. Those aged 45 to 54 years are significantly less likely than average to be able to identify the correct amount.



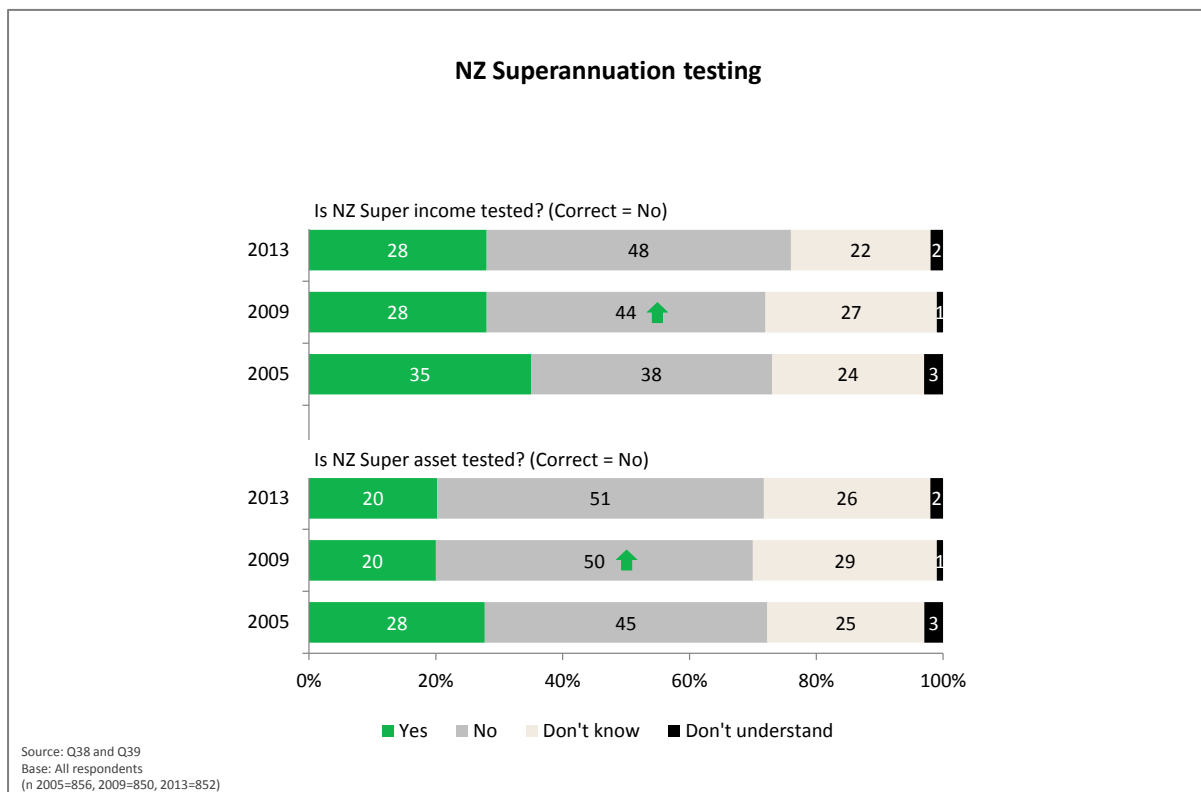
Income testing and asset testing

People were asked two additional questions to further test their understanding of New Zealand Superannuation eligibility criteria:

Q38) *This next question is also about NZ Super. It is not about government pensions from other countries. As far as you know, is NZ Super income tested?*

Q39) *Is NZ Super asset tested?*

The wording to Q38 was changed in 2009 to stress the exclusion of overseas government pensions.



Note: Arrows in green denote statistically significant increases since the previous wave. Arrows in red denote statistically significant decreases since the previous wave.

Around half (48%) of New Zealanders know that NZ Super is not income tested, with the same (51%) proportion being aware that NZ Super is not asset tested. These results are consistent with those of 2009.

Between 2005 and 2009 there were significant increases in knowledge about the absence of income or asset testing. While the current results do not differ from those of 2009, they remain significantly higher than the benchmark findings of 2005 (knowledge is 10 percentage points higher for income testing and six percentage points higher for asset testing).

Demographic drivers

The increase in awareness since 2005 that NZ Super is not income tested has been driven by significant increases in scores among the following groups:

- Males (up 10 percentage points, from 37% to 47%)
- Females (up 11 percentage points, from 38% to 49%)

- 18-24 year olds (up 14 percentage points, from 12% to 26%)
- 25-34 year olds (up 21 percentage points, from 17% to 38%)
- New Zealand Europeans (up 15 percentage points, from 42% to 57%)
- Māori (up 18 percentage points, from 23% to 41%)
- Pacific Island peoples (up 16 percentage points, from 9% to 25%)
- Those with a secondary school qualification (up 12 percentage points, from 37% to 49%)
- Those with at least some tertiary education (up 16 percentage points, from 36% to 52%)
- Those who own their own home, either independently or with a partner (up 10 percentage points, from 50% to 60%)
- Renters (up 11 percentage points, from 16% to 27%)
- Those in paid employment (up 15 percentage points, from 33% to 48%)
- Urban residents (up 11 percentage points, from 37% to 48%)
- Rural residents (up 18 percentage points, from 35% to 53%)
- Households with incomes between \$50,000 and \$100,000 (up 11 percentage points, from 38% to 49%)
- Households with incomes above \$100,000 (up 23 percentage points, from 40% to 63%)

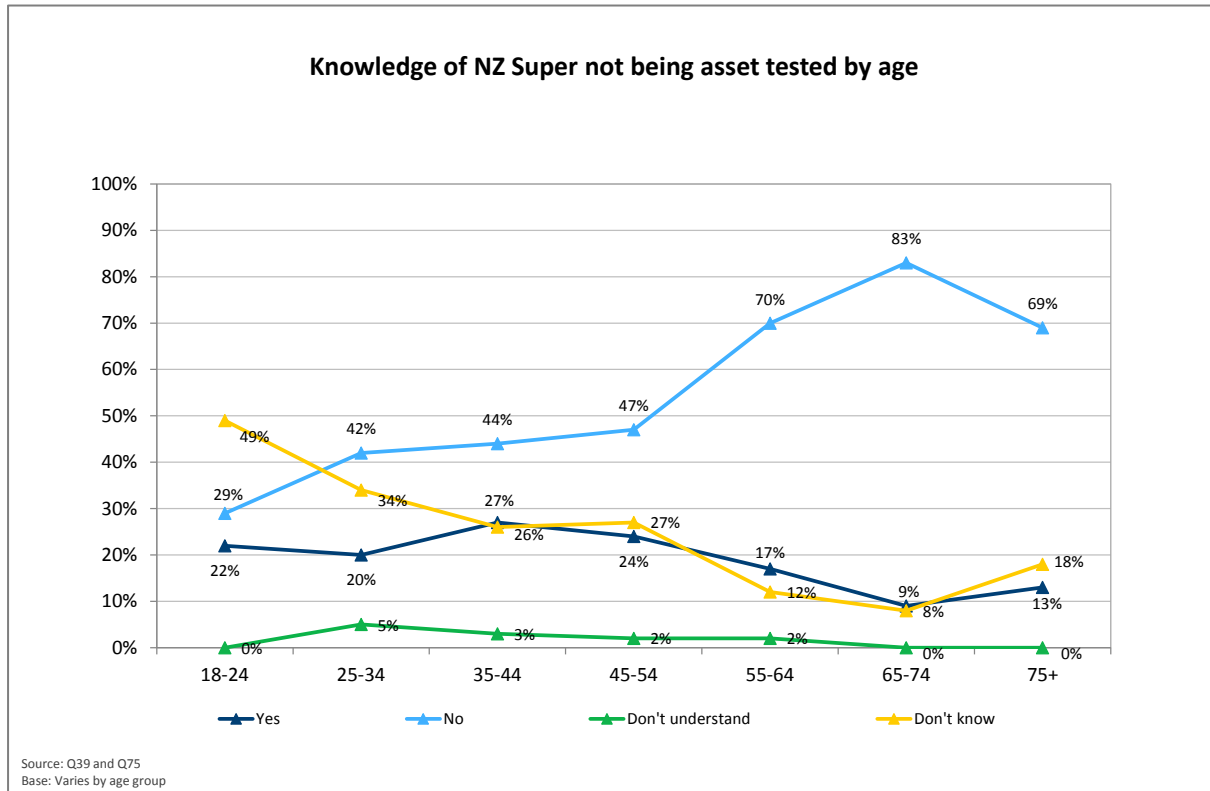
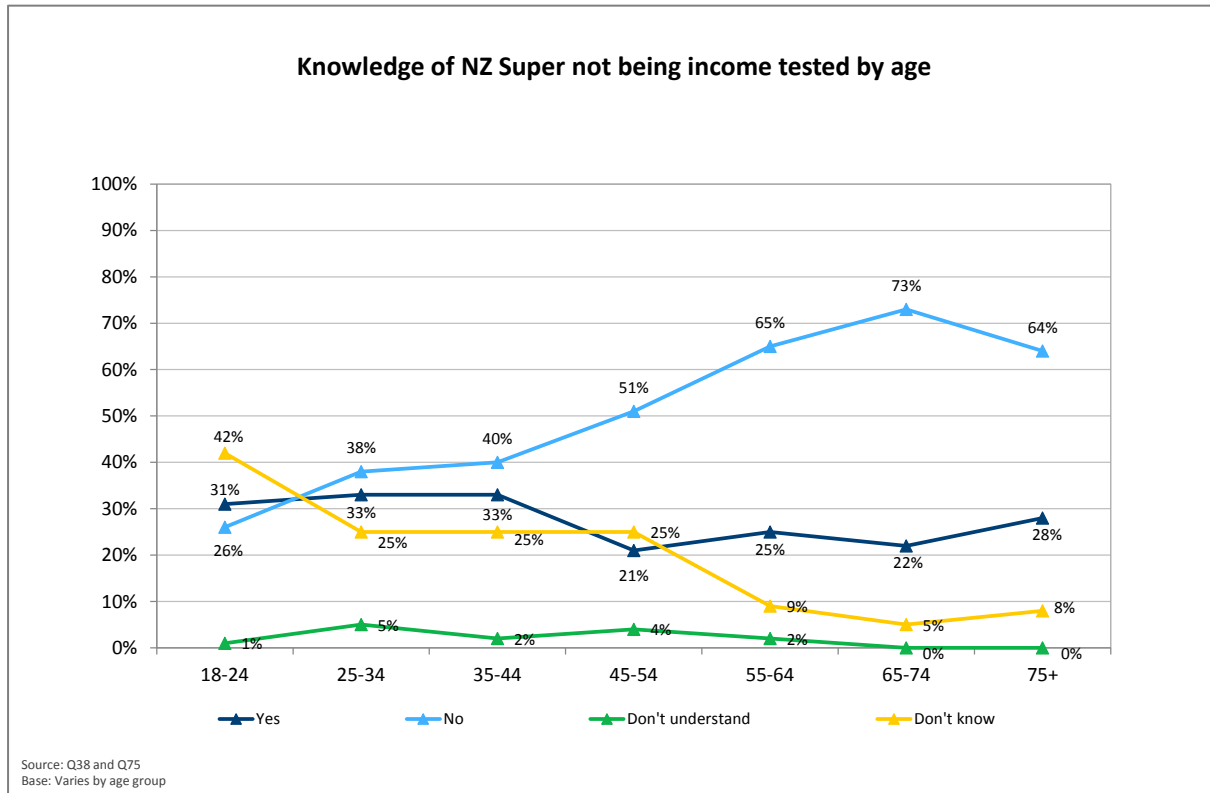
Awareness that NZ Super is not income tested has risen significantly for both the Medium and High knowledge groups. The Medium knowledge group has seen an increase of 12 percentage points (from 33% to 45%); the High knowledge group has climbed 16 percentage points (from 55% to 71%).

The improvement in awareness since 2005 that NZ Super is not asset tested has been driven by significant increases in scores among the following groups:

- Females (up 8 percentage points, from 43% to 51%)
- 25-34 year olds (up 20 percentage points, from 22% to 42%)
- New Zealand Europeans (up 10 percentage points, from 51% to 61%)
- Māori (up 18 percentage points, from 21% to 39%)
- Pacific Island peoples (up 22 percentage points, from 17% to 39%)
- Those with at least some tertiary education (up 9 percentage points, from 45% to 54%)
- Renters (up 11 percentage points, from 21% to 32%)
- Those in paid employment (up 10 percentage points, from 42% to 52%)
- Urban residents (up 6 percentage points, from 44% to 50%)
- Rural residents (up 18 percentage points, from 44% to 62%)
- Households with incomes between \$50,000 and \$100,000 (up 14 percentage points, from 44% to 58%)

Understanding that NZ Super is not asset tested has risen significantly for the Medium knowledge group, up 11 percentage points from 39% to 50%.

The following two charts show knowledge of income and asset testing for NZ Super by age. Knowledge of NZ Super not being income or asset tested increases with age.



Investing

New Zealanders' understanding of the risks associated with investing is generally strong. Nine-in-ten understand that investments that offer a higher than average return are likely to come with a higher than average risk. The same proportion know that an investment that promises very high returns with little risk or that is purportedly only offered to a select group of people is likely to be a scam. Being offered an investment where the minimum amount keeps reducing is a warning sign of a scam to three quarters of New Zealanders.

Trust in financial institutions continues to weaken, no doubt in light of the failure of a number of New Zealand finance companies.¹⁹ While over three quarters of New Zealanders know that an investment from a well known, reputable financial organisation is not likely to be a scam, this is a significantly lower proportion than in 2009. Results on this element of investment have been trending down since the pre-GFC findings of 2005.

In 2012 the Commission released the *Investor Education Framework and Action Plan*, outlining the principles of investing they wanted to communicate to New Zealanders. This research tested the existing level of spontaneous knowledge of investment considerations. While there are several positive findings, the research has also found that there is considerable work to be done in some areas to improve New Zealanders' understanding of what they should consider when thinking about making an investment.

As outlined above, New Zealanders already have a good understanding of risk and return. Seven-in-ten spontaneously mention these as considerations when investing. Awareness of the importance of researching potential investments and weighing up the pros and cons is mentioned by three-in-ten New Zealanders, providing a healthy base from which to build further knowledge. However, few New Zealanders spontaneously mention understanding the importance of diversification or identifying what goals the investment will help achieve as considerations. Building awareness of the importance of these considerations should be priorities for communication with New Zealanders on investment matters.

¹⁹ After the failures, the accusations http://www.nzherald.co.nz/business/news/article.cfm?c_id=3&objectid=10862967

Factors to consider when investing

The following question was included in the 2013 survey to understand the factors people spontaneously mention as considerations when thinking about investing.

*Q40) John Brown has saved \$10,000 and he wants to invest it to make it grow. What are **all** the things he should take into account when he is looking at investment offers?*

The response categories were developed in light of the *Investor Education Framework and Action Plan 2012*, developed by the Commission and a taskforce of private and public sector organisations, which identifies the investing principles investors should consider when planning an investment. The following table shows the things New Zealanders think John should consider when thinking about investing.

Table 16: Important things to think about when investing

Main reasons given - all correct	2013 %
Sample size n=	852
Nett risk	71
Level of risk	44
The organisation offering the investment / whether it is credible	28
Whether secured or unsecured	22
Whether he is okay with (can tolerate) the investment value going up and down	10
His capacity / ability to take a risk	7
Whether capital guaranteed	5
More information e.g. the investment statement	3
Nett return	69
The interest rate	66
Investigate options/look around	10
Nett research	29
He needs to do his research/look into different options	17
He needs to think about the advantages and disadvantages of different types of investments	9
Nett liquidity	25
How quickly he can get his money back	20
Whether there is a minimum investment period	9
Nett cost	21
Fees	18
Whether there is a minimum investment amount	5
Nett diversification	9
Don't put all his eggs in one basket / all his money in one place	6
Spread your investments around (across different types of assets)	5
Goals	8
What goals the investment will help him achieve	8
Nett other	47
How long he wants to invest for	25
When he will need his savings	6
Where or how he can get financial advice	5
Whether he needs income from the investment	3
Don't understand the question	1
Don't know	7

Source: Q40

Base: All respondents

As the table above illustrates, New Zealanders can identify a range of considerations for people considering investing, with risk (71%) and return (69%) at the top of the list. The Commission identified understanding risk and return as a key principle for investors to consider, and it appears that New Zealanders are broadly – but not universally – aware of these considerations. Specifically, the Commission identified understanding your tolerance for volatility as a key investment consideration – one-in-ten (10%) New Zealanders spontaneously mentioned this as an investment consideration, suggesting that as yet they do not fully understand the impact this can/should have on investment decisions.

Three-in-ten (29%) New Zealanders spontaneously mention doing your homework and reviewing your options as an investment consideration. While there is clearly room for improvement on awareness of this principle, there is already a solid base from which to build awareness.

However, there is a long way to go to raise awareness of the importance of knowing what goals an investment will help you achieve – fewer than one-in-ten (8%) people spontaneously identify this as a consideration, suggesting that grounding investments in a specific aim is not something that is widely considered by New Zealanders.

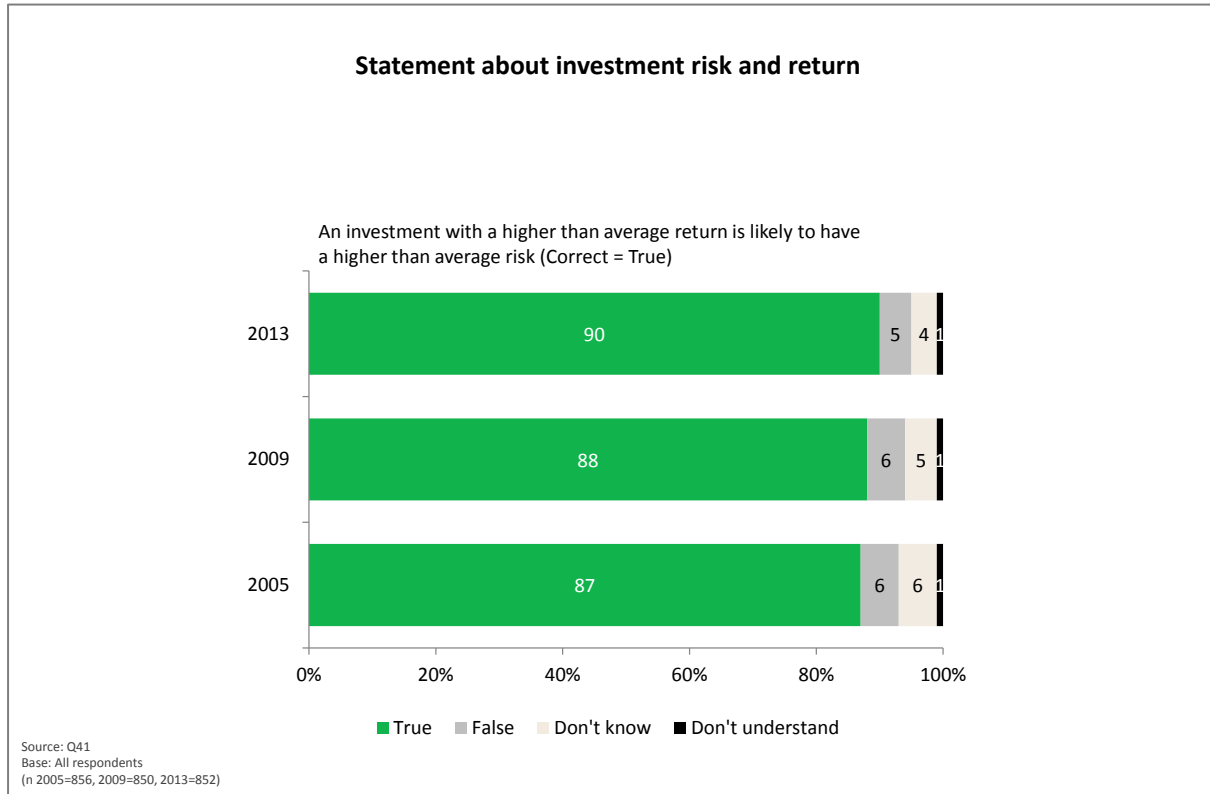
Understanding diversification and asset allocation was also identified by the Commission as a key investment factor. Just under one-in-ten (9%) New Zealanders mentioned this as a consideration, indicating that presently few people fully appreciate the importance of portfolio diversification.

Risk

Knowledge of the risk and return associated with investments was tested via the following question:

Please tell me whether you think the following statements are true or false.

Q41) *An investment with a higher than average return is likely to have higher than average risk.*



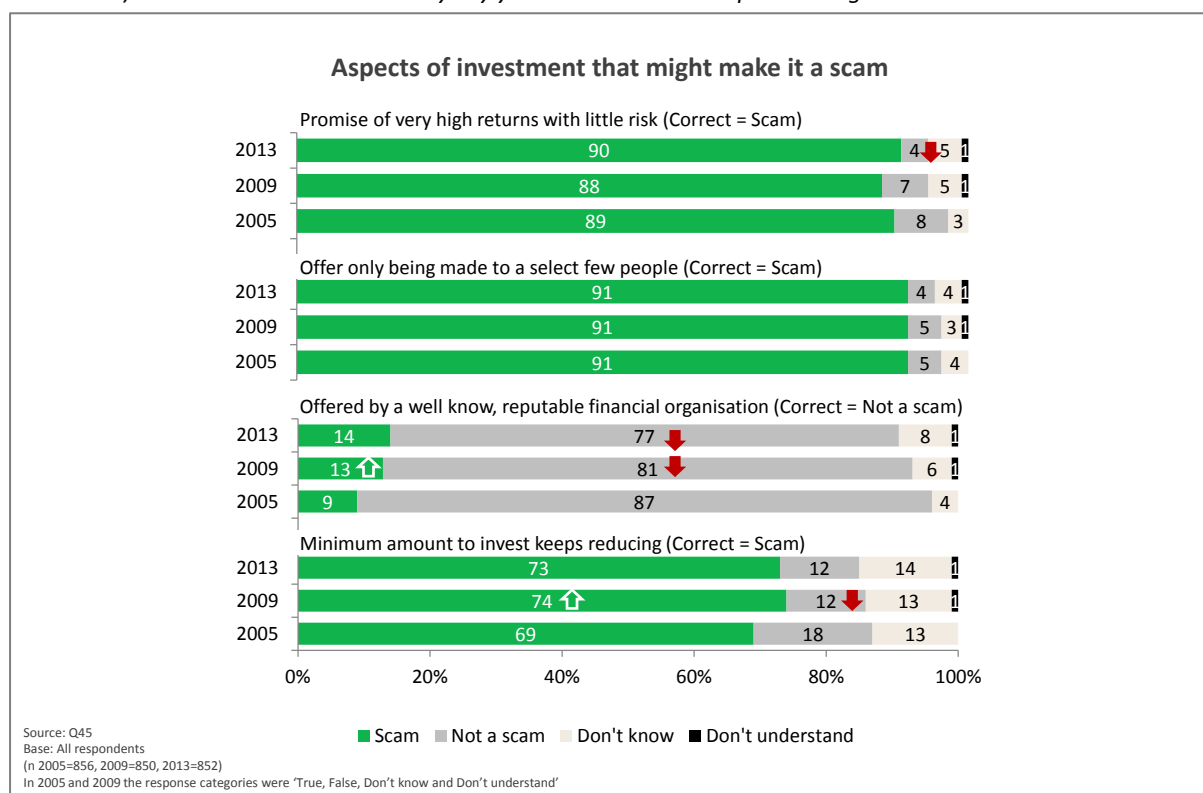
Nine-in-ten (90%) New Zealanders understand that investments with higher returns are likely to have a greater degree of risk attached to them. This result is consistent with those of previous years.

Warning signs of scams

Understanding of the warning signs of a potential investment scam was tested through the following question:

Q45) Which of the following aspects about an investment would make you think that it might be a scam?

- a) Promise of very high returns with little risk
- b) Being told the offer is only being made to a select few people
- c) Being offered by a well known reputable financial organisation
- d) The minimum amount they say you have to invest keeps reducing.



Note: Arrows in green denote statistically significant increases since the previous wave. Arrows in red denote statistically significant decreases since the previous wave.

As in previous years, the vast majority understand that the promise of very high returns with little risk and being told that an offer is only being made to a select group of people are warning signs that an investment opportunity might be a scam (90% and 91% respectively correctly identify these as warning signs).

Nearly three quarters (73%) of New Zealanders know that if the minimum amount they are being asked to invest keeps dropping then the offer might be a scam. This result is also consistent with previous findings.

Trust in financial organisations has weakened further in 2013 – while over three quarters (77%) of New Zealanders know that an investment offer from a well known, reputable financial organisation is unlikely to be a scam this result has been trending down (dropping four percentage points compared to 2009 and ten percentage points compared to 2005).

Demographic drivers

The decrease in understanding that if an investment is offered by a well known, reputable financial organisation it is unlikely to be a scam has been driven by significant falls in scores among the following groups:

- 45-54 year olds (down 10 percentage points, from 90% to 80%)
- Those with at least some tertiary education (down 7 percentage points, from 86% to 79%)
- Those who own their own home, either independently or with a partner (down 6 percentage points, from 83% to 77%)
- Those in paid employment (down 6 percentage points, from 86% to 80%)
- Households with incomes between \$50,000 and \$100,000 (down 12 percentage points, from 89% to 77%)
- Households with incomes above \$100,000 (down 9 percentage points, from 91% to 82%)

Those in the Medium knowledge group are now significantly less likely to know that an investment from a well known, reputable firm is unlikely to be scam – down 9 percentage points from 84% to 75%.

Consumer rights and responsibilities

New Zealanders have a good understanding of consumer rights and responsibilities.

There is near universal awareness that an Internet banking password should not be revealed to friends, and the vast majority know not to tell their bank their password if they ask for it. However, less than half understand that they should not reveal their password to their spouse or partner.

Almost all New Zealanders understand the importance of reading and understanding an Investment Statement before making an investment. A similarly high proportion is aware that they should check a financial adviser's qualifications and experience before handing over any money.

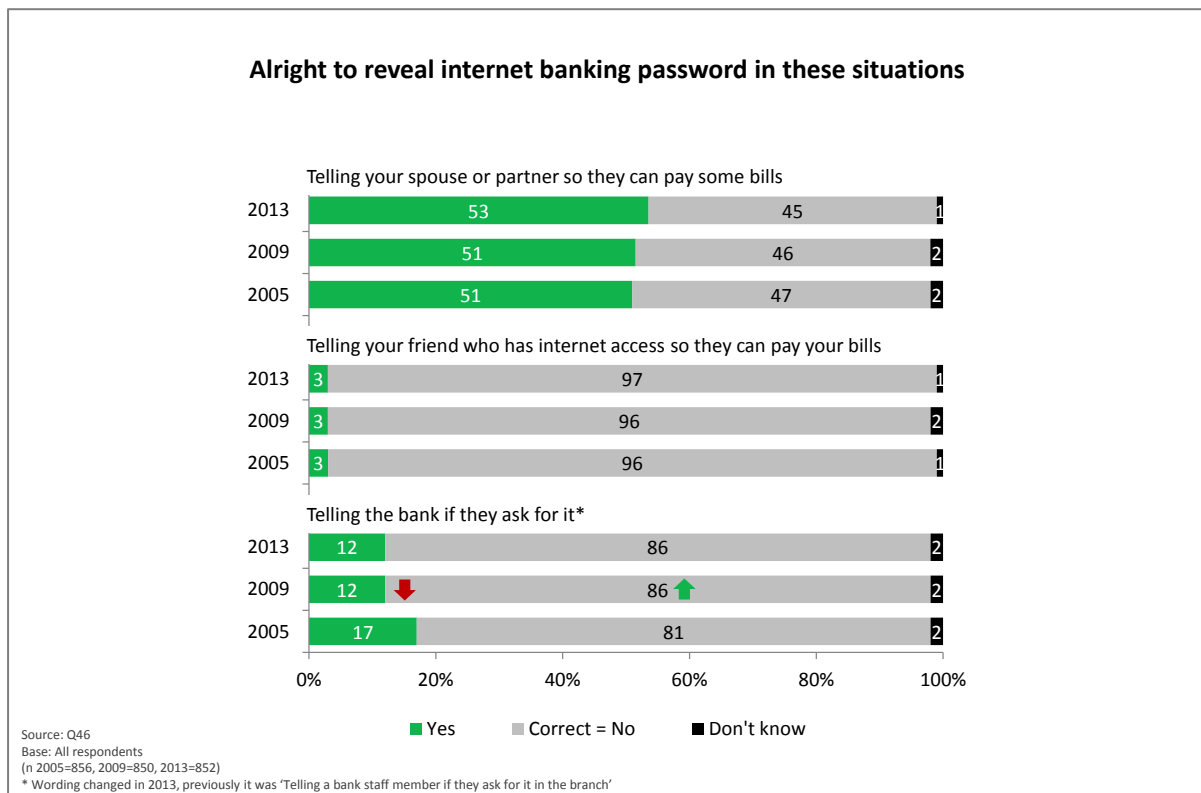
There has been a significant improvement in the proportion of New Zealanders who know that a financial adviser must provide them with a disclosure statement, with over eight-in-ten being aware of this now. Many demographic groups have seen increases in knowledge in this area, including the High knowledge group.

Three quarters of New Zealanders understand that it is important to find out how an adviser is being paid, a significant increase compared to 2009. In contrast to the finding above, those in the Low knowledge group have seen the greatest rise in knowledge in this regard.

Internet banking password

The level of understanding of the 'rule' that no-one should ever share their Internet banking password with another person was tested with the following question:

Q46) *Would it be alright to tell someone else your Internet banking password in the following situations?*



Note: Arrows in green denote statistically significant increases since the previous wave. Arrows in red denote statistically significant decreases since the previous wave.

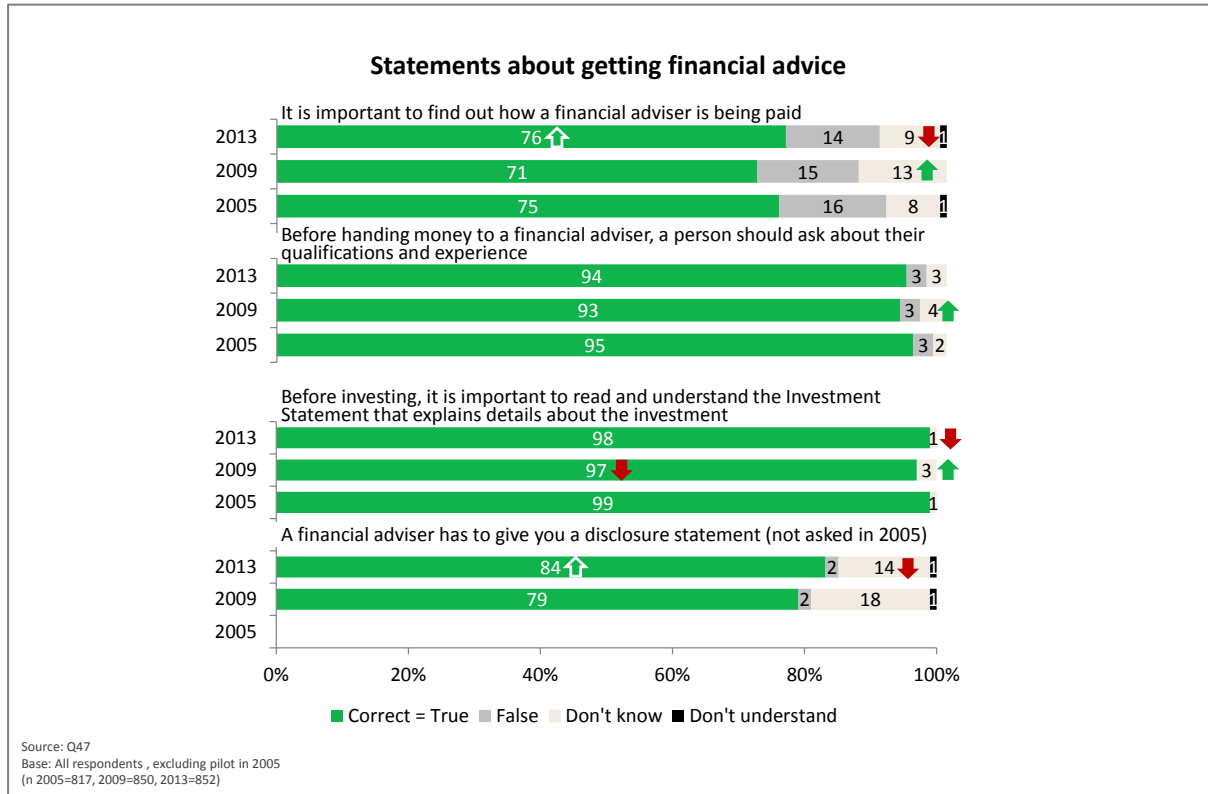
While almost everyone (97%) knows that they shouldn't share their Internet banking password with friends, less than half this proportion (45%) knows not to share their password with their spouse or partner. These results are consistent with those of previous years.

The majority (86%) of people know not to reveal their password to their bank. This result is identical to that of 2009, and maintains the significant improvement in knowledge of this aspect of banking security over 2005 findings.

Financial advice

Knowledge of what people need to know when seeking financial advice was measured by the following question:

Q47) *I will read out a number of statements about getting financial advice and I would like you to tell me whether you think the statement is true or false, or whether you don't know.*



Note: Arrows in green denote statistically significant increases since the previous wave. Arrows in red denote statistically significant decreases since the previous wave.

Almost all (98%) New Zealanders know the importance of reading and understanding the Investment Statement before making an investment. The vast majority (94%) also know that they should ask about qualifications and experience before handing money to a financial adviser. These results are consistent with findings from previous years.

Over eight-in-ten (84%) understand that a financial adviser has to provide them with a disclosure statement, a significant improvement from 2009 (up five percentage points from 79%).

There has also been a significant improvement in New Zealanders' understanding of the importance of finding out how a financial adviser is being paid – three quarters (76%) know this now, up five percentage points from 2009. This finding is consistent with results from 2005.

Demographic drivers

The improvement in understanding that it's important to find out how a financial adviser is being paid has been driven by significant increases in scores among the following groups:

- Females (up 10 percentage points, from 65% to 75%)
- Those aged 65 years and over (up 10 percentage points, from 70% to 80%)
- New Zealand Europeans (up 5 percentage points, from 74% to 79%)
- Māori (up 13 percentage points, from 58% to 71%)
- Those who own their own home, either independently or with a partner (up 6 percentage points, from 76% to 82%)
- Those not in paid employment (up 12 percentage points, from 66% to 78%)
- Urban residents (up 7 percentage points, from 72% to 79%)
- Annual household income under \$20,000 (up 14 percentage points, from 61% to 75%)
- Those in the Low knowledge group (up 15 percentage points, from 53% to 68%)

The increase in awareness that a financial adviser has to give you a disclosure statement has been driven by significant increases in scores among the following groups:

- 25-34 year olds (up 12 percentage points, from 74% to 86%)
- Those with a secondary school qualification (up 12 percentage points, from 72% to 84%)
- Those in paid employment (up 5 percentage points, from 81% to 86%)
- Urban residents (up 7 percentage points, from 79% to 86%)
- Households with incomes between \$20,000 and \$50,000 (up 8 percentage points from 81% to 89%)
- Those in the High knowledge group (up 5 percentage points, from 83% to 88%).

New Zealanders' financial behaviour

This section of the report contains detailed results describing some of New Zealanders' specific financial behaviours. Nearly all of the behaviour questions in this section were drawn from the New Zealand Financial Behaviour Index (NZFBI). A small number of questions reported on in this section are behaviourally-based questions that were in the previous 2009 and 2005 Financial Knowledge surveys.

New Zealand Financial Behaviour Index

The NZFBI is a six-monthly survey carried out online in May and November each year. The survey is designed to describe some of the key financial behaviours of New Zealanders, and to track changes in these behaviours at regular intervals. The benchmark survey for the NZFBI was carried out in November 2011. At the time this report was published, four waves of the NZFBI had been completed.

Due to the differing methodologies and sample sources between the NZFBI and the 2013 Financial Knowledge and Behaviour survey, we do not provide results for the online survey in this report. For the most part results differ only marginally between the two studies.

Direct links between financial knowledge and financial behaviour

A key aim of the Commission is to encourage New Zealanders to take action to become financially sorted. Initiatives to do this include the provision of financial education and free, independent, and impartial information and resources to New Zealanders, as well as PR initiatives and multi-media campaigns designed to encourage New Zealanders to take positive financial action.

Including the NZFBI questions within the Financial Knowledge Survey provides us and other researchers with the opportunity to explore the links between Financial Knowledge and Financial Behaviour. Understanding the relationship between types of financial knowledge and types of financial behaviour is useful for the Commission, as it can assist the Commission in tailoring knowledge programmes to target specific financial behaviours.

How we analysed for direct relationships between knowledge and behaviour

This analysis was carried out in two stages:

Stage One: Data reduction

(defining types of financial knowledge)

The 2013 Financial Knowledge and Behaviour survey contained more than 80 questions designed to measure different facets of financial knowledge. Responses to these questions are in some cases strongly correlated, meaning that they may measure slightly different aspects of the same 'type of knowledge'.

We used factor analysis to assist us in simplifying responses to these 80 questions down into eight more meaningful and manageable factors. Factor analysis is a technique that searches for and identifies patterns in responses to individual questions. Responses to groups of questions that the data tells us are related are considered to be outcomes of an underlying 'factor'.

Each of the eight knowledge factors identified through factor analysis is described on the following pages.

Numeracy

A person who scores well on this factor can correctly interpret a bank statement and make calculations to determine amounts saved over timeframes and the lengths of time it would take to save specific amounts. A person high in this factor also tends to understand compounding interest.

Understands budgeting, saving, and planning

A person scoring high on this factor can define a budget, can state why a budget is important, and has an understanding that anyone can benefit from a budget. A person scoring high on this factor also understands financial plans and that plans need to be updated to fit changing life circumstances. They also have a good understanding of financial terms such as asset, savings, liability, capital gain, and real rate of return.

Understands New Zealand Superannuation

A person scoring high on this factor has a good understanding of New Zealand superannuation, and they tend to understand the combined effects of interest and inflation. They are typically able to calculate the equity in a home and they can define net worth.

Understanding of how to minimise costs and interest on debts

A person scoring high on this factor understands how to manage their money to avoid costs and interest. For example, they know that Internet banking is cheaper than dealing with a bank teller, and they know how to avoid interest when using a credit card. They are also aware of the benefits of debt consolidation, they are aware that fixed interest loans are a good idea when interest rates are increasing, and they are aware that you can minimise interest on your home loan by increasing the amount of regular payments.

There is an association between this factor and the factors 'understands home loans' and 'understands budgeting, saving, and planning.'

Knows how to avoid financial risk and scams

A person scoring high on this factor understands their consumer rights and how to avoid financial risk. For example, they are aware that a financial adviser has to give them a disclosure statement, and they believe it's important to read and understand an investment statement, to ask a financial adviser about their qualifications and experience, and to find out how a financial adviser is being paid. Someone high on this factor knows the signs of a scam, and that an investment with the promise of high return is likely to be high risk.

Knows the financial factors that are important for saving and investing

A person scoring high on this factor can name many of the important factors a person should think about when saving or investing. This includes consideration of the costs/fees, the importance of diversifying investments and doing research to look into various options, considering the liquidity of an investment, and consideration of the goals of investing. When it comes to retirement saving, people who score high on this factor know it is important to consider the probable length of their retirement, sources of retirement income, and what they can or need to do given their current financial situation.

Understands home loans

A person scoring high on this factor has a good understanding of home loans. For example, they understand that there is no penalty or restriction on the amount that can be paid on a variable interest home loan, they

know they can minimise interest by paying fortnightly rather than monthly, and they understand that they are not penalised for payments on a revolving credit loan.

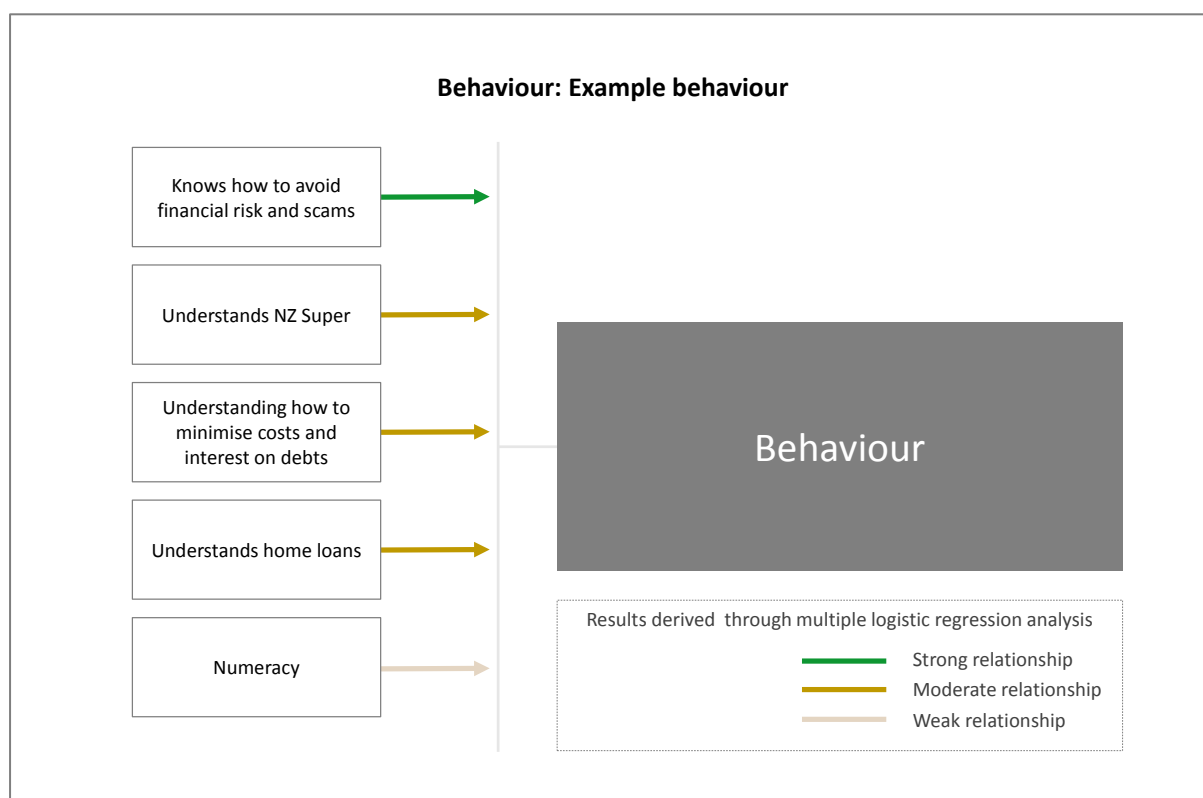
Knows the importance of keeping passwords secure

A person scoring high on this factor understands that they should never reveal their Internet banking password to a spouse or partner, friend, or the bank.

Stage Two: Multiple logistic regression

(determining which type of knowledge directly predicts each type of behaviour)

Once we reduced the 80 knowledge questions down to the eight more meaningful types of knowledge, we carried out a series of regression analyses to determine which types of knowledge directly predict key behaviours. For the purposes of simplicity, each regression analysis that revealed at least a moderate direct positive association with behaviour is displayed in a diagram like the one below. Green lines indicate a strong relationship between a knowledge type and the behaviour in question, dark brown lines indicate a moderate relationship, and light brown lines indicate a weak (but statistically significant) relationship.



Important note: For the purposes of this report we analysed only for direct relationships between knowledge types and each behaviour. It is possible that indirect or reciprocal relationships exist. An indirect effect is more complex, where the relationship between knowledge types and behaviour is mediated or moderated by other variables, such as age, income, or life stage. A reciprocal relationship is one where causality is presumed to flow in both directions. The full dataset will be made available to researchers interested in exploring the relationship between knowledge and behaviour further.

Table 17 on the following page summarises the results of the regression analyses.

Table 17. Summary of regression analyses

Behaviours	Knowledge factors							
	Numeracy	Understands budgeting, saving, and planning	Understands NZ Super	Understands how to minimise costs and interest on debts	Knows how to avoid financial risk and scams	Knows the financial factors that are important for saving and investing	Understands home loans	Knows the importance of keeping passwords secure
Has a plan in place to achieve at least one goal	Moderate	Moderate	Moderate	Moderate			Moderate	
Reviewed insurance cover in the last 12 months	Moderate	Moderate	Moderate	Moderate	Moderate		Moderate	
Could access up to three months' worth of household income in an emergency	Moderate		Strong	Moderate	Moderate		Moderate	
Currently has a budget		Moderate		Moderate			Moderate	
Earned more than has spent over the past three months	Moderate		Moderate				Moderate	
Shopped around for last significant purchase							Moderate	
Paid more off mortgage than required by the lender	Moderate		Moderate					
Has put money into short-, mid-, or long-term savings	Moderate	Moderate		Moderate			Moderate	
Has put money into short-term savings	Moderate	Moderate	Moderate	Moderate		Moderate	Moderate	
Has put money into mid-term savings	Moderate	Moderate		Moderate			Moderate	
Has put money into long-term savings	Moderate	Moderate		Moderate			Moderate	
Investing somewhere other than in KiwiSaver	Moderate	Moderate	Strong	Moderate	Moderate		Moderate	
Received financial information or advice in the last 12 months	Moderate	Moderate		Moderate				
Received financial information or advice from a bank	Moderate	Moderate						
Received financial information or advice from friends or family	Moderate	Moderate	Weak					Weak
Received financial information or advice from a financial advisor	Moderate		Moderate	Moderate	Moderate		Moderate	
Obtained advice from a website in the last 12 months	Moderate	Moderate	Moderate	Moderate		Moderate		Moderate
Used Sorted resources in the last 12 months	Moderate	Moderate	Moderate	Moderate			Moderate	Moderate

As can be seen in the table, four knowledge factors were found to be direct positive predictors of a wide range of positive financial behaviours, and are likely to be important for financial literacy programmes designed to increase positive financial behaviour. These factors are: numeracy, understanding of budgeting, saving, and planning, understanding how to minimise costs and interest on debts, and understanding home loans.

Although a less consistent predictor overall, understanding of New Zealand superannuation also appears to be a fairly important predictor of financial behaviours, and is a particularly strong predictor of investing somewhere other than in KiwiSaver and having access to an emergency fund.

Goal setting and planning

Consistent with the previous two surveys, the majority (78%) of New Zealanders say they have financial goals, although fewer than half have a plan in place to achieve one. For the purposes of this survey, having a plan in place is defined as having a goal, working out how much money you need to achieve it, and taking action to build up the money needed to achieve it.

Overall only a third (34%) of adult New Zealanders has a plan in place to achieve a mid-term one to five year goal, and just one quarter (25%) has a plan in place to achieve a long-term five plus year goal. It should be recognised however that planning is moderated considerably by age, with the likelihood of having a plan peaking (and being considerably higher than average) between 45 and 54 years of age. This is likely the time when many New Zealanders are giving serious thought to their financial situation during retirement.

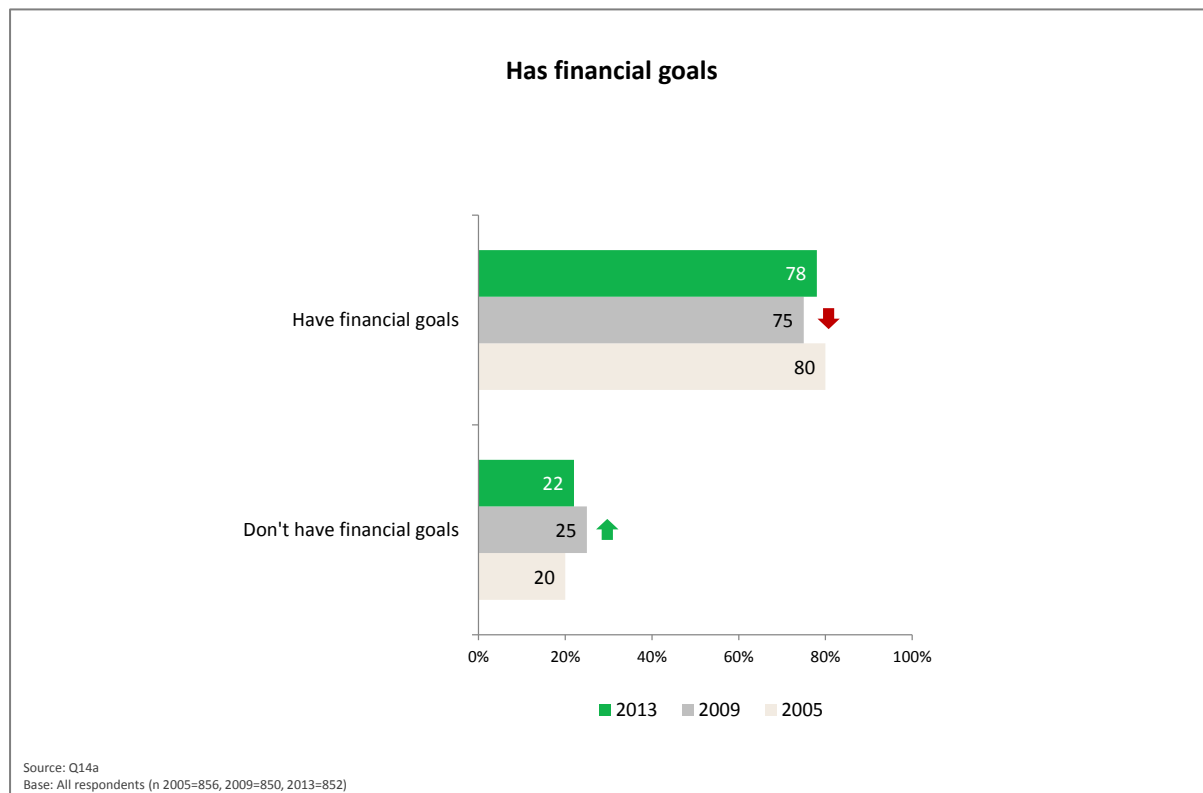
Nearly one third of New Zealanders have goals (31%) or plans (28%) that are written down or recorded somewhere. This is higher than in 2009 and 2005. A change to a more broadly worded question this year may play some part in these increases.

All of the sub-analyses in this section show that higher financial knowledge is associated with planning behaviour.

Financial goals

Respondents were asked the following question:

Q14a) Do you have financial goals?



Note: Arrows in green denote statistically significant increases since the previous wave. Arrows in red denote statistically significant decreases since the previous wave.

More than three quarters of New Zealanders (78%) in 2013 say they have financial goals. This proportion is not significantly different from either the 2009 or 2005 result.

Analysis by sources of information used in the last 12 months

Analysis of this question by the sources of information used in the last 12 months (Q57) shows that:

- those without financial goals are more likely not to have sought any financial information or advice in the last 12 months (42% compared to 18% with financial goals)
- those with financial goals are more likely to have received advice from a bank in the last 12 months (53% compared to 28% without financial goals).

Analysis by overall financial knowledge

Respondents with financial goals tend to have a higher level of financial knowledge than those without financial goals:

- 45% of those with financial goals are in the High knowledge group compared to 21% of those without financial goals
- 48% of those without financial goals are in the Low knowledge group compared to 23% of those with financial goals.

Planning to achieve short-term, mid-term and long-term financial goals

We wanted to determine the proportions of New Zealanders with a plan in place to achieve their short-term, mid-term, and long-term goals. According to the Commission's definition, having a plan in place includes having a goal, working out how much money you need to achieve it, and taking action to build up the money needed to achieve it. To calculate these percentages we asked a series of three questions for each type of goal (short-, mid-, or long-term). The questions were:

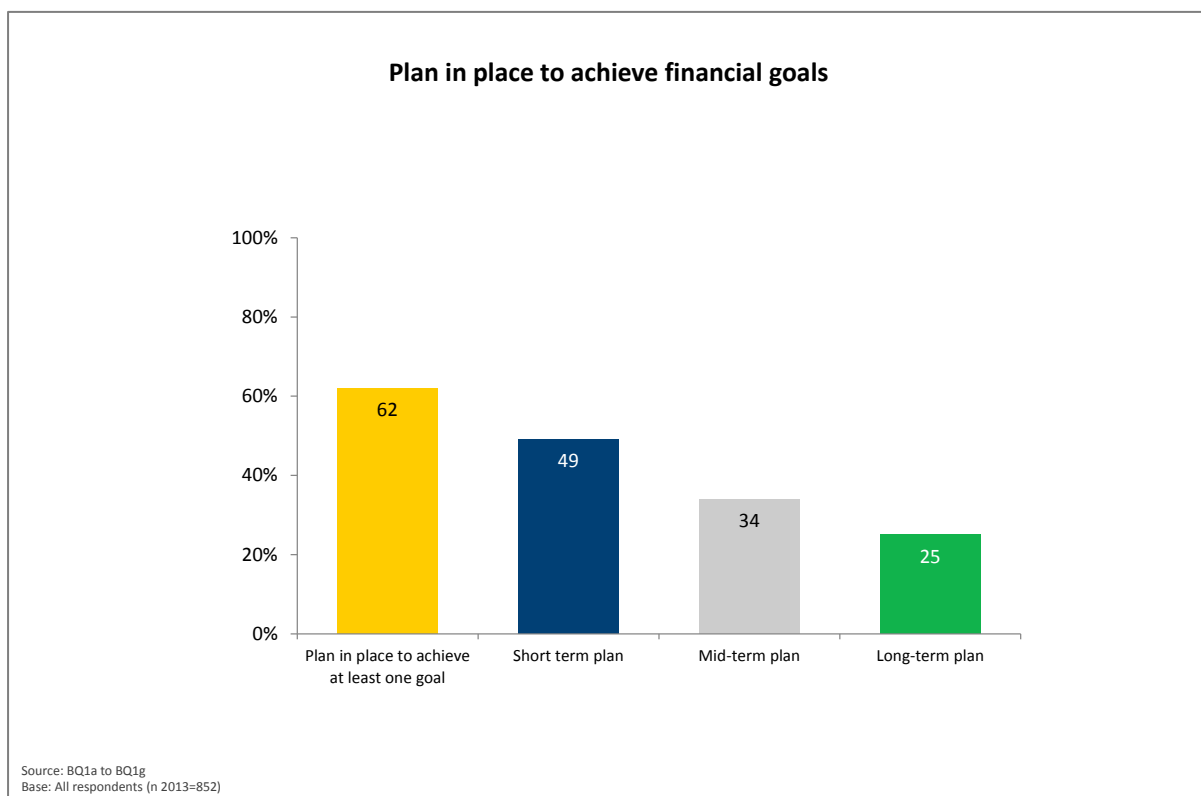
BQ1a We have some questions about your goals that you would need money to achieve.

People can have a range of financial goals – they might include planning to buy something like a television or car, saving for an event such as a wedding or funeral, saving for a trip, paying for their own or their children's tertiary education, paying off a mortgage, or saving for a house deposit, home maintenance, home renovation, retirement, or a holiday home.

Do you currently have any... [short-term, six to twelve month goals], [mid-term goals, one to five year goals], [long-term, five plus year goals]?

BQ1b Have you worked out how much money you will need to achieve your short-term/mid-term/long-term goals?

BQ1c Have you taken action to build up the money you need to achieve your short-term/mid-term/long-term goals within the timeframe? This may include regular savings, investments, or something else, but please exclude using a credit card or getting a loan.



The chart shows that 62% of New Zealanders have a plan in place to achieve at least one type of financial goal. New Zealanders are more likely to have short-term plans in place (49%) than mid- (34%) or long-term (25%) goals.

Analysis by sources of information used in the last 12 months

Analysis by the sources of information used in the last 12 months (Q57) shows that:

- those with a short-term financial plan in place are more likely than average to have sought financial information or advice in the last 12 months from:
 - their bank (59% compared to 47% on average)
 - family and friends (46% compared to 37% on average)
 - websites (29% compared to 22% on average)
 - newspapers, magazines or leaflets (22% compared to 16% on average)
- those with a mid-term financial plan in place are more likely than average to have sought financial information or advice in the last 12 months from:
 - their bank (61% compared to 47% on average)
 - a financial adviser (23% compared to 15% on average)
 - websites (31% compared to 22% on average)
 - newspapers, magazines or leaflets (22% compared to 16% on average)
- those with a long-term financial plan in place are more likely than average to have sought financial information or advice in the last 12 months from:
 - websites (32% compared to 22% on average)
 - newspapers, magazines or leaflets (23% compared to 16% on average)

Analysis by overall financial knowledge

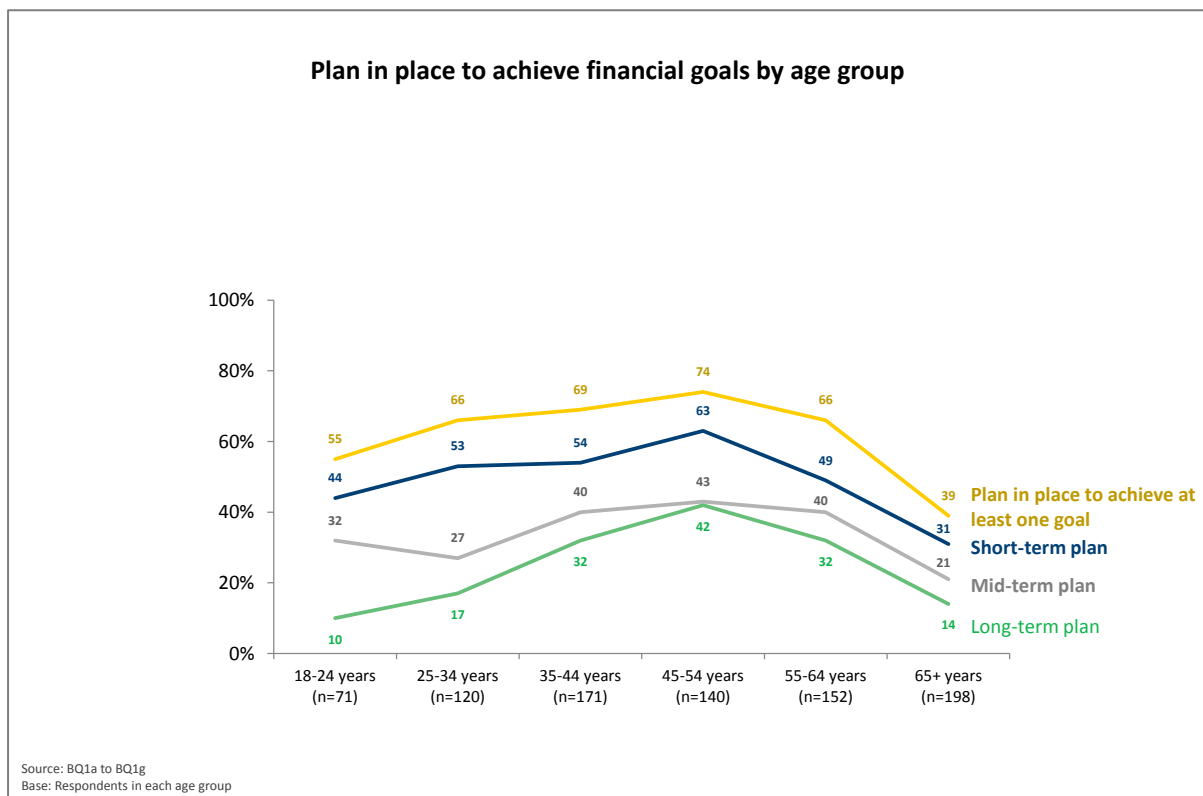
Respondents with any sort of financial plan in place tend to have a higher level of financial knowledge than average. In addition, those with long-term plans tend to have higher financial knowledge.

- 47% of those with a short-term plan in place are in the high financial knowledge group (compared to 39% of all respondents who are in the High knowledge group)
- 52% of those with a mid-term plan in place are in the high financial knowledge group (compared to 39% of all respondents who are in the High knowledge group)
- 58% of those with a long-term plan in place are in the high financial knowledge group (compared to 39% of all respondents who are in the High knowledge group)

Analyses by age

The chart below displays financial planning by age group. The relationship is curvilinear. The likelihood of having a financial plan tends to increase with age up until around 55 years, and then decreases.

One exception is for plans to achieve mid-term goals, which tend to decrease slightly after the age of 25 years, and then increase again from about age 35 years onwards. This pattern may be due in part to the types of goals that 18 to 24 year olds may have, such saving to go overseas, buying a car, or paying for tertiary study. These types of goals may tend to be one to five year mid-term goals.



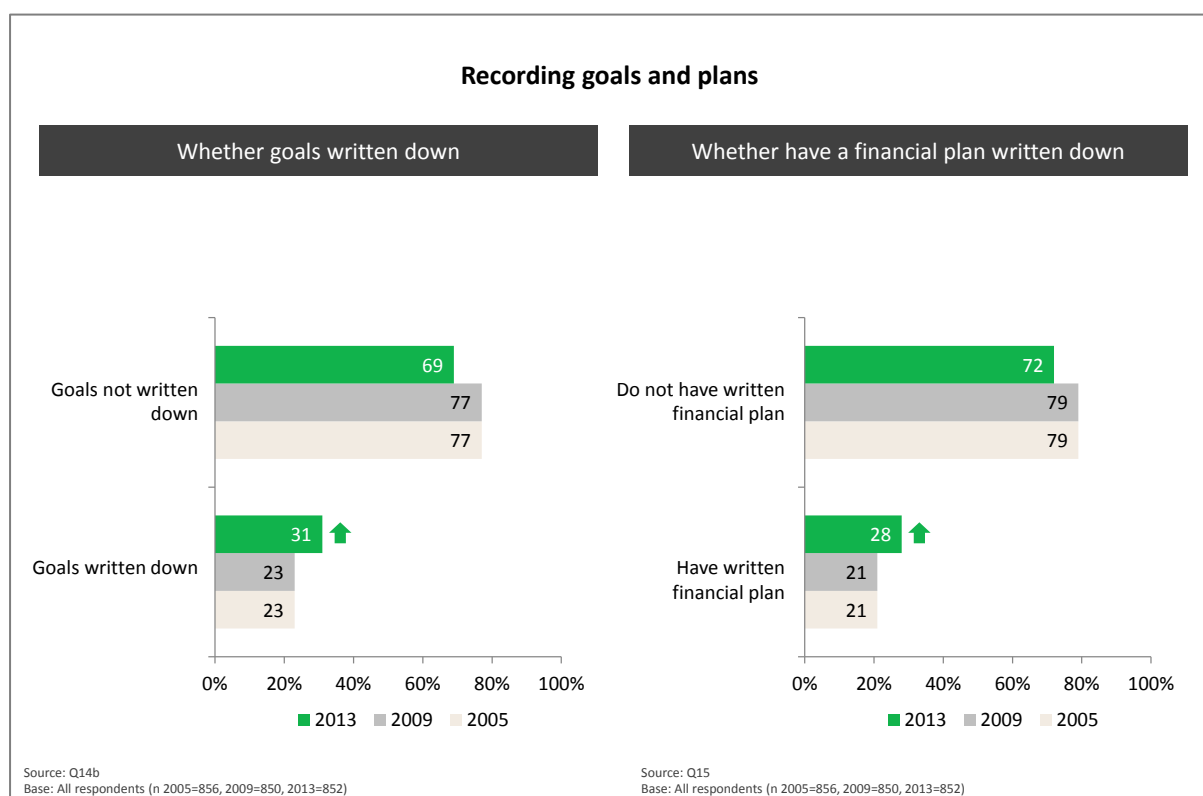
Recording goals and plans

We asked people whether they have written down or recorded their financial goals and their financial plans. Both questions were revised slightly this year to allow for the possibility that people can record goals and plans electronically, instead of writing them down. We asked:

Q14b Have these goals been written down or recorded somewhere?

Q15 Do you have a financial plan that is written down or recorded somewhere?

Results are displayed in the chart below. Nearly one third of New Zealanders have goals (31%) or plans (28%) that are written down or recorded somewhere. This is significantly higher than in 2009 and 2005. The change to a more broadly worded question may account for these increases.



Note: Arrows in green denote statistically significant increases since the previous wave. Arrows in red denote statistically significant decreases since the previous wave.

Analysis by sources of information used in the last 12 months

Analysis by sources of information used in the last 12 months (Q57) shows that those with plans or goals written down are more likely than those without to have sought financial information or advice.

- Those with goals written down are more likely to have received advice in the last 12 months from:
 - their bank (56% compared to 43% without goals written down)
 - family and friends (45% compared to 34% without goals written down)
 - a financial adviser (24% compared to 12% without goals written down)
 - websites (32% compared to 17% without goals written down)
 - budgeting services (7% compared to 3% without goals written down)

- Citizens Advice Bureau (3% compared to 1% without a plan written down).
- Those with a plan written down are more likely to have received advice in the last 12 months from:
 - their bank (60% compared to 43% without a plan written down)
 - a financial adviser (23% compared to 13% without a plan written down)
 - websites (31% compared to 18% without a plan written down)
 - a budgeting advisory service (7% compared to 3% without a plan written down)
 - newspapers, magazines, or leaflets (20% compared to 14% without a plan written down)
 - Citizens Advice Bureau (3% compared to 1% without a plan written down).
- Those who do not have goals or plans written down are less likely to have sought any financial information or advice in the last 12 months.
 - 28% of those without goals written down have not sought any financial advice in the last 12 months (compared to 14% with goals written down)
 - 28% of those without a plan written down have not sought any financial advice in the last 12 months (compared to 13% with a plan written down).

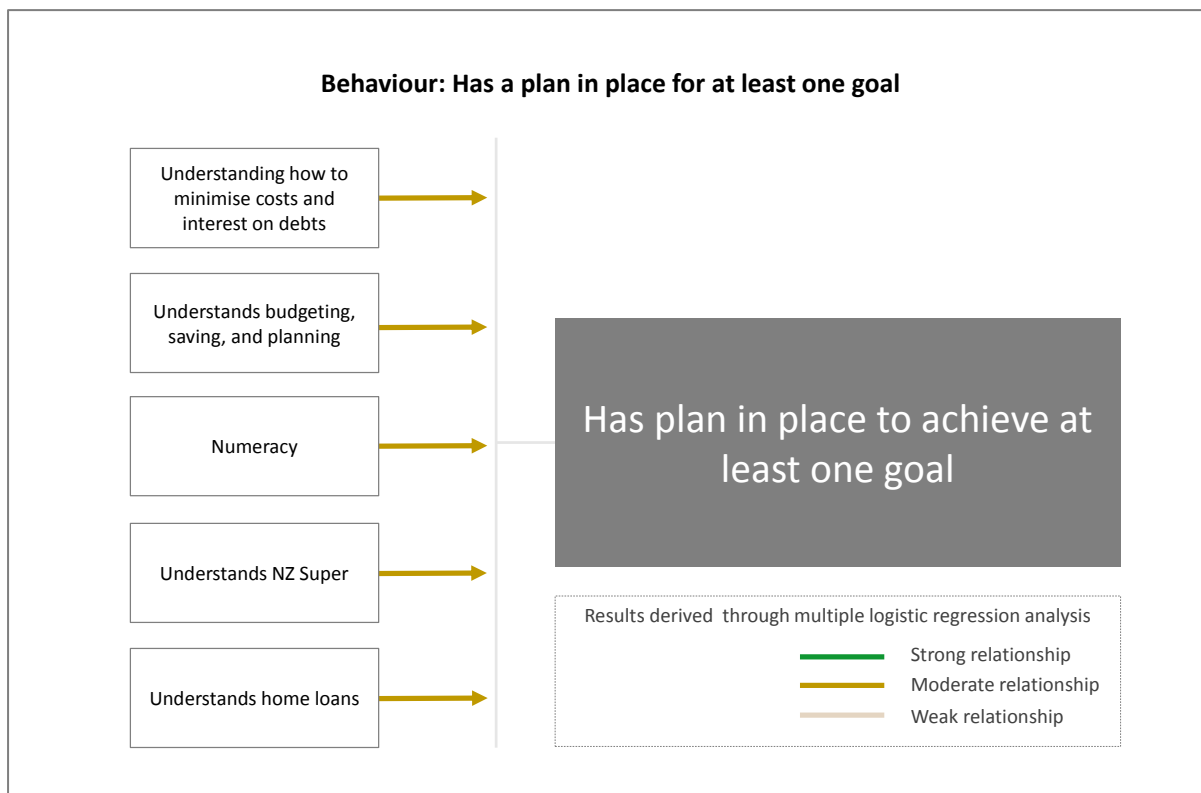
Analysis by overall financial knowledge

Those with goals or a plan written down tend to have a higher level of financial knowledge than those who do not have them written down.

- 47% of those with goals written down are in the High knowledge group compared to 36% of those without goals written down.
- 33% of those without goals written down are in the Low knowledge group compared to 19% of those with goals written down.
- 47% of those with a plan written down are in the High knowledge group compared to 37% of those without a plan written down.
- 32% of those without a plan written down are in the Low knowledge group compared to 20% of those with a plan written down.

Planning behaviour and its relationship with financial knowledge

We carried out multiple logistic regression analyses to determine which types of knowledge directly predict whether someone has put a plan in place to achieve a goal. Results, shown in the chart below, show that key knowledge predictors for goal setting and planning are understanding how to minimise costs and interest on debt, understanding of budgeting, saving and planning, numeracy, understanding New Zealand superannuation, and understanding home loans.



Preparing for the unexpected

Just under half (48%) of adult New Zealanders say that they reviewed their insurance over the last 12 months to check that they have the right *cover* for their situation. This figure includes those with no insurance, who were asked whether they reviewed this to check that having no insurance was right for their situation.

More than two thirds (71%) of adult New Zealanders say they would be able to access up to three months' worth of their household income in an emergency, however a considerably smaller proportion (42%) say they could access all of this emergency money through their own savings and investments. The remaining 29% would need to access *at least some* of the money another way. The ability to access up to three months' worth of household income is strongly related to household income, with people from higher income households being more likely to have access to an emergency fund.

As in the previous section, results show that overall financial knowledge is associated with preparing for the unexpected.

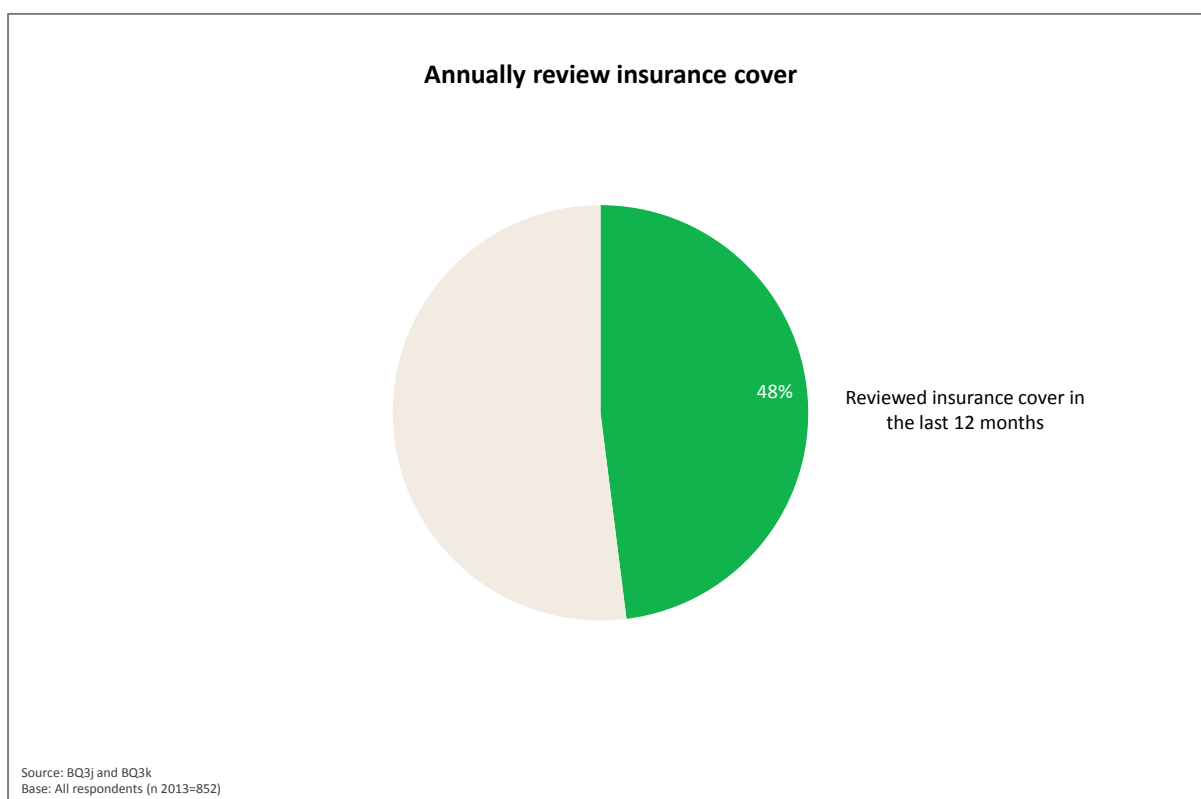
Annually reviewing insurance

To determine the proportion of New Zealanders who annually review their insurance cover, we asked:

BQ3j In the last 12 months have you, or another person named on the policies, reviewed your insurances to check that you have the right cover for your situation?

BQ3k When you or another person named on the policy reviewed your insurances, what was reviewed? The amount you pay, whether the cover is appropriate for your situation, or something else?

As can be seen in the chart below, close to half (48%) of all New Zealanders reviewed their insurance cover in the last 12 months. The 17% of respondents who have no insurance policies are included in this result. They were asked whether they have reviewed this in the past 12 months to check that having no insurance is right for their situation.



Analysis by overall financial knowledge

Those who have reviewed their insurance cover in the last 12 months tend to have a higher level of financial knowledge than those who have not.

- 49% of those who have reviewed their insurance cover are in the High knowledge group, compared to 31% of who have not reviewed their insurance.
- 40% of those who have not reviewed their insurance cover are in the Low knowledge group, compared to 16% of those who have reviewed their insurance cover.

Access to emergency fund

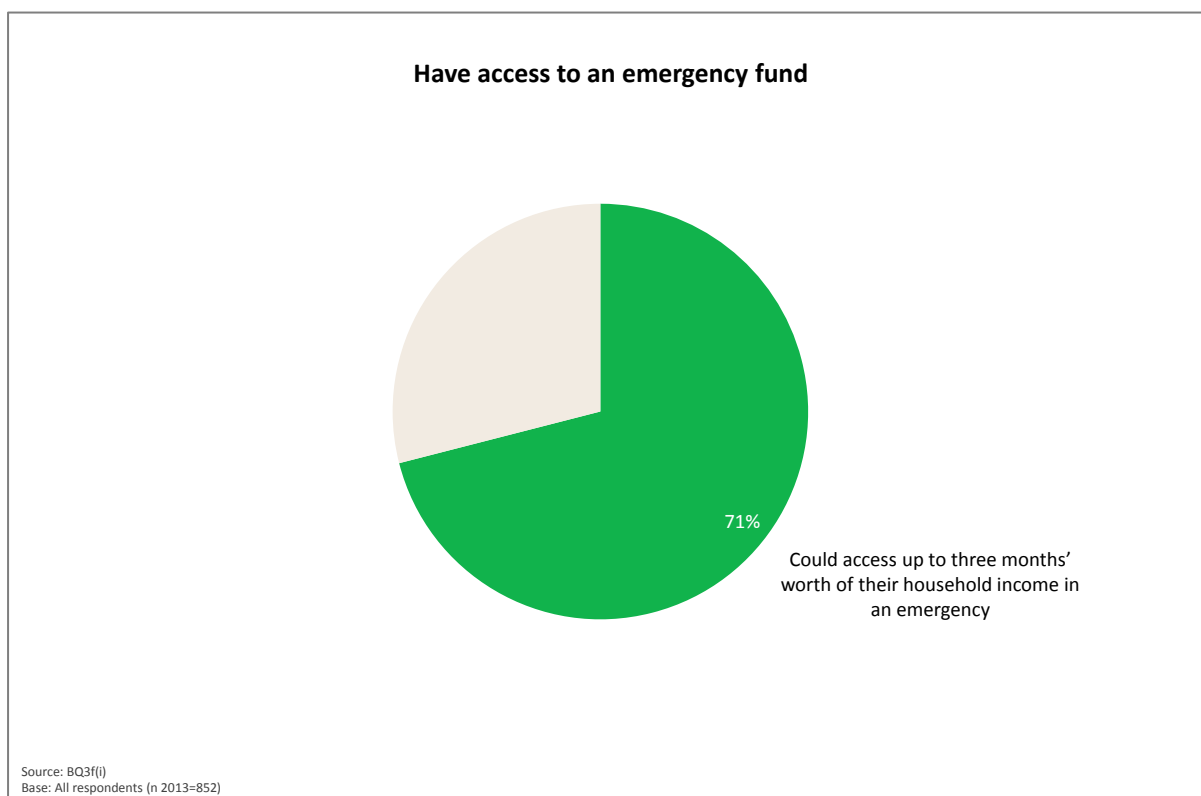
To determine the proportion of New Zealanders who could access up to three months' worth of their household income in an emergency, we asked:

BQ3f(i) If there was an emergency, could you access up to three months' worth of your household income? This could include through your own savings, credit, selling something, or some form of income replacement insurance.

BQ3f(ii) And if there was an emergency, how could you access up to three months' worth of your household income? Options: I could get all of the money from my own savings and investments, I could get some of the money from my own savings and investments, but would also get some from other sources, or I would get all of the money from sources other than savings and investments.

BQ3g And other than through savings and investments, in which of the following ways would you access up to three months' worth of your household income? By selling something, through credit from a credit card, bank, finance company or other commercial lender, through a loan from friends or family members, through a gift from friends or family members, some form of income replacement insurance, or in some other way.

As shown below, over two thirds of New Zealanders (71%) say that could access up to three months' worth of their income in an emergency.



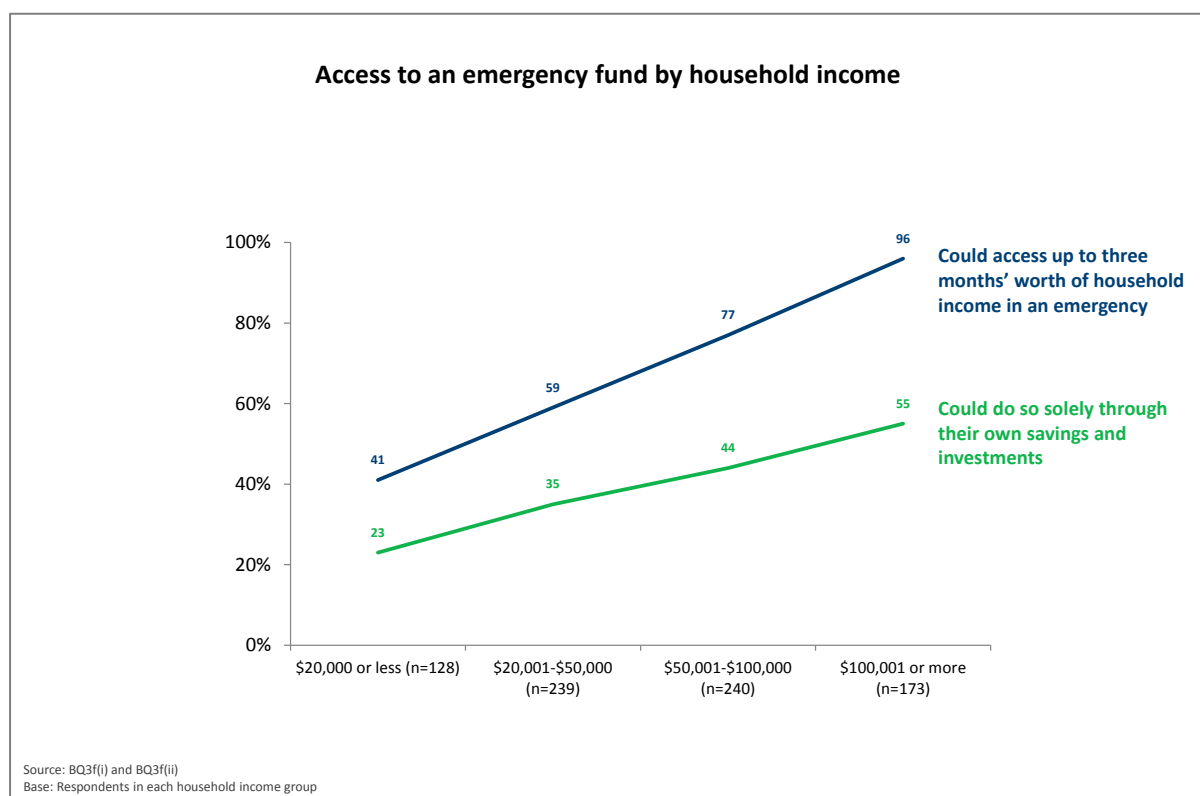
How New Zealanders would access an emergency fund

Forty two percent of New Zealanders say they could access *all* of the money through their own savings and investments. Twenty nine percent would need to access *at least some* of the money in other ways: 16% would sell something, 13% would access credit, 12% would get a loan from friends or family, 6% would use some form of income replacement insurance, 6% would receive a gift from friends or family, 4% would access the money in some other way.

Analysis by household income

The chart below shows the relationship between household income and ability to access an emergency fund. Almost all (96%) New Zealanders with an annual household income over \$100,000 say they could access up to three months' worth of their household income in an emergency, however just over half (55%) say they could do this *solely* from their own savings and investments.

Fewer than half (41%) of New Zealanders living in lower income households could access up to three months' worth of their household income in an emergency, and fewer than one quarter (23%) say they could do so through their own savings or investments.



Analysis by overall financial knowledge

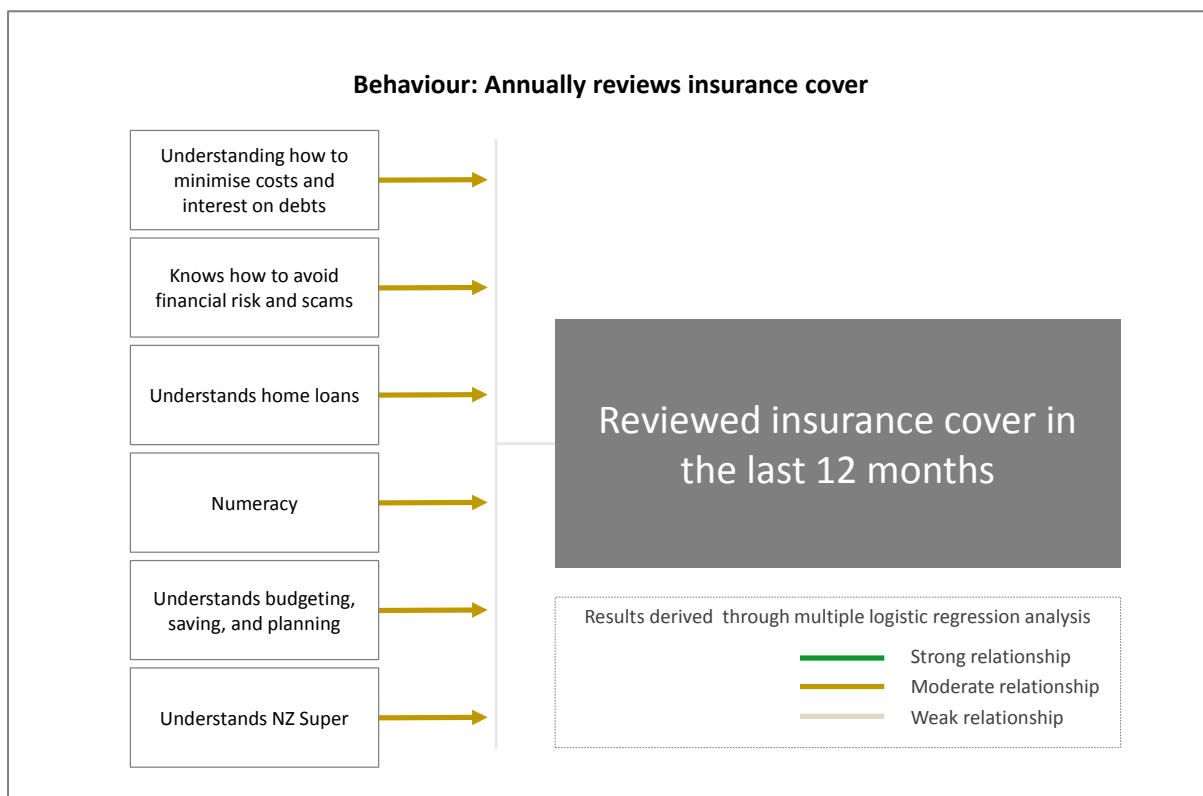
Those who could access up to three months' worth of their household income in an emergency tend to have a higher level of financial knowledge than those who could not.

- 47% of those who could access an emergency fund are in the High knowledge group compared to 20% of those who could not access an emergency fund.
- 50% of those who could not access an emergency fund are in the Low knowledge group compared to 20% of those who could access an emergency fund.

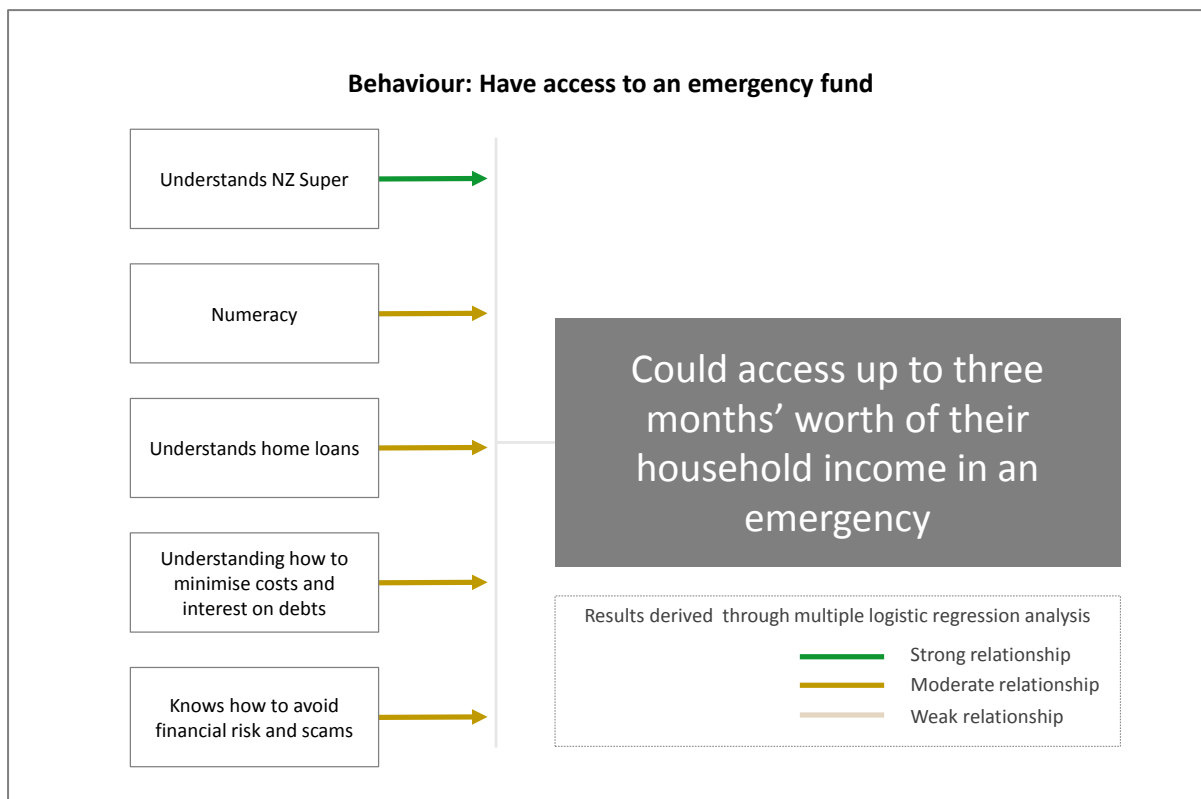
Preparing for the unexpected and its relationship with financial knowledge

We carried out multiple logistic regression analyses to determine which types of knowledge directly predict whether someone has annually reviewed their insurance, and whether someone could access up to three months' worth of their household income in an emergency.

Annually reviewing insurance – Knowledge predictors are: understanding how to minimise costs and interest on debts, knowing how to avoid financial risks and scams, and understanding of home loans, numeracy, understanding budgeting, saving, and planning and understanding of New Zealand superannuation.



Ability to access up to three months' income in an emergency – Knowledge predictors are: understanding of New Zealand superannuation, numeracy, understanding home loans, understanding how to minimise costs and interest on debts., and knows how to avoid financial risk and scams.



Everyday money management

The way New Zealanders pay for goods and services has changed dramatically since this survey was first carried out in 2005. Although EFTPOS and cash are still the predominant methods of payment, the use of Internet banking has increased markedly, from 34% in 2005 to 59% this year. Further analysis shows that while uptake of Internet banking is lower among some demographic groups, such as Māori and those aged 65 years or over, uptake has *increased* among these groups since the 2009 survey.

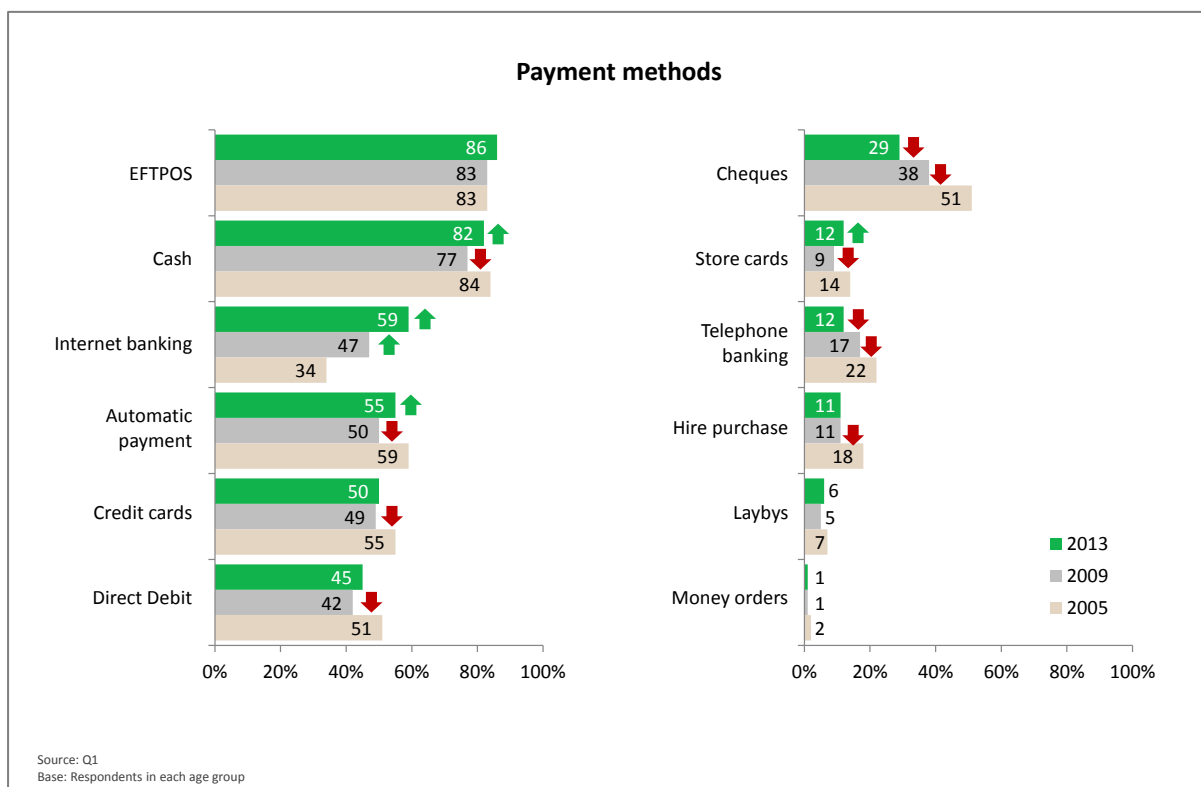
The proportion of New Zealanders with a budget (61%) has not changed considerably since the survey was first carried out in 2005. When it comes to spending, half of adult New Zealanders (48%) either earned as much as they spent (28%) or earned less than they spent (20%) over the three months leading up to the survey. Half of New Zealanders (51%) say they earned more than they spent.

Most New Zealanders appear to be keen to get a good deal when making significant purchases. Three quarters (76%) of New Zealanders who have made a significant purchase in the last three months shopped around for that purchase. New Zealanders are most likely to shop around when purchasing a product. They are less likely to shop around for a trade or health service.

Payment methods used

People were asked:

Q1) There are many different ways of paying for things such as groceries, your power bill and your mortgage or home loan. Which of the following payment methods do you yourself use?



Note: Arrows in green denote statistically significant increases since the previous wave. Arrows in red denote statistically significant decreases since the previous wave.

Cash and EFTPOS continue to be the two most commonly used payment methods.

Since this survey was first carried out in 2005, there has been a substantial increase in the proportion of New Zealanders using Internet banking, up from 34% in 2005 to 59% this year. Associated with this increase, since 2009 there has been a decline in use of cheques (down from 38% to 29%) and telephone banking (down from 17% to 12%). In addition, the use of automatic payments has increased (up from 50% to 55%). This increase may relate to the ease with which automatic payments can now be set up and managed online.

The use of cash has increased slightly since 2009 (up from 77% to 82%). The use of store cards has also risen during this time (up from 9% to 12%).

Demographic analysis

The following groups are more likely than average (59%) to use Internet banking:

- those aged 25 to 34 years (75%) and 35 to 44 years (71%)
- those with a tertiary or post-graduate education (69%)
- those in paid employment (70%)

- those with an annual household income over \$50,000 (75%).

The following groups are less likely than average (59%) to use Internet banking:

- those aged 65 years or over (32%)
- Māori (48%)
- those with a primary or basic secondary level of education (32%)
- those not in paid employment (40%)
- those living in provincial New Zealand (45%)
- those with an annual household income up to \$50,000 (43%).

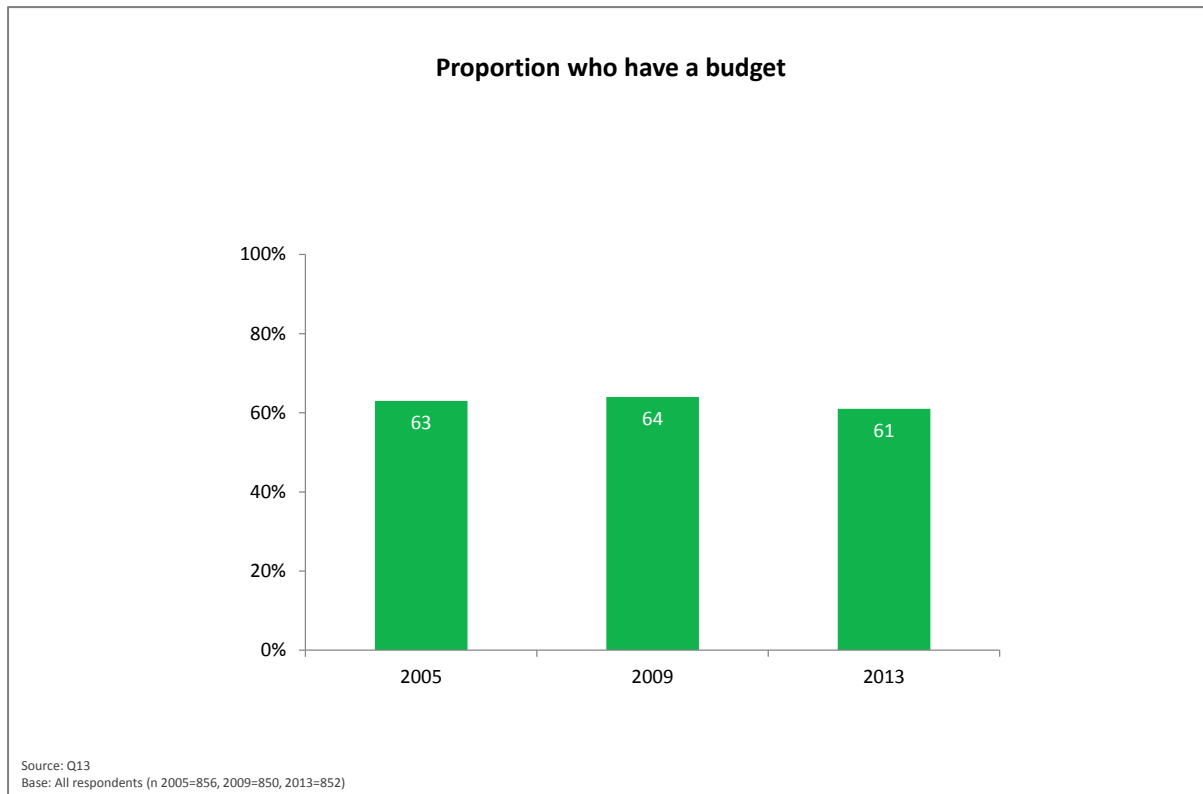
The increase in use of Internet banking has been driven by significant increases among the following groups:

- Both males and females
- 25-34 year olds (up 19 percentage points, from 56% to 75%)
- 65+ year olds (up 20 percentage points, from 12% to 32%)
- New Zealand Europeans (up 11 percentage points, from 49% to 60%)
- Māori (up 14 percentage points, from 34% to 48%)
- Those not in paid employment (up 10 percentage points, from 30% to 40%)
- Urban residents (up 14 percentage points, from 49% to 63%)
- Across all education levels
- Across all home ownership groups (eg, owned by self/partner, in a trust, renting)
- Across most household income levels
- Across all knowledge groups.

Currently has a budget

Respondents were asked:

Q13 Do you have a budget?



The proportion of New Zealanders who have a budget (61%) has not changed significantly since 2005 (63%) or 2009 (64%).

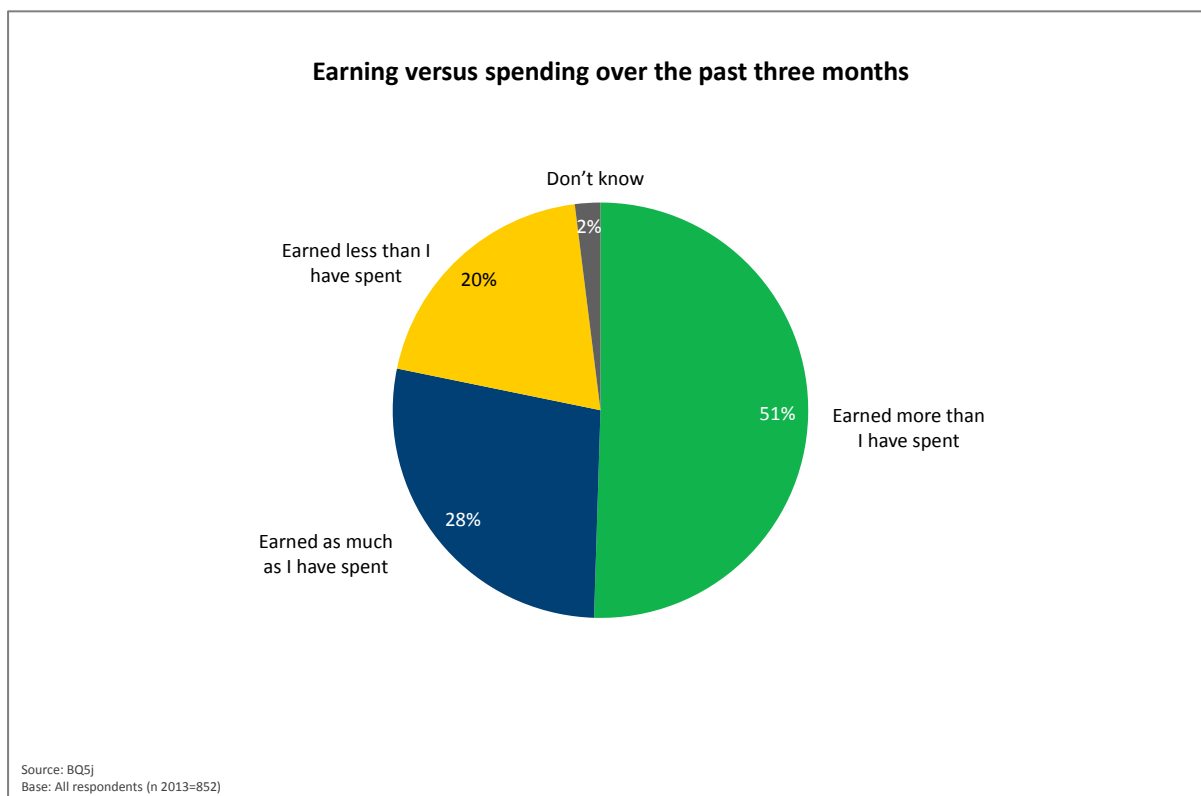
Sub-group analysis shows that:

- those with a primary or basic secondary level of education are less likely than those with a higher formal level of education to have a budget (53% compared to 64% of those with a higher formal level of education)
- those with a household income over \$100,000 are more likely than average to have a budget (72% compared to 61% on average)
- those in the Low knowledge group are less likely (51%) than those in the High knowledge group (69%) to have a budget.

Spending versus earning

We asked respondents:

BQ5j Thinking only about the last three months would you say you (and your partner) have spent less money than has come into your household, spent more money than has come into your household, or spent as much money as has come into your household?



As can be seen above, half of New Zealanders (51%) have earned more than they have spent over the past three months, while the remainder have either earned as much as they have spent (28%), or earned less than they have spent (20%).

Of those who have earned less than they have spent, 54% used money from their savings or investments, 31% obtained credit through a credit card, bank, or finance company, 14% borrowed money from friends or family members, 11% sold something, 9% received gifts from friends or family members, and 6% did something else.

Analyses by demographic groups

The following groups are more likely than average (51%) to earn more than they spend:

- those aged 65 years or over (62%)
- those who have placed their house in a trust (65%)
- those with an annual household income over \$100,000 (67%).

Analyses by overall financial knowledge

Those in the High knowledge group are more likely than those in the Low knowledge group to have earned more than they have spent over the last three months (55% compared to 43% in the Low knowledge group).

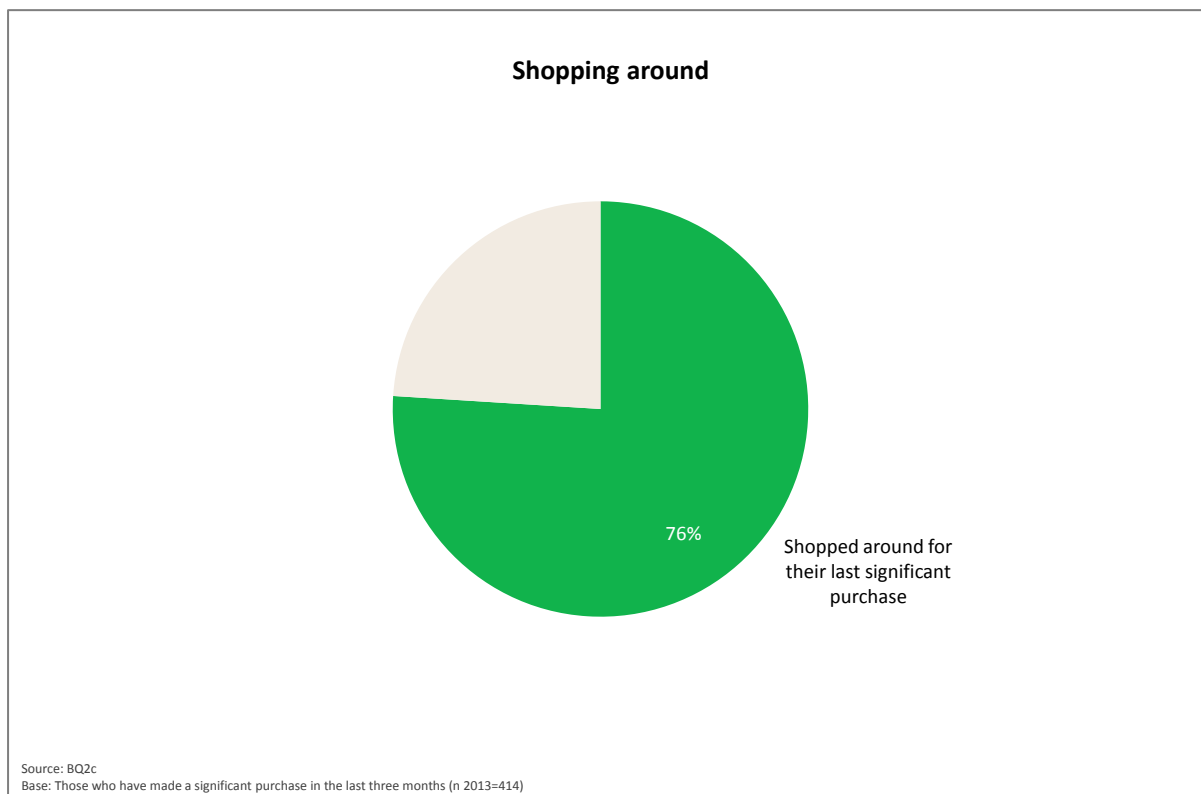
Shopping around

We asked respondents:

BQ2a Have you personally made any significant purchases in the last three months?

BQ2b What was the most recent significant purchase that you personally made?

BQ2c And thinking only about that most recent significant purchase that you personally made, did you shop around for that product or service?



Three quarters of New Zealanders (76%) who have made a significant purchase in the last three months shopped around for that purchase. New Zealanders are most likely to shop around when purchasing a product. They are less likely to shop around for a trade or health service:

- 87% of those who purchased a product shopped around
- 58% of those who purchased a trade service shopped around
- 41% of those who purchased a health service shopped around.

Demographic analysis shows that older New Zealanders, aged 65 years or more, are less likely than average to shop around for a significant purchase (64% compared to 76% on average).

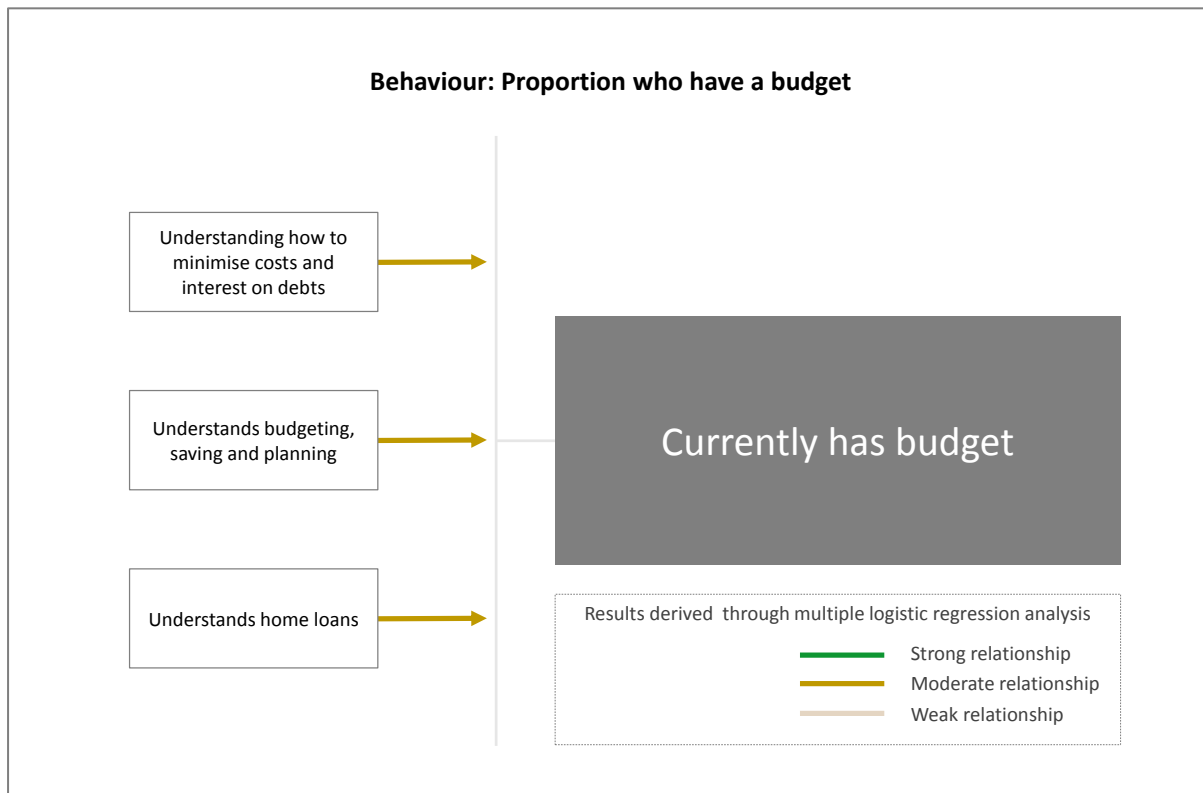
Analyses by overall financial knowledge

There is no significant relationship evident between financial knowledge, at the overall knowledge level, and shopping around behaviour.

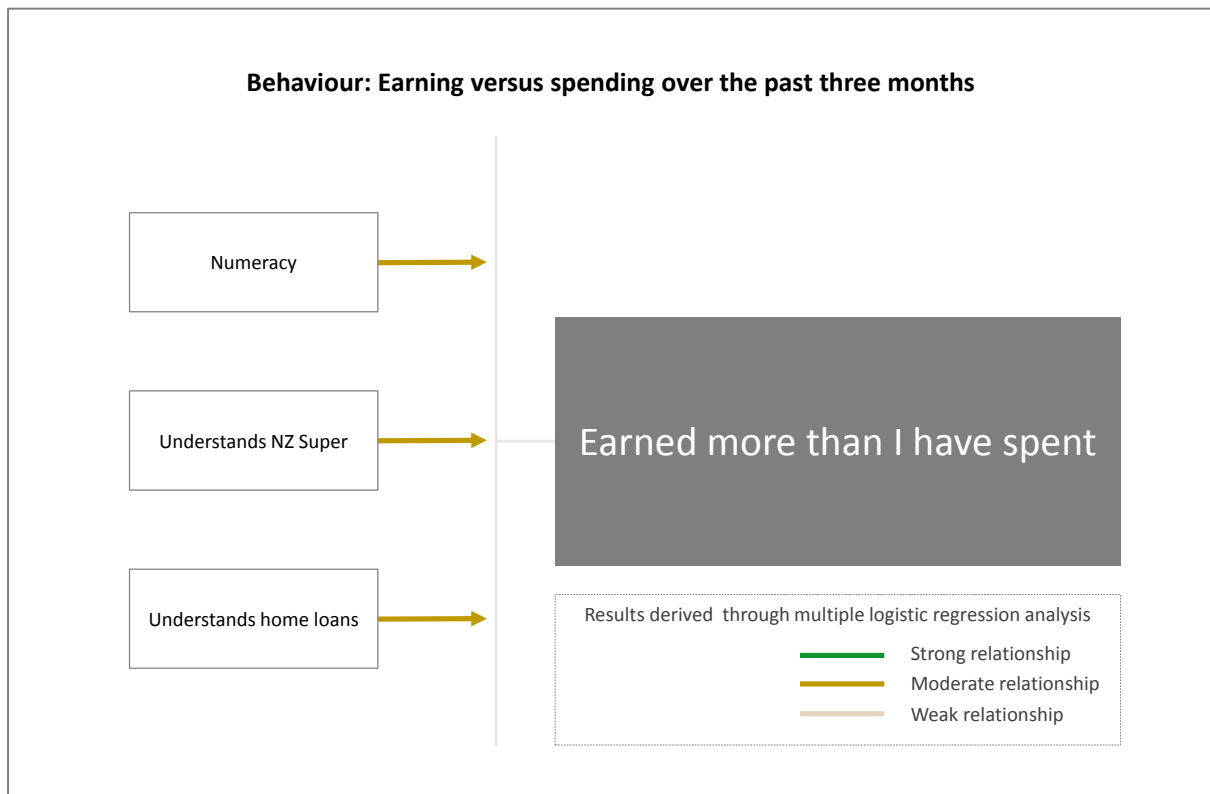
Everyday money management and its relationship with financial knowledge

We carried out multiple logistic regression analyses to determine which types of knowledge directly predict whether someone has a budget, earns more than they spend, or shops around for significant purchases.

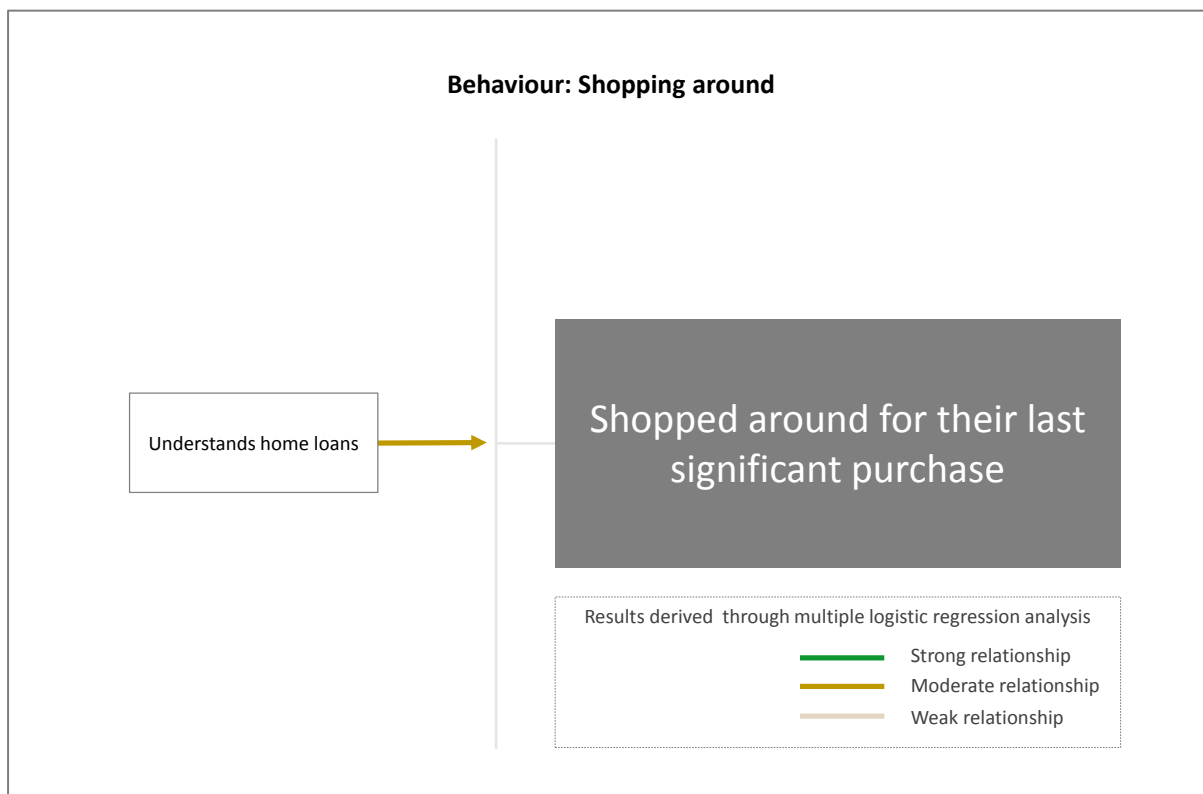
Understanding how to minimise costs and interest on debts, understanding of budgeting, saving, and planning, and understanding of home loans are moderate predictors of whether someone has a budget.



Numeracy, understanding of New Zealand super, and understanding of home loans are moderate predictors of whether someone earns more than they spends.



Understanding of home loans is a moderate predictor of whether someone shopped around for their most recent significant purchase.



Managing and reducing debt

This section describes behaviours centred on managing and reducing debt. Overall it appears that many New Zealanders are keen to avoid interest on debt.

Firstly, a minority of New Zealanders (17%) say they have had a retail purchase agreement in the last year. Of the respondents who have *paid off* retail purchase agreements in the last year, a strong majority (87%) paid off their agreements before the end of the interest free period (if their agreement did indeed have an interest free period).

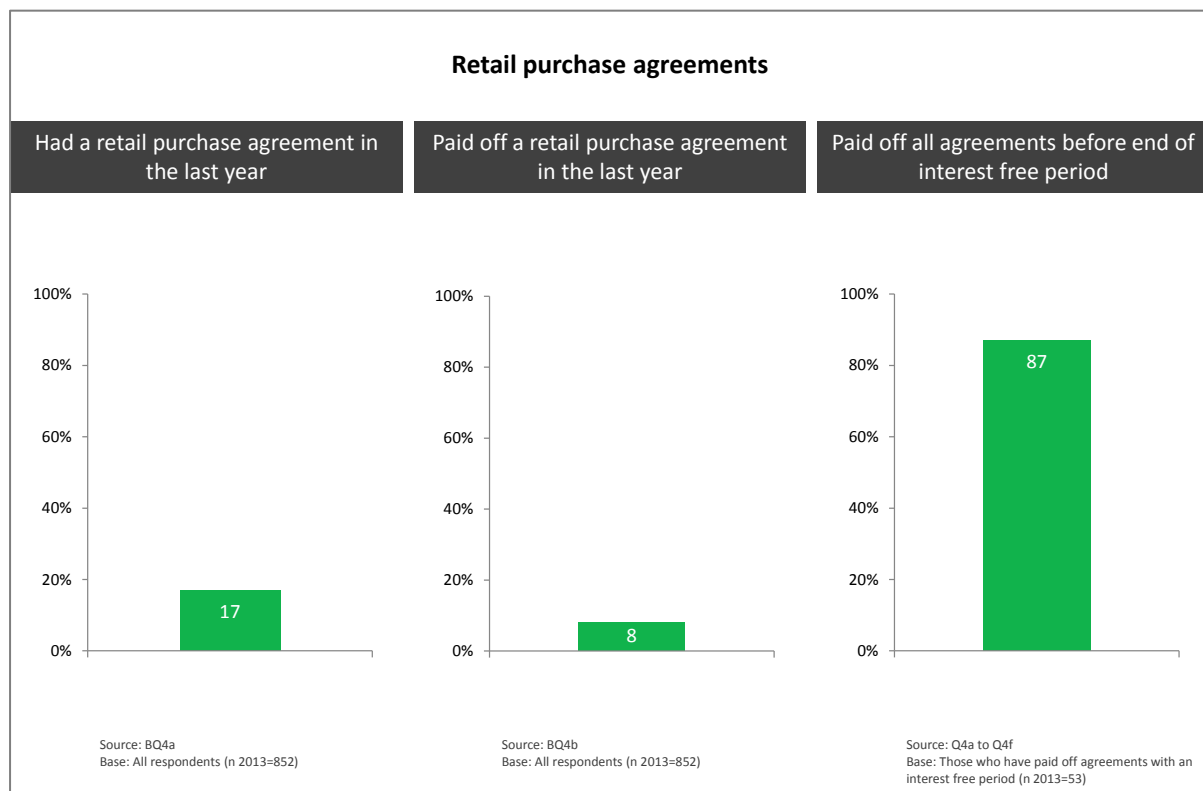
Secondly, the majority of New Zealanders appear to use unexpected money wisely to pay back debt. A third (33%) of respondents with at least one debt (excluding a student loan) have had more money than expected at some point in the last three months. This can happen when someone receives more money than they normally receive, or when something costs less than it is expected it to cost. Of those who have had more money than expected, more than half (59%) used that money to paid back some debt.

Thirdly, over half of New Zealanders with a credit card avoided any interest in recent months; 57% say they paid their credits card off in full each month over the previous three months.

When it comes to mortgages and personal loans, fewer New Zealanders appear to have taken action over the last three months to pay back more than required by or agreed with their lender – 37% and 36% of those with these loans, respectively, have paid back more than required by the lender.

Retail purchase agreement payments

We asked respondents a series of questions about retail purchase agreements to determine the proportion of New Zealanders who have had a retail purchase agreement over the last 12 months, whether they have paid off an agreement during this period, and whether that agreement was paid off before the end of the interest free period (if the agreement did indeed have an interest free period).



Overall less than one fifth (17%) of New Zealanders say they have had a retail purchase agreement over the last 12 months, and 8% say they have paid off an agreement. The majority (87%) of those who have paid off an agreement did so before the end of the interest free period.

Demographic analyses show that New Zealanders in higher income households are more likely to have had a retail purchase agreement than those in low income households. A quarter (26%) of those living in households with an annual household income over \$100,000 have had a retail purchase agreement in the past 12 months, compared to 15% of those in lower income households.

Analyses by overall financial knowledge

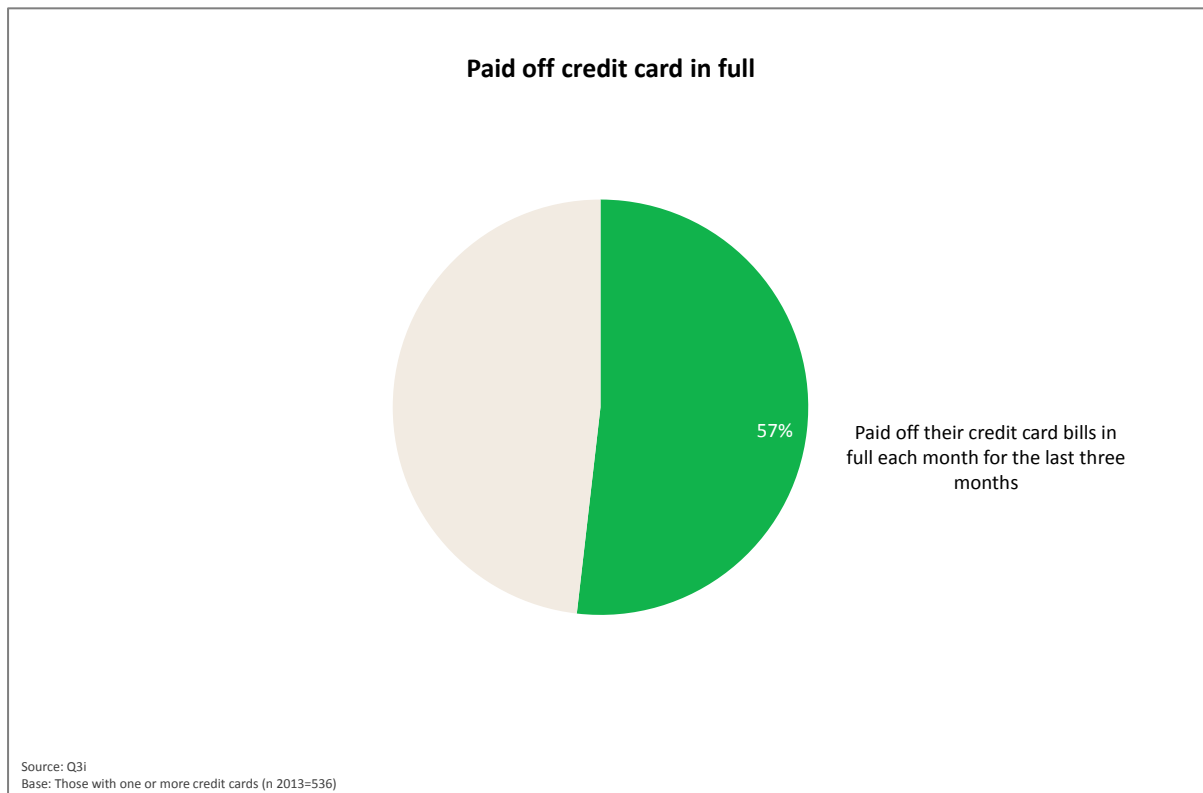
There is no significant relationship evident between financial knowledge, at the overall knowledge level, and likelihood to have a retail purchase agreement.

Due to the small sample size, we did not carry out further sub-group analyses among those who have paid off a retail purchase agreement over the past 12 months.

Credit card payments

We asked those who have a credit card:

BQ3i Over the last three months how have you paid your monthly credit card bill or bills? Options: paid less than the minimum amount required, paid the minimum amount required, paid more than the minimum (but not the full amount), paid the full amount each month, a mixture of these.



Over half (57%) of New Zealanders paid their credit cards off in full each month over the previous three months.

Analyses by demographic groups

The following groups are more likely than average (57%) to pay off their credit card in full:

- those aged 65 years or over (79%)
- those not in paid employment (74%)
- those who are retired/superannuitants (79%).

The following groups are less likely than average (57%) to pay off their credit card in full:

- Māori (33%)
- those who are renting (40%)
- those in paid employment (50%).

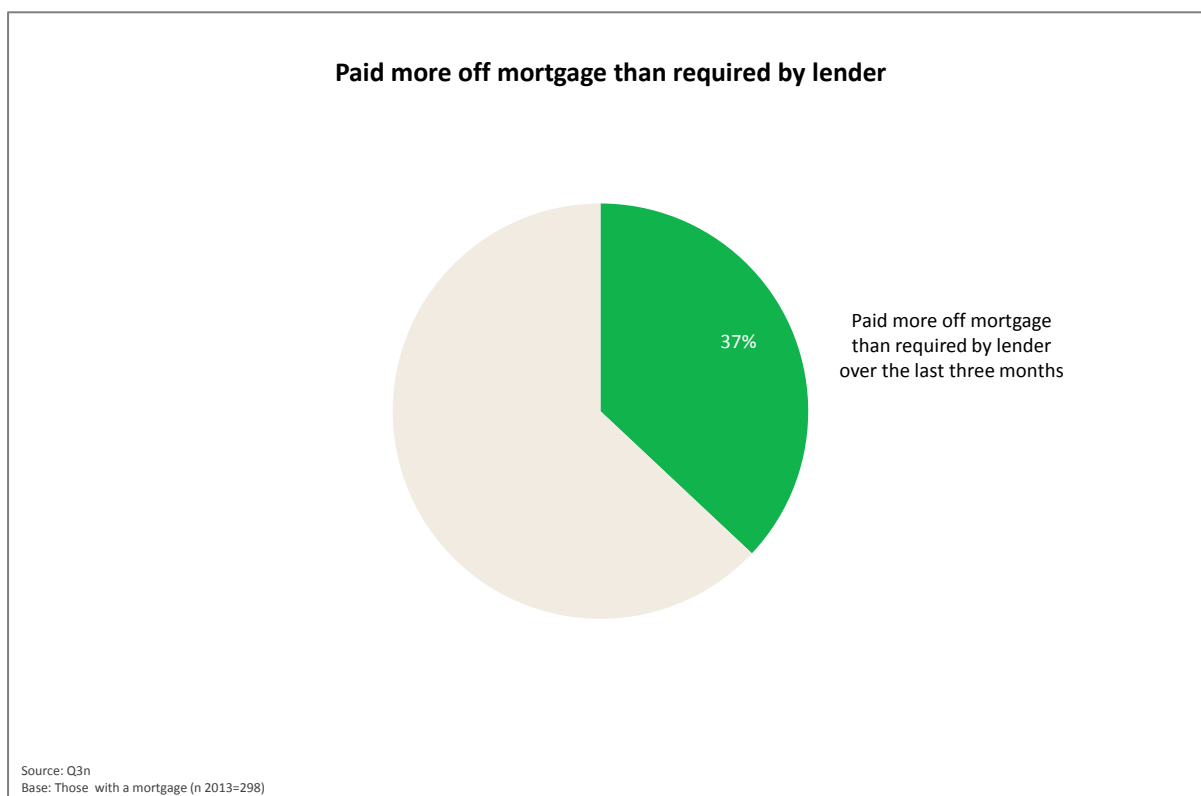
Analyses by overall financial knowledge

Those who paid off their credit card in full each month over the previous three months tend to have higher financial knowledge. Fifty four percent of those who paid off their credit card in full are in the High knowledge group compared to 44% who did not pay it off in full.

Mortgage payments

We asked those who have a mortgage:

BQ3n Thinking about all the payments you've made over the last three months, including payments on both fixed or variable rate facilities, overall how much of your mortgage(s) have you paid back? Options: more than the amount(s) required by the lender(s), the exact amount(s) required by the lender(s), less than the amount(s) required by the lender(s), different for each property.



Just over one third (37%) of New Zealanders with a mortgage paid off more than required by the lender over the previous three months.

Demographic analyses show that New Zealanders educated at post-graduate level are more likely than average to pay off more than required by the lender (46% compared to 37% on average).

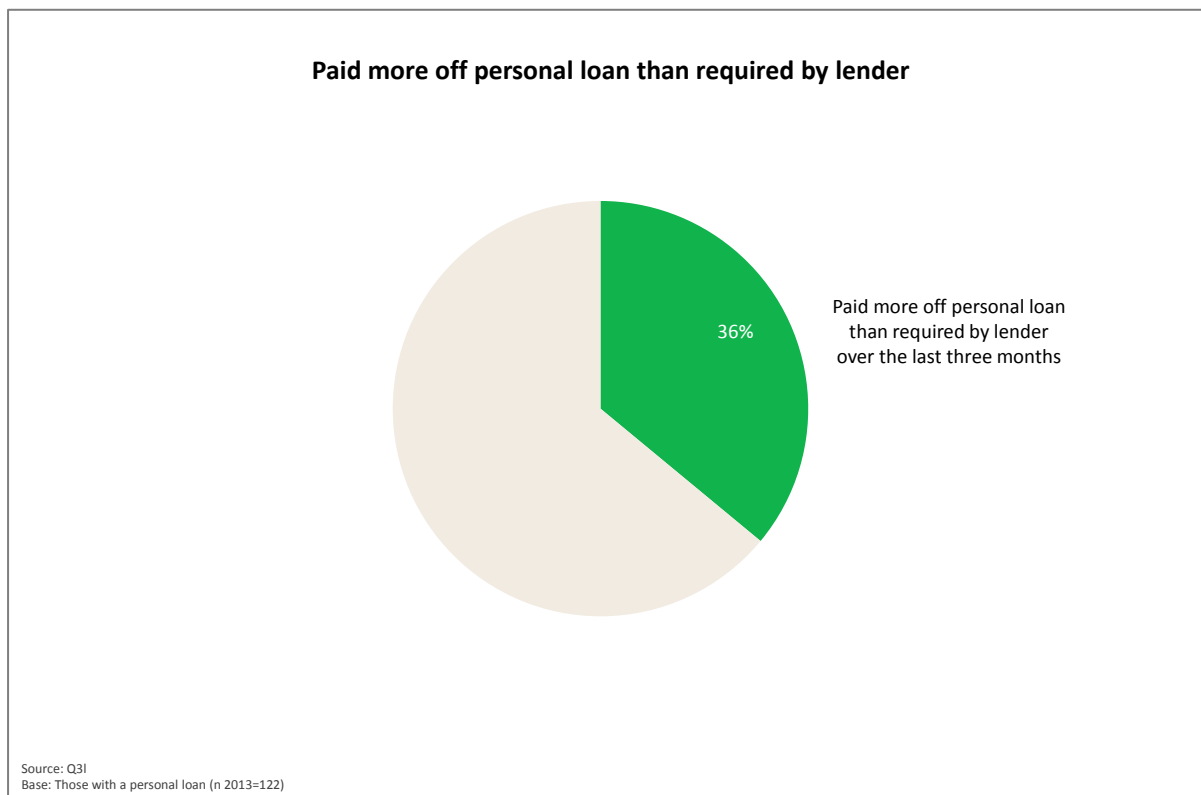
Analyses by overall financial knowledge

Those who pay off more of their mortgage(s) than required by the lender are higher in financial knowledge than those who have a mortgage and do not pay off more than required by the lender. More than two thirds (71%) of those who pay off more of their mortgage(s) than required by the lender are in the High knowledge group compared to 55% who have a mortgage and do not pay off more than required by the lender.

Personal loan payments

We asked those who have a personal loan:

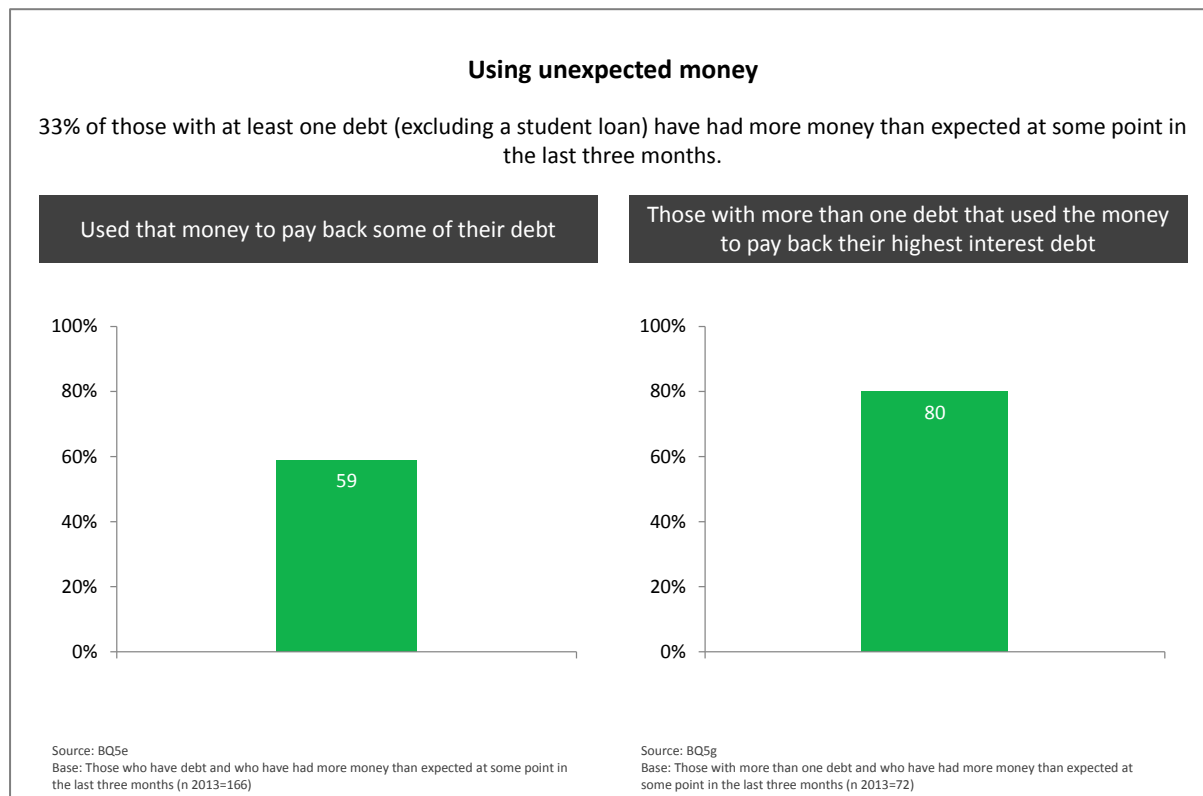
BQ3I Now a question about your personal loan from a bank or other lender. This excludes hire purchase agreements. How much of your personal loan have you paid back over the last three months?
Options: paid more than the amount required by the lender, paid the exact amount required by the lender, paid less than the amount required by the lender.



Just over one third (36%) of New Zealanders with a personal loan paid off more than required by the lender over the previous three months. There were no significant sub-group differences by demographic variables or by overall knowledge.

Use of unexpected money to pay off debt

We asked a series of questions to determine the proportion of New Zealanders who use unexpected money to pay back debt. Unexpected money was defined for respondents as 'receiving more money than they normally receive, or when something costs less than they expect it to cost.'



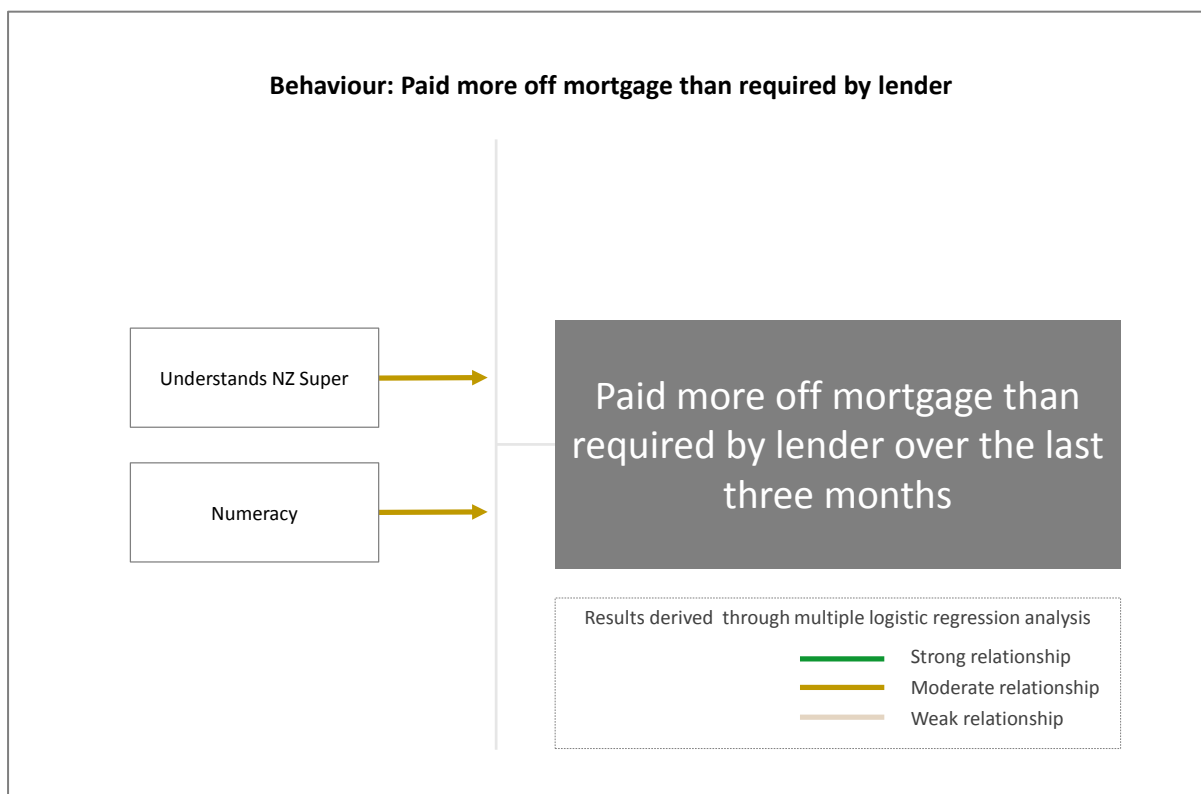
Fifty nine percent of those with debt, and who had more money than they expected at some point over the previous three months, used that money to paid back some of their debt. Among those with more than one debt, 80% used the money to pay back some of their highest interest debt.

There were no significant sub-group differences by demographic variables or by overall knowledge.

Managing debt and its relationship with financial knowledge

We carried out multiple logistic regression analyses to determine which types of knowledge directly predict how someone is managing their debt. The behavioural results presented in this section are based on a subset of respondents (eg, those with a mortgage). The smaller sample size limits our ability to identify significant direct relationships between knowledge and behaviour.

Few positive (and statistically significant) relationships with types of knowledge were evident, with the exception of those shown in the diagram below. Understanding of New Zealand superannuation and numeracy moderately predict whether someone is paying more of their mortgage than expected by the lender.



Saving and investing

Most New Zealanders appear to be putting some money aside, at least for the short-term. Sixty two percent of respondents say they have put at least some money into savings over the last three months. Less than one third of respondents are saving for the mid- (30%) to long-term (28%).

Nearly two thirds of respondents (59%) say they are investing money somewhere *other than* KiwiSaver. This includes term deposits, property, shares, own businesses, bonds, unit trusts or managed funds, non-KiwiSaver retirement or superannuation schemes, and other investments.

Take-up of KiwiSaver has increased markedly since 2009, from 29% to 52%.

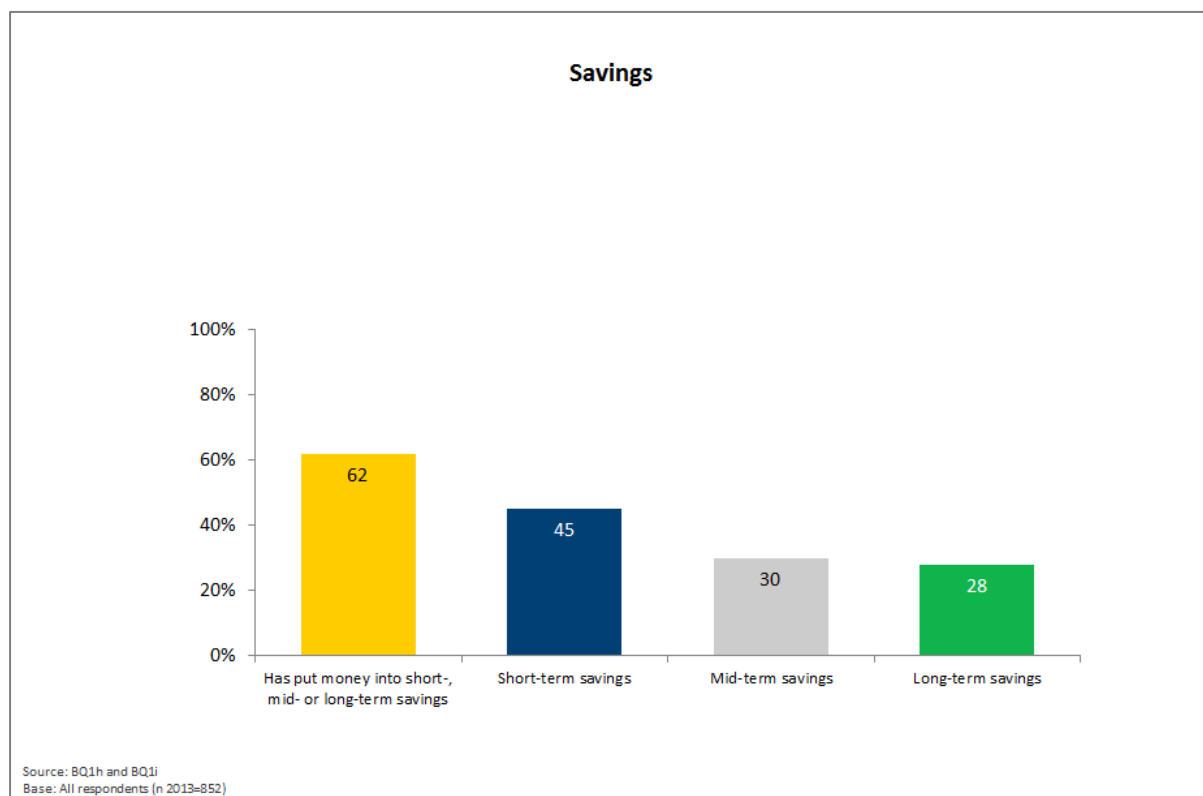
There is a clear socio-economic divide when it comes to savings, with those who are more educated and on higher incomes being most likely to save or invest. This social-economic divide is less pronounced when it comes to KiwiSaver membership, where those with personal annual incomes between \$50,000 and \$70,000 are significantly more likely to be KiwiSaver members than those with either higher or lower incomes.

Has put money into short-term, mid-term, and long-term savings

We asked respondents:

BQ1h Thinking back over the last three months only, have you put any money into short, mid, or long-term savings when you have received your pay or other form of income? Please do not include savings you plan to spend in the next six months.

BQ1i And which of the following have you put money into? Options: short-term, six to twelve month savings, mid-term, one to five year savings, long-term, five plus year savings.



Over the previous three months, 62% of New Zealanders have put some money into savings to keep for six months or longer; 45% have put money into short-term savings, 30% have put money into mid-term savings, and 28% have put money into long-term savings.

Analyses by demographic groups

The following groups are more likely than average (45%) to put money into short-term savings:

- those in paid employment (53%)
- those with an annual household income over \$100,000 (56%)
- those with an annual personal income over \$50,000 (58%).

The following groups are more likely than average (30%) to put money into mid-term savings:

- those who identify with an Asian ethnicity (45%)
- those with a tertiary or post-graduate education (37%)

- those in paid employment (37%)
- those with an annual household income over \$100,000 (49%)
- those with an annual personal income over \$70,000 (55%).

The following groups are more likely than average (28%) to put money into long-term savings:

- those with a tertiary or post-graduate education (34%)
- those who have placed their house in a trust (40%)
- those in paid employment (34%)
- those with an annual household income over \$100,000 (45%)
- those with an annual personal income over \$50,000 (44%).

The following groups are less likely than average (62%) to put money into savings to keep for six months or longer:

- those aged 65 year or over (51%)
- those who are retired/superannuitants (48%)
- those with a primary or basic secondary level of education (46%)
- those who are renting (54%)
- those who are not in paid employment (46%)
- beneficiaries (30%)
- provincial residents (45%)
- those with an annual household income up to \$50,000 (48%)
- those with an annual personal income up to \$30,000 (49%).

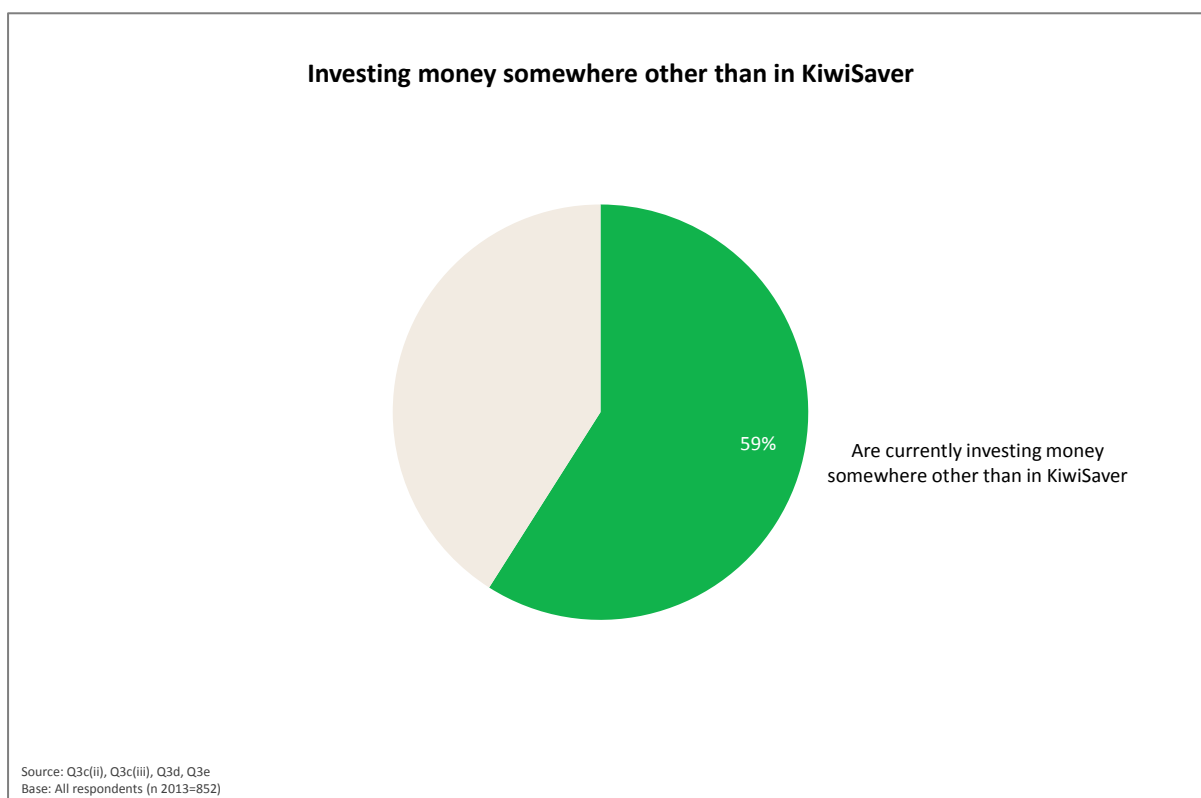
Analyses by overall financial knowledge

Those who have put money into savings to keep for six months or longer tend to have higher financial knowledge than those who have not.

- 46% of those who have put money into short-term savings are in the High knowledge group (compared to 39% on average) and 20% are in the Low knowledge group (compared to 29% on average)
- 51% of those who have put money into mid-term savings are in the High knowledge group (compared to 39% on average) and 14% are in the Low knowledge group (compared to 29% on average)
- 50% of those who have put money into long-term savings are in the High knowledge group (compared to 39% on average) and 14% are in the Low knowledge group (compared to 29% on average)
- 32% of those who have not put money into savings to keep for six months or longer are in the High knowledge group (compared to 39% on average) and 41% are in the Low knowledge group (compared to 29% on average).

Investing money other than in KiwiSaver

In the behaviour section of the questionnaire we asked a variety of questions to learn about the types of investments that New Zealanders are currently making. The types of investment we asked about include non-KiwiSaver work based superannuation or retirement savings schemes, personal retirement savings schemes, unit trusts or managed funds (other than KiwiSaver), term deposits, investment properties, investing in one's own business, shares, bonds, or other types of investment.



As can be seen in the chart above, 59% of New Zealanders are investing money somewhere other than KiwiSaver. If KiwiSaver is included, then three quarters (75%) of New Zealanders are investing money.

Analyses by demographic groups

The following groups are more likely than average (59%) to be investing somewhere other than in KiwiSaver:

- those aged 45 years or over (74%)
- those with a tertiary or post graduate qualification (67%)
- those who own their own home (71%)
- those who have placed their home in a trust (93%)
- those with an annual household income over \$100,000 (80%)
- those with an annual personal income over \$50,000 (77%)
- those who are retired/superannuitants (72%).

The following groups are less likely than average (59%) to be investing somewhere other than in KiwiSaver:

- those aged 18 to 34 years (34%)
- Māori (47%)
- those with a primary or basic secondary education (45%)
- those who are renting (36%)
- those who live in a home owned by another person in the household (42%)
- those with an annual household income up to \$50,000 (44%)
- those with an annual personal income up to \$20,000 (41%)
- beneficiaries (26%).

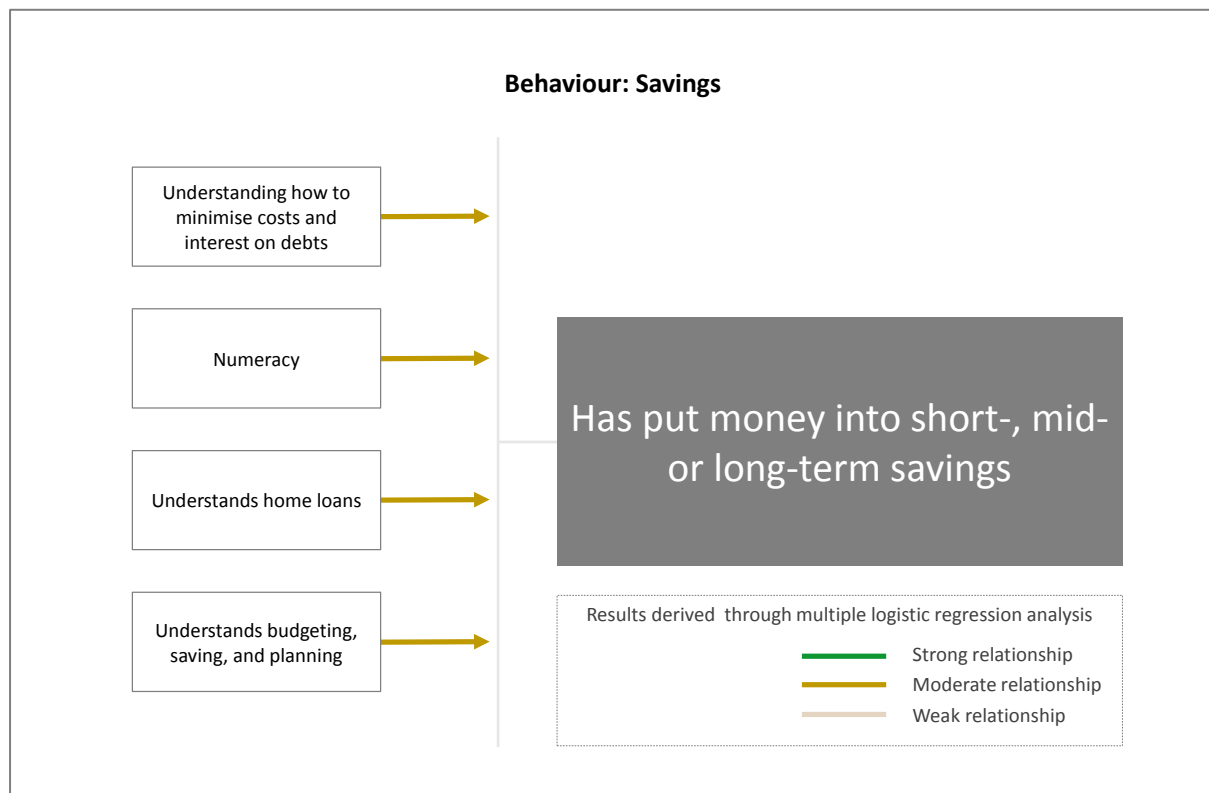
Analyses by overall financial knowledge

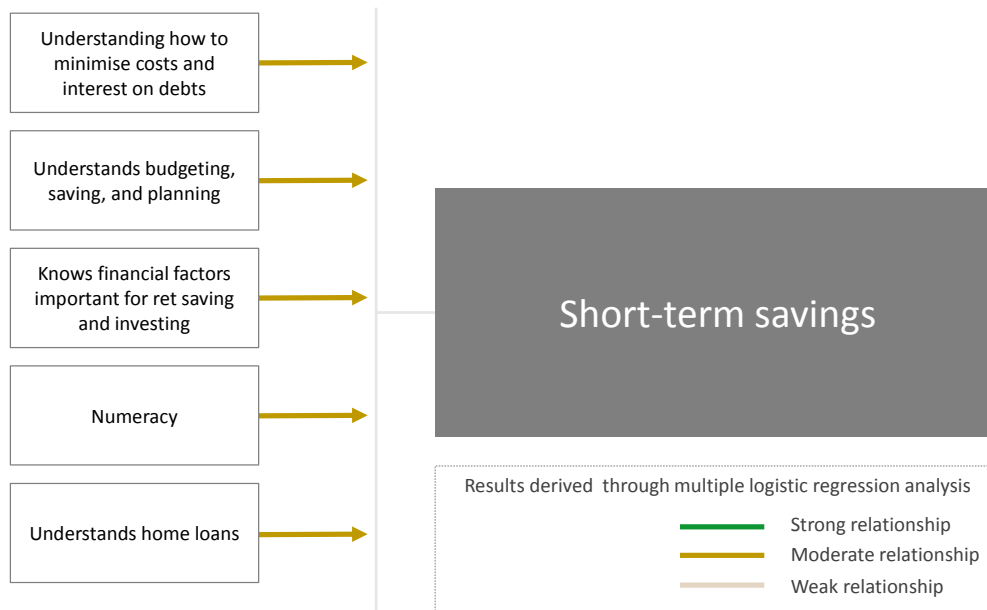
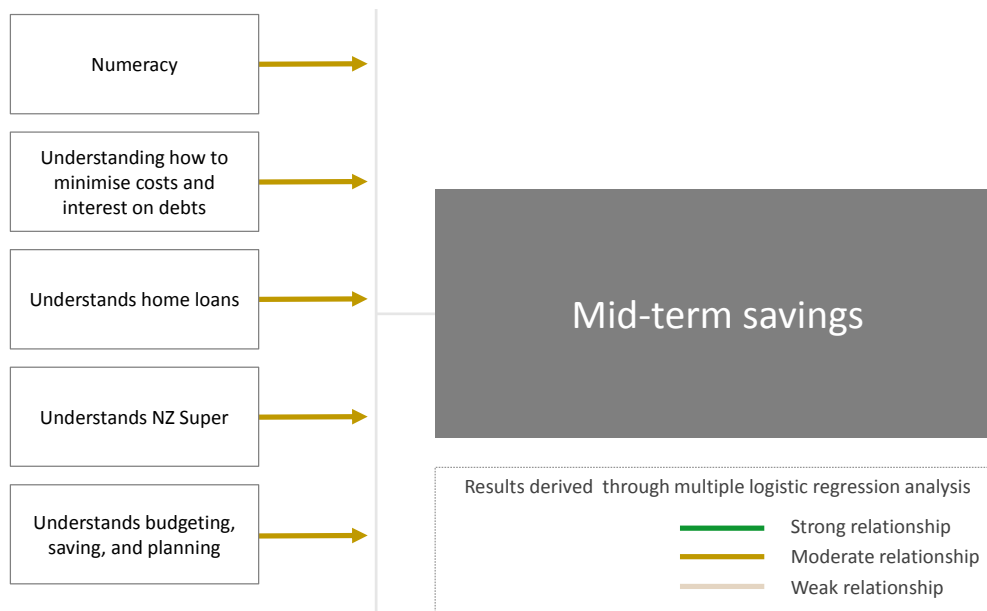
Those who are investing money somewhere other than in KiwiSaver tend to have higher than average financial knowledge. Half (49%) of those who are investing money somewhere other than in KiwiSaver are in the High knowledge group (compared 39% of all respondents) and 17% are in the Low knowledge group (compared to 29% of all respondents).

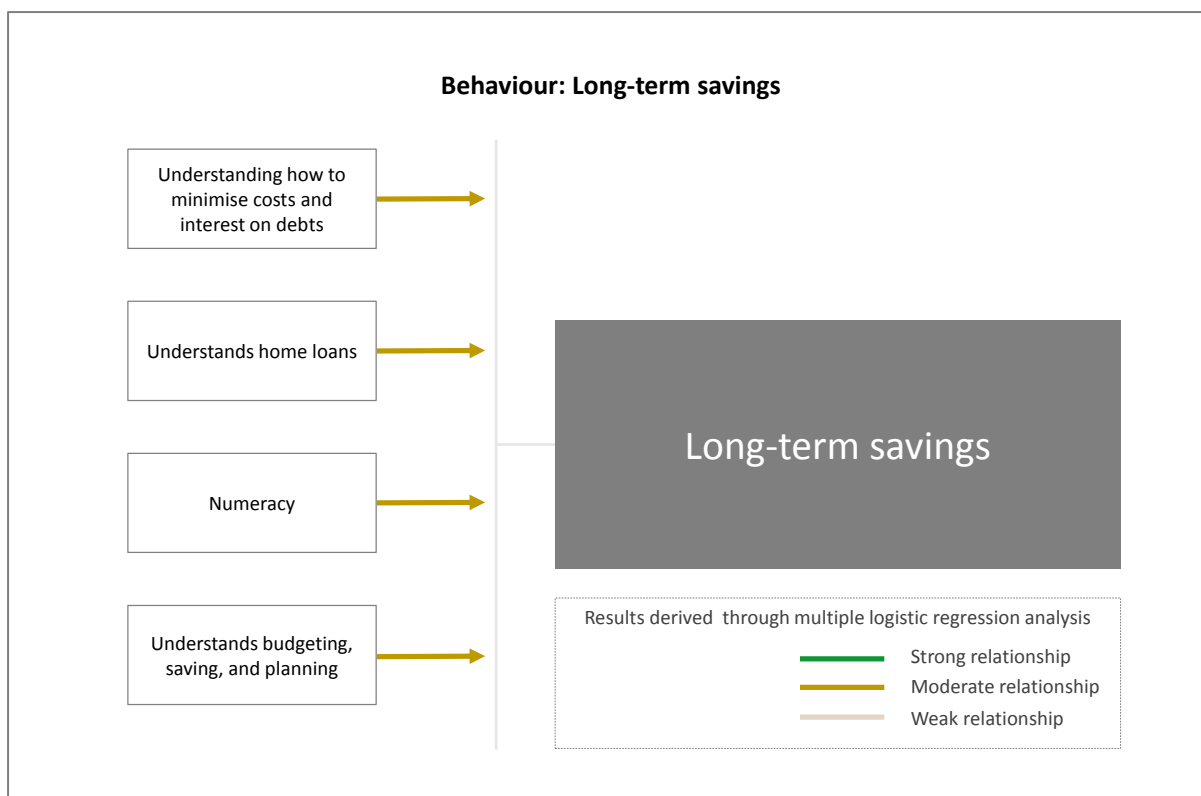
Saving and investing and their relationship with financial knowledge

We carried out multiple logistic regression analyses to determine which types of knowledge directly predict saving and investing behaviour.

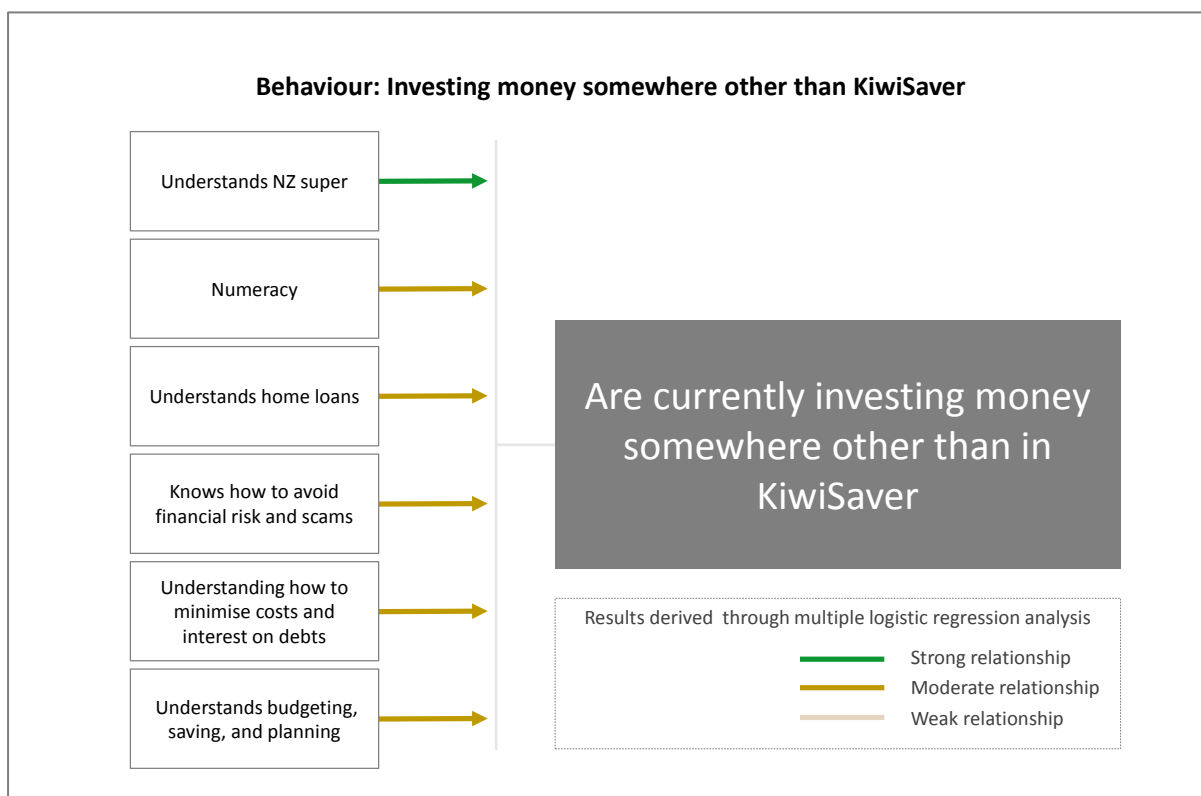
Saving: As can be seen in the charts below, understanding how to minimise costs and interest on debts, numeracy, understanding of home loans, and understand of budgeting, saving, and planning are consistent predictors of overall saving behaviour.



Behaviour: Short-term savings**Behaviour: Mid-term savings**



Investing: As can be seen in the chart below, moderate to strong predictors of investing beyond KiwiSaver are understanding New Zealand superannuation, numeracy, understanding of home loans, knowing how to avoid financial risk and scams, understanding how to minimise costs and interest on debts, and understanding budgeting, saving, and planning.



Types of investments

The table below shows the incidence of individual types of investment in New Zealand. The table contains column percentages. An example of how the data should be interpreted is as follows. In 2013, 52% of New Zealanders are KiwiSaver members.

As expected, the incidence of people contributing to KiwiSaver has increased markedly since 2009. Share ownership has decreased. At least part of this decrease may be due to tighter question wording in 2013, where we specified shares 'in a business other than your own'.

Table 18: Incidence of individual types of investment in New Zealand

	2005 %	2009 %	2013 %
Sample Size n=	856	850	852
KiwiSaver member (may or may not be contributing)	-	29	52
Currently contributing to KiwiSaver	-	24	41
Non KiwiSaver work-based superannuation scheme	16	14	15
Non KiwiSaver personal retirement savings/superannuation scheme	23	18	21
Term deposit/term investment	25	28	27
Property (other than the one you live in)	12	10	18
Shares*	21	22	16
Own business†	-	-	13
Bonds†	-	-	13
Unit Trust/Managed fund	15	11	9
Some other way†	-	-	8

Note. *In 2013 we specified shares in 'a business other than your own'. †Asked for the first time in 2013. The figures in green denote statistically significant increases since the previous wave. The figures in red denote statistically significant decreases since the previous wave.

Source: Q3b, Q3c(ii), Q3c(iii), Q3d, Q3e

Analyses of KiwiSaver take-up by demographic groups

The following groups are more likely than average (52%) to be KiwiSaver members:

- those in paid employment (62%)
- those with an annual personal income between \$50,001 and \$70,000 (70%).

The following groups are less likely than average (52%) to be KiwiSaver members:

- those whose highest level of education is primary or basic secondary school (34%)
- those aged 65 years or over (13%)
- those not in paid employment (33%)
- those who are retired/superannuitants (18%).

Analyses of investment by knowledge groups can be found earlier in this report, on Page 21.

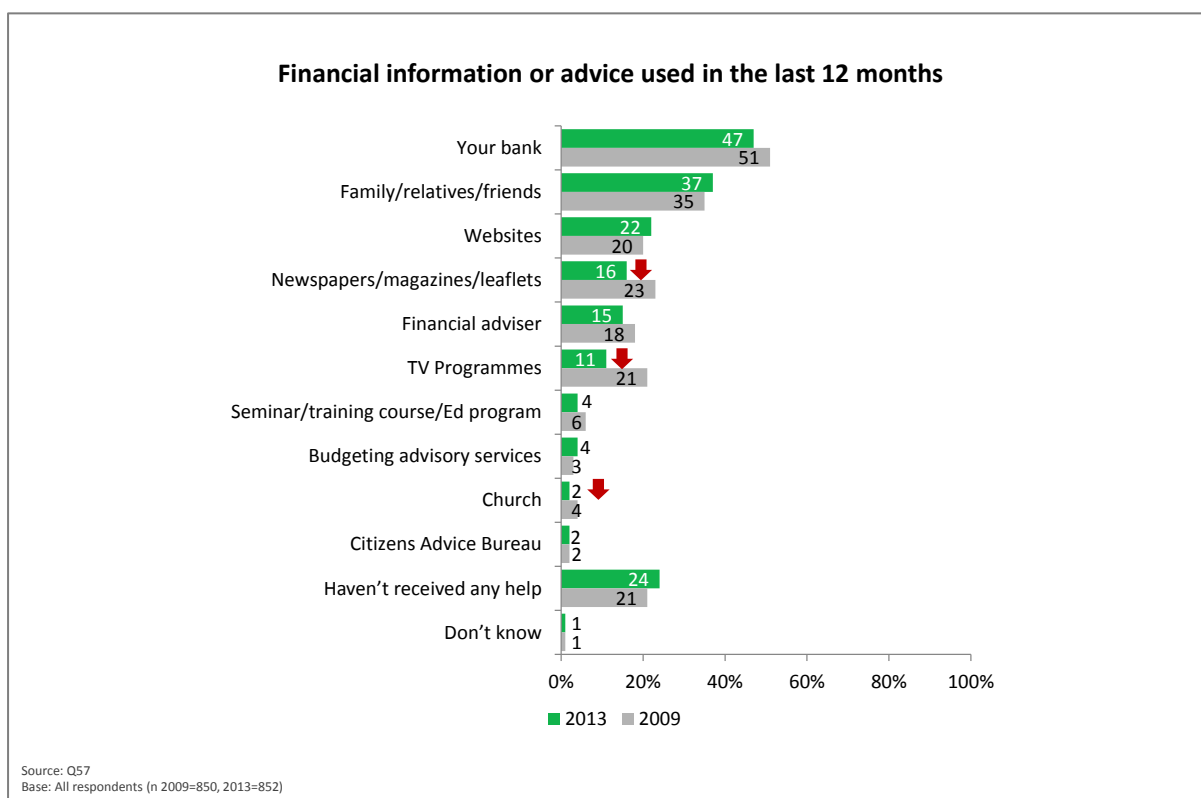
Sources of financial information and advice

Banks are still the main source of financial advice in New Zealand, followed by friends and family, websites, Sorted resources and then the media. Since 2009 there has been a decline in the use of media sources, such as print media and television programmes. Finance company failures in New Zealand following the Global Financial Crisis may have contributed to public scepticism of investment opportunities advertised through the mainstream media, and may have also contributed to an overall decrease in this kind of mainstream advertising.

Financial information or advice used in the last 12 months

We asked respondents:

Q57 In the past 12 months which of the following, if any, have provided you with financial information or advice?



Note: Arrows in green denote statistically significant increases since the previous wave. Arrows in red denote statistically significant decreases since the previous wave.

Three quarters of New Zealanders (76%) have obtained some type of financial information or advice in the past 12 months. This result is consistent with findings from 2009 (78%), when this question was first asked.

Banks (47%) are once again the most common source of financial information or advice, followed by friends and family (37%). Around one fifth (22%) of New Zealanders say they have received advice from websites. As reported on later in this section of the report, 21% have used Sorted resources in the last 12 months.

Since 2009 there has been a decline in the use of media sources, such as print media (down from 23% to 16%) and television programmes (down from 21% to 11%). Statistically speaking, the proportion of New Zealanders receiving advice from their church has also declined, from 4% to 2%.

Analyses by demographic groups

Bank

The following groups are significantly more likely than average (47%) to state they have used their bank to obtain financial information or advice:

- In paid employment (54%)
- Personal annual income greater than \$100,000 (63%).

The following groups are significantly less likely than average (47%) to state they have used their bank to obtain financial information or advice:

- 65 years and over (36%)
- Identify as Pacific Islander (31%)
- Primary or basic education (37%)
- Not in paid employment (37%)
- Retired or superannuitant (34%)
- Beneficiary or unemployed (31%)

Friends and family

The following groups are significantly more likely than average (37%) to state they have talked to friends and family to obtain financial information or advice:

- 18-24 year olds (68%)
- 25-34 year olds (57%)
- Renters (49%)
- Home owned by other in household (51%)
- Household income less than \$20,000 (47%)
- Personal income less than \$10,000 (52%)

The following groups are significantly less likely than average (37%) to state they have talked to friends and family to obtain financial information or advice:

- 45 years and over (21%)
- Primary or basic secondary education (25%)
- Home owners (28%)
- Retired or superannuitant (19%)

Websites

The following groups are significantly more likely than average (22%) to state they used a website to obtain financial information or advice:

- 25-34 year olds (31%)
- 45-54 year olds (32%)
- Identify as Asian (32%)
- Tertiary or post-graduate education (29%)
- In paid employment (27%)
- Household income over \$100,000 (35%)
- Personal income over \$50,001 (36%)

The following groups are significantly less likely than average (22%) to state they used a website to obtain financial information or advice:

- 55 years and over (10%)
- Primary or basic secondary education (5%)
- Not in paid employment (13%)
- Household income less than \$20,000 (11%)
- Household income between \$20,001 and \$50,000 (13%)
- Personal income between \$10,001 and \$20,000 (12%)
- Retired or superannuitant (5%)

Newspapers, magazines and leaflets

The following groups are significantly more likely than average (16%) to state they used newspapers, magazines or leaflets to obtain financial information or advice:

- Has home in a trust (30%)
- Tertiary or post-graduate education (20%)
- Personal income between \$70,001 and \$100,000 (26%)

The following groups are significantly less likely than average (16%) to state they used newspapers, magazines or leaflets to obtain financial information or advice:

- Primary or basic secondary education (7%)
- Renters (10%)
- Rural residents (7%)
- Household income less than \$20,000 (4%)
- Personal income between \$10,001 and \$20,000 (6%)

Financial adviser

The following groups are significantly more likely than average (15%) to state they have talked to a financial adviser to obtain financial information or advice:

- 45-54 year olds (24%)
- Tertiary or graduate education (20%)
- Home owners (20%)
- Home in a trust (31%)
- Household income over \$100,000 (30%)
- Personal income between \$70,001 and \$100,000 (27%)
- Personal income more than \$100,000 (35%)

The following groups are significantly less likely than average (15%) to state they have talked to a financial adviser to obtain financial information or advice:

- 18-24 year olds (3%)
- 25-34 year olds (8%)
- Secondary school qualification (9%)
- Renters (8%)
- Home owned by other in household (3%)
- Household income less than \$20,000 (3%)
- Personal income between \$10,001 and \$20,000 (6%)
- Beneficiary or unemployed (4%)

Seminar, course, or education programme

Māori (8%) are more likely than average (4%) to use a seminar, course, or education programme to obtain financial information or advice.

Budgeting advisory services

The following groups are significantly more likely than average (4%) to state they used budgeting advisory services to obtain financial information or advice:

- 35-44 years old (9%)
- Identify as Māori (14%)
- Renters (8%)
- Household income less than \$20,000 (8%)
- Household income between \$20,001 and \$50,000 (7%)
- Beneficiary or unemployed (20%)

The following groups are significantly less likely than average (4%) to state they used budgeting advisory services to obtain financial information or advice:

- 65 years of age or over (0%)
- Home owners (1%)
- Household income over \$100,001 (1%)
- Retired or superannuitant (1%)

Church

Māori are more likely than average to obtain financial information or advice from a church (6% vs 2% respectively).

Citizens Advice Bureau

The following groups are significantly more likely than average (2%) to state they used the Citizens Advice Bureau to obtain financial information or advice:

- Aged 35-44 years old (5%)
- Māori (6%)
- Personal income between \$20,001 and \$30,000 (5%).

Home owners are less likely than average to use the Citizens Advice Bureau to obtain financial information or advice than the average (0% vs 2% respectively).

Haven't received any help

Twenty four percent of the total sample stated they haven't received any help. Significantly higher proportions of the following groups stated they haven't received any help:

- 65 years and over (39%)
- Primary or basic secondary education (37%)
- Not in paid employment (32%)
- Personal income between \$10,001 and \$20,000 (32%)
- Retired or superannuitant (44%)

Significantly lower proportions of the following groups state they haven't received any help:

- Identify as Asian (12%)
- Tertiary or graduate education (19%)
- In paid employment (19%)
- Personal income between \$50,001 and \$70,000 (12%)

Analyses by overall financial knowledge

The Low knowledge group is more likely than average to:

- have not received any help (32% compared to 24% on average)
- obtained financial advice or information from a church (4% compared to 2% on average).

The Low knowledge group is less likely than average to have obtained financial advice or information from:

- their bank (37% compared to 47% on average)
- a financial adviser (6% compared to 15% on average)
- websites (8% compared to 22% on average)
- newspapers, magazines, and leaflets (7% compared to 16% on average)

The High knowledge group is more likely than average to have obtained financial advice or information from:

- a financial adviser (22% compared to 15% on average)
- websites (30% compared to 22% on average)
- newspapers, magazines, and leaflets (24% compared to 16% on average).

Sorted materials

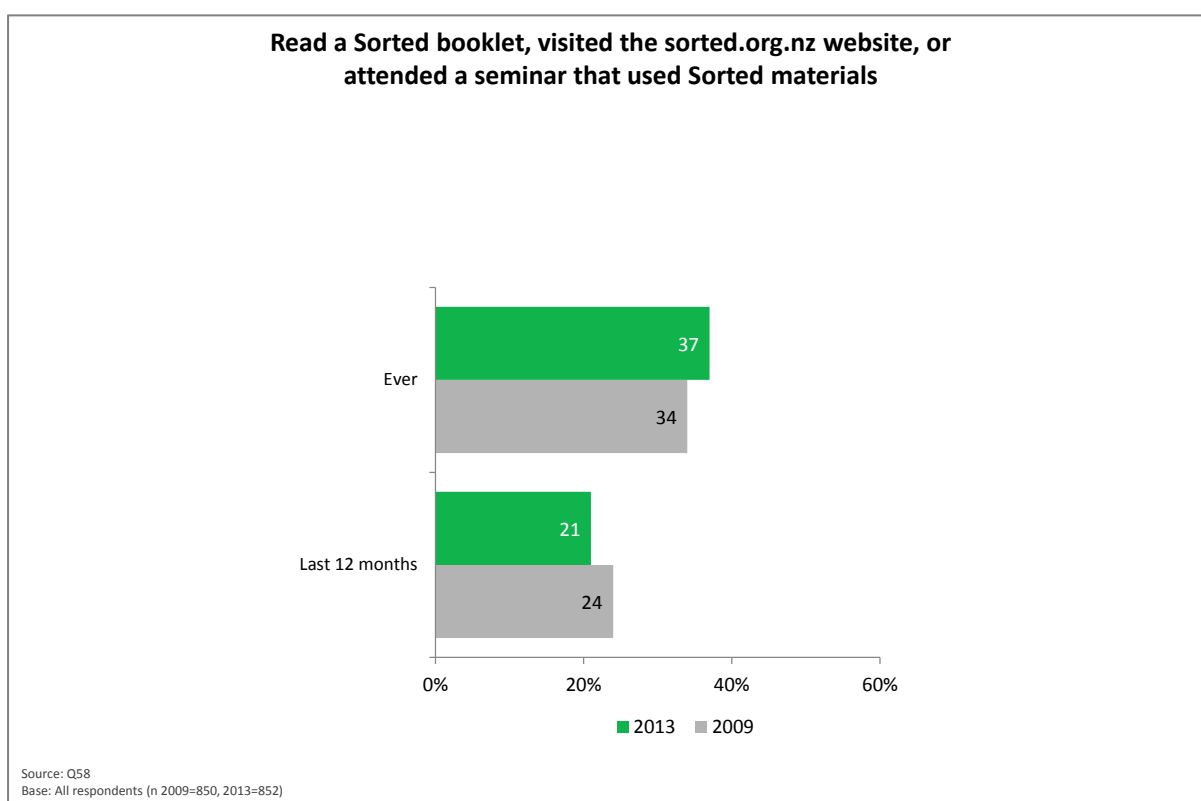
To evaluate the awareness and use of Sorted information sources, we asked:

I have an example here of some financial information that is available for New Zealanders. This information is referred to as 'Sorted' information and is available in leaflets like this one and there is also a 'Sorted' website.

Q58a) *Have you ever read a Sorted booklet, visited the sorted.org.nz website, or attended a seminar that used Sorted materials?*

Q58b) *In the last 12 months, have you read a Sorted booklet, visited the sorted.org.nz website, or attended a seminar that used Sorted materials?*

The results to both questions are presented in the following chart. Both percentages have been calculated as a proportion of the total sample.



Consistent with the 2009 survey, over one third (37%) of New Zealanders have at some time read a Sorted booklet, visited the sorted.org.nz website, or attended a seminar that used Sorted materials, and 21% have done this in the last 12 months.

Analysis by knowledge group

The High knowledge group (52%) is most likely to have at some time read a Sorted booklet or visited the Sorted website (compared to 19% of the Low knowledge group, and 33% of the Medium knowledge group).

The High knowledge group (33%) is also more likely to have read a Sorted booklet or visited the Sorted website in the last 12 months (compared to 8% of the Low knowledge group, and 17% of the Medium knowledge group).

Analyses by demographic groups

The following groups are significantly more likely than the average (37%) to state they have at some time read a Sorted booklet or visited the Sorted website:

- 25 to 44 year olds (46%)
- Māori (53%)
- those with a tertiary or post-graduate education (43%)
- those with an annual household income over \$50,000 (49%).

The following groups are significantly more likely than the average (21%) to state they have used the sorted website in the last 12 months:

- Māori (30%)
- those with an annual household income over \$100,000 (30%).

Incidence of the use of Sorted information resources among demographic and knowledge groups

The table below shows the use of Sorted resources among the various demographic and knowledge groups. The data contains row percentages. An example of how the data should be interpreted is as follows. Twenty three percent of males and 19% of females have read a Sorted booklet, visited the sorted.org.nz website, or attended a seminar that used Sorted materials in the last 12 months.

Table 19. Incidence of the use of Sorted information resources among demographic and knowledge groups

	Sample Size		Ever Q58a		In the past 12 months Q58b	
	2009 n=	2013 n=	2009 %	2013 %	2009 %	2013 %
Total respondents	850	852	850	852	850	852
Males	366	371	37	41	25	23
Females	484	481	32	32	23	19
18-24	83	71	27	25	22	17
25-34	116	120	38	47	25	27
35-44	166	171	45	45	33	22
45-54	160	140	42	39	27	23
55-64	145	152	36	36	23	20
65+	180	198	12	23	9	12
Males 18-24	33	34	27	25	24	17
Males 25-34	48	53	29	50	15	20
Males 35-44	72	66	47	48	33	26
Males 45-54	66	56	49	43	35	25
Males 55-64	66	68	42	38	22	27
Males 65+	81	94	21	38	16	20
Females 18-24	50	37	28	25	20	18
Females 25-34	68	67	47	45	35	34
Females 35-44	94	105	43	41	33	20
Females 45-54	94	84	35	36	19	21
Females 55-64	79	84	30	33	23	14
Females 65+	99	104	5	10	3	6
New Zealand European	640	616	36	37	24	22
Māori	112	135	29	53	21	30
Pacific peoples	32	43	21	32	21	25
Asian peoples	60	74	33	22	27	14
Primary or basic secondary	205	203	17	21	12	12
Secondary school qualification (only)	197	203	27	37	20	19
Tertiary or post-graduate education	441	446	44	43	31	25
Owned by self/partner	437	436	38	37	27	21
In a trust	76	79	28	48	21	26
Rented	286	275	33	32	22	20
Owned by another in household	32	53	24	39	20	20
In paid employment	507	500	43	41	30	24
Not in paid employment	343	352	19	28	14	15

	Sample Size		Ever Q58a		In the past 12 months Q58b	
	2009 n=	2013 n=	2009 %	2013 %	2009 %	2013 %
Total respondents	850	852	850	852	850	852
Main urban area	599	616	36	39	26	21
Provincial	133	128	26	28	17	20
Rural	117	108	32	31	19	20
Household income of \$20,000 or less	159	128	17	19	13	9
Household income of \$20,001 to \$50,000	230	239	28	25	19	16
Household income of \$50,001 to \$100,000	205	240	43	46	29	27
Household income of more than \$100,000	146	173	56	52	42	30
Personal income of \$10,000 or less	79	67	17	27	12	19
Personal income of \$10,001 to \$20,000	174	140	23	23	16	9
Personal income of \$20,001 to \$30,000	130	129	30	34	18	19
Personal income of \$30,001 to \$40,000	75	75	37	31	31	19
Personal income of \$40,001 to \$50,000	80	97	44	38	28	21
Personal income of \$50,001 to \$70,000	87	116	41	51	28	27
Personal income of \$70,001 to \$100,000	67	81	65	41	51	28
Personal income of more than \$100,000	37	49	71	67	49	41
Retired/superannuitant	160	171	12	26	8	13
Beneficiary/unemployed	50	54	22	28	16	17
Clerical/sales employee	46	54	33	44	30	27
Semi-skilled worker	41	43	22	32	19	20
Technical/skilled worker	144	143	38	39	25	18
Business proprietor/self-employed	80	74	35	37	23	18
Business manager/executive	74	65	53	44	39	25
Teacher/nurse/police	68	72	37	38	27	22
Professional/Senior Government official	46	66	71	54	51	37
Labourer/manual/agriculture/domestic	40	55	21	22	16	13
Negative net worth	195	192	28	33	19	14
\$0 to \$100,000 net worth	160	144	41	40	27	29
\$101,000 to \$300,000 net worth	166	173	34	33	26	20
\$301,000 to \$600,000 net worth	195	174	31	38	21	18
\$601,000 plus net worth	134	169	39	40	28	25
Low knowledge group	259	247	16	19	10	8
Medium knowledge group	225	265	28	33	19	17
High knowledge group	366	340	51	52	36	33

Note. The figures in green denote statistically significant increases since the previous wave. The figures in red denote statistically significant decreases since the previous wave.

Demographic and knowledge group profiles of users of Sorted information resources

This table profiles users of Sorted information resources by knowledge groups and demographics. The data contains column percentages. An example of how the data should be interpreted is as follows. In 2013, 23% of people who have read a Sorted booklet, visited the sorted.org.nz website, or attended a seminar that used Sorted materials in the last 12 months are aged 35-44 years.

Table 20: Demographic and knowledge group profiles of users of Sorted information sources

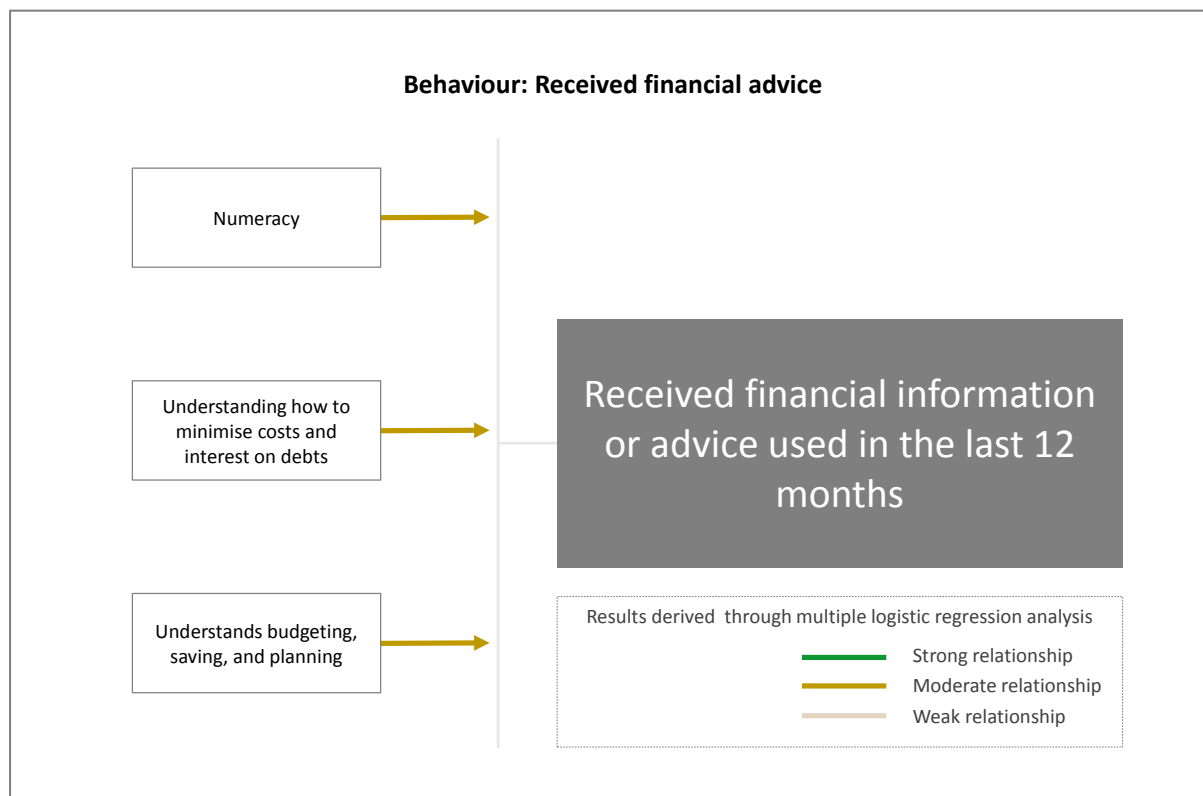
	Ever Q58a		In the past 12 months Q58b	
	2009 %	2013 %	2009 %	2013 %
Base: users of Sorted resources	276	297	185	165
Males	52	54	50	53
Females	48	46	50	47
18-24	10	9	12	11
25-34	20	21	19	22
35-44	27	26	29	23
45-54	22	19	21	19
55-64	15	14	13	14
65+	6	10	6	10
Males 18-24	5	5	6	6
Males 25-34	7	11	5	8
Males 35-44	13	13	14	12
Males 45-54	13	10	13	10
Males 55-64	9	8	6	10
Males 65+	5	8	5	7
Females 18-24	5	5	5	6
Females 25-34	12	10	14	14
Females 35-44	14	13	15	11
Females 45-54	10	9	8	9
Females 55-64	6	7	7	5
Females 65+	1	3	1	2
New Zealand European	76	69	73	70
Māori	11	23	12	23
Pacific peoples	3	6	5	8
Asian peoples	9	8	11	8
Primary or basic secondary	11	12	11	12
Secondary school qualification (only)	19	26	20	24
Tertiary or post-graduate education	69	62	70	64
Owned by self/partner	53	48	54	48
In a trust	8	11	8	10
Rented	34	30	33	32
Owned by another in household	4	10	5	9
In paid employment	80	72	79	73
Not in paid employment	20	28	21	27
Main urban area	77	80	80	75
Provincial	10	11	10	14
Rural	12	9	10	11

	Ever Q58a		In the past 12 months Q58b	
	2009 %	2013 %	2009 %	2013 %
Base: users of Sorted resources	276	297	185	165
Household income of \$20,000 or less	9	7	9	6
Household income of \$20,001 to \$50,000	21	17	20	20
Household income of \$50,001 to \$100,000	32	37	31	37
Household income of more than \$100,000	31	33	34	33
Personal income of \$10,000 or less	5	7	5	9
Personal income of \$10,001 to \$20,000	12	9	12	6
Personal income of \$20,001 to \$30,000	12	13	11	13
Personal income of \$30,001 to \$40,000	10	8	12	8
Personal income of \$40,001 to \$50,000	12	11	11	11
Personal income of \$50,001 to \$70,000	13	20	13	19
Personal income of \$70,001 to \$100,000	17	11	20	13
Personal income of more than \$100,000	10	13	10	14
Retired/superannuitant	5	10	5	9
Beneficiary/unemployed	3	4	3	4
Clerical/sales employee	5	8	6	9
Semi-skilled worker	3	5	4	6
Technical/skilled worker	19	22	18	18
Business proprietor/self-employed	10	10	9	8
Business manager/executive	15	11	16	11
Teacher/nurse/police	9	8	10	8
Professional/Senior Government official	13	11	13	14
Labourer/manual/agriculture/domestic	3	4	3	4
Negative net worth	20	23	19	17
\$0 to \$100,000 net worth	25	20	23	26
\$101,000 to \$300,000 net worth	18	17	20	18
\$301,000 to \$600,000 net worth	19	20	19	16
\$601,000 plus net worth	18	20	19	23
Low knowledge group	15	15	14	11
Medium knowledge group	21	28	21	26
High knowledge group	64	56	65	63

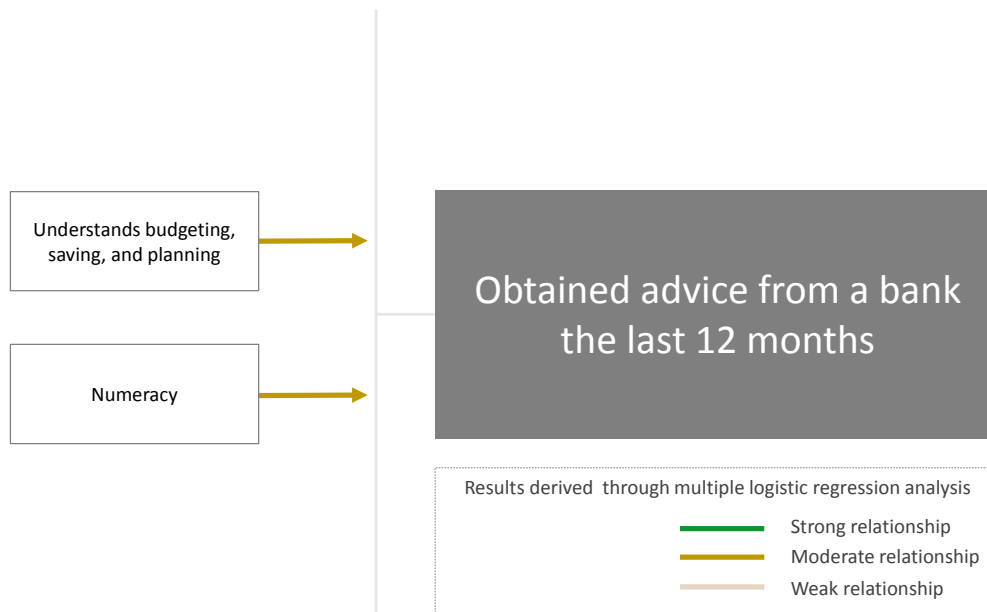
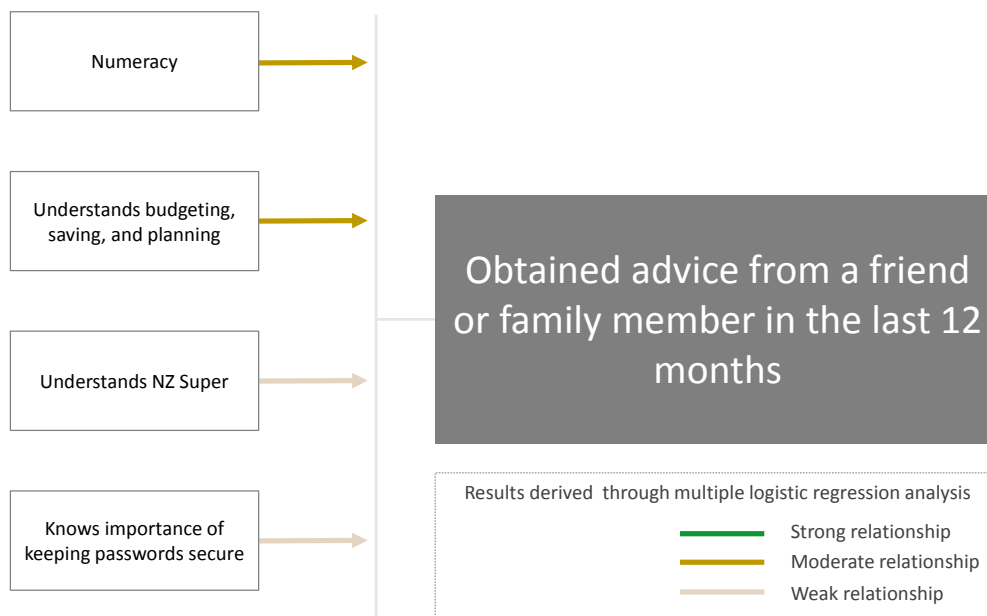
Note. The figures in green denote statistically significant increases since the previous wave. The figures in red denote statistically significant decreases since the previous wave.

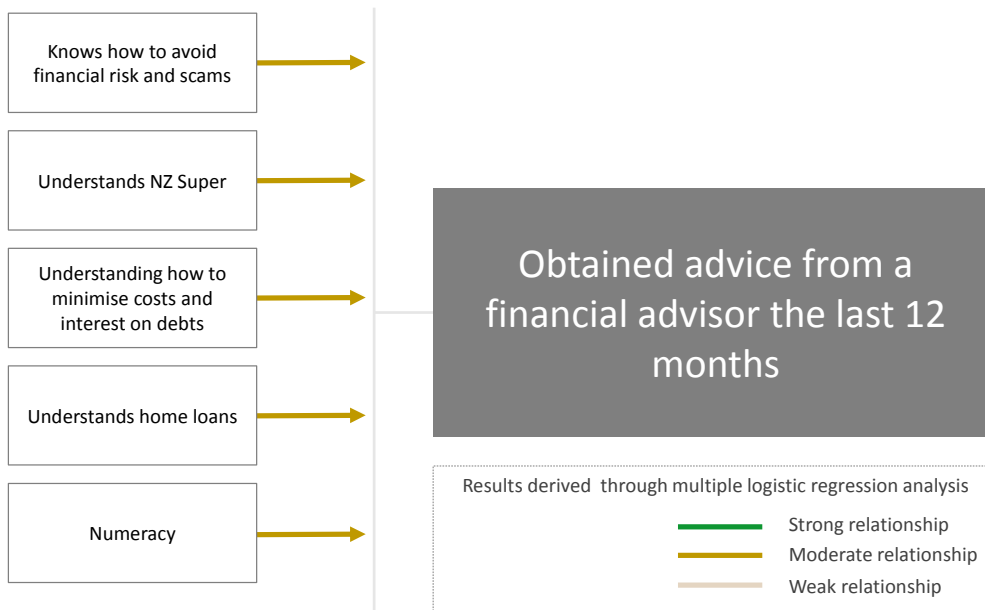
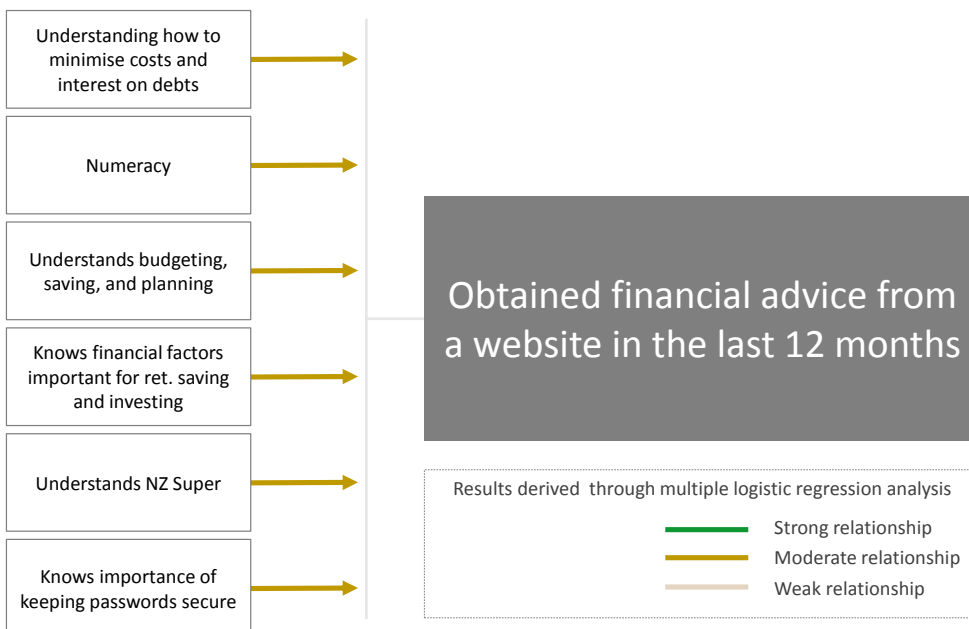
Financial advice and its relationship with financial knowledge

We carried out multiple logistic regression analyses to determine which types of knowledge directly predict whether someone has received financial advice. As can be seen in the chart below, numeracy, understanding how to minimise costs and interest on debts, and understands budgeting, saving, and planning directly predict whether someone has received financial advice in the last 12 months.



As can be seen in the charts which follow, knowledge types are also predictive of obtaining advice from a bank, family or friends, a financial adviser, websites, and using Sorted resources.

Behaviour: Advice from a bank**Behaviour: Advice from friends or family**

Behaviour: Advice from a financial advisor**Behaviour: Advice from websites**

Financial product ownership

There have been some significant changes since 2009 in New Zealanders' financial product ownership. There has been a significant drop in share ownership, and an increase in ownership of revolving credit facilities and store cards. As mentioned earlier in this report, KiwiSaver membership has increased markedly.

In the behaviour section of the questionnaire we asked a variety of questions to gauge New Zealand ownership of financial products. Results are shown in the table that follows. The table contains column percentages. An example of how the data should be interpreted is as follows. In 2013, 89% New Zealanders have a cheque/transaction/current account.

Some of these results are duplicated in the earlier Investment Section of this report. We have included the results again here so that this section can be a single reference point for product ownership.

As mentioned earlier in this report, the incidence of people contributing to KiwiSaver has increased markedly since 2009. Share ownership has decreased. At least part of this decrease may be due tighter question wording in 2013, where we specified shares 'in a business other than your own'.

The incidence of both revolving credit and store cards has increased since 2009.

Analyses of product ownership by knowledge groups can be found earlier in this report, on Page 21.

Table 21: Product ownership

	2005	2009	2013
Sample Size n=	856	850	852
Cheque/transaction/current a/c	84	87	89
Savings account	84	85	86
High interest call account	12	17	17
Term deposit/term investment	25	28	27
Unit Trust/Managed fund	15	11	9
Shares*	21	22	16
KiwiSaver	-	29	52
Non KiwiSaver work-based superannuation	16	14	15
Non KiwiSaver personal retirement savings/superannuation	23	18	21
Mortgage/loan on home live in/holiday home	29	27	30
Mortgage/loan on other properties owned	12	10	11
Personal loan	12	17	16
Personal overdraft	22	23	27
Revolving credit	11	8	11
Government student loan	12	15	18
Credit cards	64	66	62
Store cards	27	24	34
Debit card†	-	-	47
Lease or hire purchase	21	15	17
House/contents insurance	75	69	68
Vehicle insurance	78	73	75
Private health insurance	40	40	39
Income protection insurance†	-	-	18
Another type of insurance†	-	-	35
A current will	59	59	59
An enduring power of attorney	35	33	34

Note. *In 2013 we specified shares in 'a business other than your own'. †Asked for the first time in 2013. The figures in green denote statistically significant increases since the previous wave. The figures in red denote statistically significant decreases since the previous wave.

Source: Q3a, Q3a(i) Q3c, Q3c(ii), Q3c(iii), Q3d, Q3e

New Zealanders' attitudes toward financial matters and retirement

Relative to 2009, there have been across the board improvements in New Zealanders' attitudes toward financial matters and retirement.

Almost all New Zealanders understand that it is important to shop around for financial products and services.

While there is a high degree of agreement that people are responsible for their own financial future (91% agree), there is a considerable gap between knowledge and action – only one-in-three (31%) New Zealanders have worked out how much they will need for their retirement, even though most (88%) understand that they will need to save for their retirement.

However, more than half of New Zealanders say they think about financial planning for their retirement either 'a lot' or 'a fair amount'. Encouraging people to take firm action to plan for their retirement will be a major challenge, although there is a groundswell of opinion that financially planning for retirement is vital.

Attitudes towards financial matters

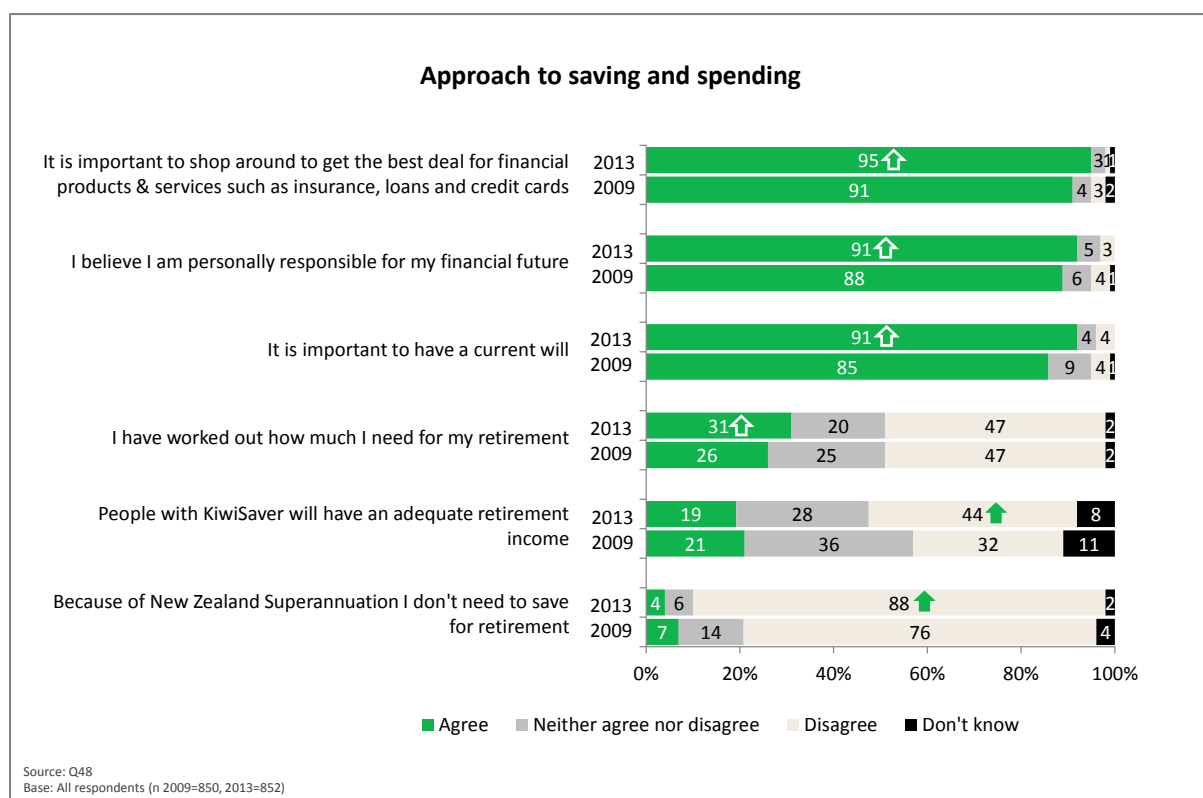
To understand people's attitudes towards financial matters people were asked to agree or disagree with a series of statements:

Q48) Please tell whether you agree or disagree with each of these statements?

- a) *Because of New Zealand Superannuation I don't need to save for retirement*
- b) *I have worked out how much I need for my retirement*
- c) *I believe I am personally responsible for my financial future*
- d) *It is important to shop around to get the best deal for financial products and services such as insurance, loans and credit cards*
- e) *It is important to have a current will*
- f) *People with KiwiSaver will have an adequate retirement income*

The vast majority (95%) of New Zealanders agree that it is important to shop around for financial products and services. A further nine-in-ten (91%) agree that they are personally responsible for their financial future, and the same proportion agree that it is important to have a current will.

However, while there is high agreement about personal responsibility for their financial future only three-in-ten (31%) people have worked out how much they will need for their retirement. Most (88%) recognise that they will need to save for retirement, but it appears that there is a considerable gap between knowledge and action in this area. Attitudes towards KiwiSaver are similarly mixed – while two fifths (44%) of people do not think KiwiSaver on its own will provide an adequate retirement income, one fifth (19%) think it will.



Note: Arrows in green denote statistically significant increases since the previous wave. Arrows in red denote statistically significant decreases since the previous wave.

Analysis by knowledge group

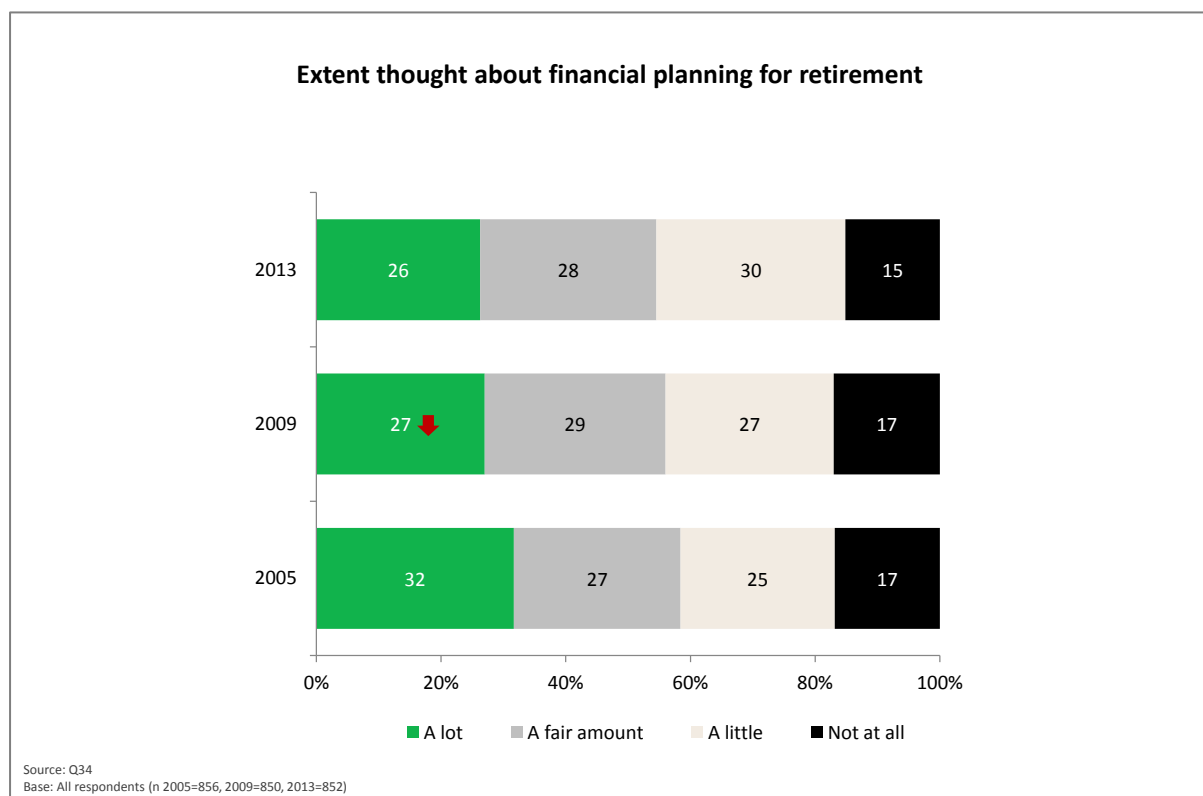
Those with Low financial knowledge tend to have less healthy attitudes toward financial matters:

- 91% of those in the Low knowledge group agree it is important to shop around to get the best deal for financial products and services such as insurance, loans and credit cards, compared to 97% in the High knowledge group.
- 86% of those in the Low knowledge group agree it is important to have a current will, compared to 96% in the High knowledge group.
- 28% of those in the Low knowledge group disagree that people with KiwiSaver will have an adequate retirement income, compared to 58% in the High knowledge group.
- 76% of those in the Low knowledge group disagree that because of New Zealand Superannuation they don't need to save for retirement, compared to 97% in the High knowledge group.

Extent to which New Zealanders think about financial planning for retirement

People were asked:

Q34) To what extent have you thought about your financial planning for your retirement?



Note: Arrows in green denote statistically significant increases since the previous wave. Arrows in red denote statistically significant decreases since the previous wave.

Just over half (54%) say they think about financial planning for their retirement either 'a lot' or 'a fair amount'. This proportion is on par with 2009 (56%), but is significantly lower than in 2005 (59%).

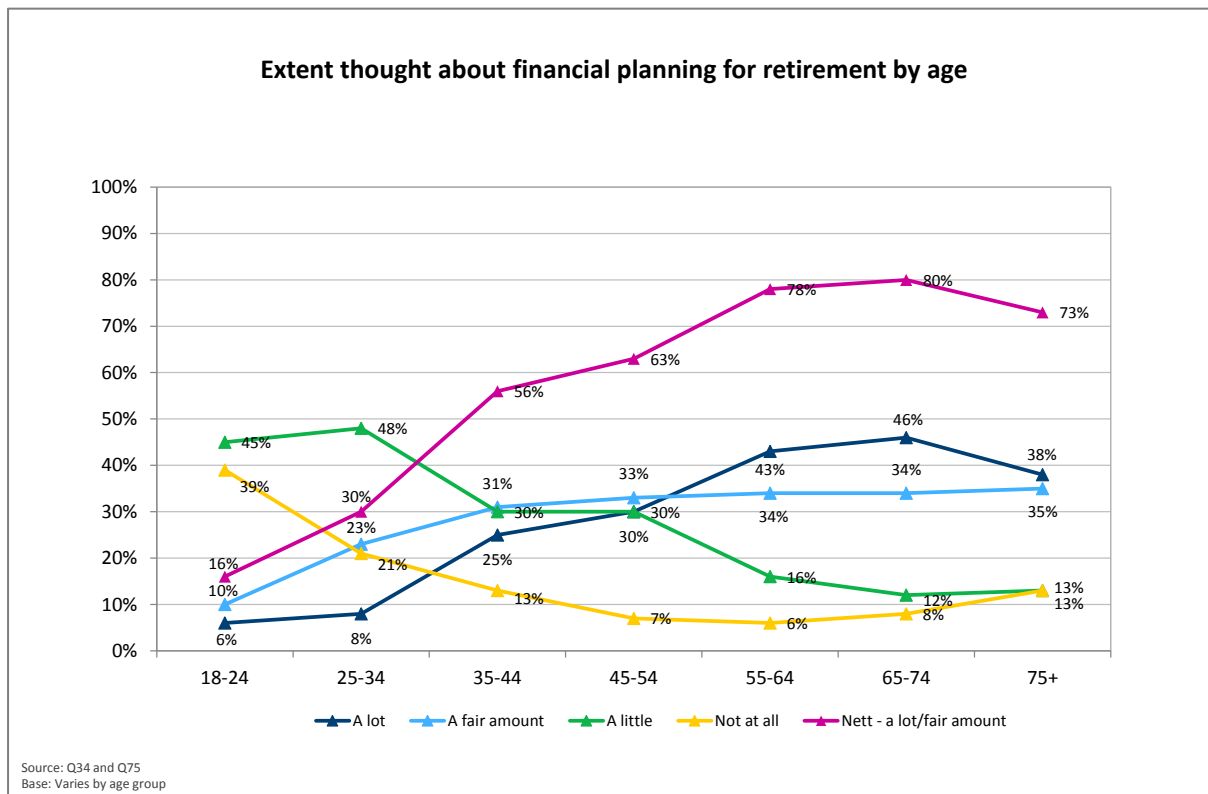
Demographic drivers

Compared to 2005 the decline in the proportion of New Zealanders who give either 'a lot' or 'a fair amount' of thought to financial planning for their retirement has been driven by significant falls in scores among the following groups:

- Those with at least some tertiary education (down 7 percentage points, from 64% to 57%)
- Those who own their own home, either independently or with a partner (down 7 percentage points, from 72% to 65%)
- Urban residents (down 6 percentage points, from 58% to 52%)
- Provincial New Zealanders (down 13 percentage points, from 67% to 54%)
- Annual household income between \$20,000 and \$50,000 (down 10 percentage points, from 55% to 45%)

Results have fallen across all knowledge groups, but none of the decreases are significant.

The chart below looks at the extent to which New Zealanders think about their financial planning for retirement by age group.



As would be expected, New Zealanders give more thought to financial planning for retirement the closer they get to retirement age.

Appendix A: Research methodology

A fully national survey of 852 people aged 18+ was carried out between 9 February and 31 March 2013. All interviews were conducted face-to-face.

Questionnaire development

In order to provide direct comparisons of results over time, many of the questions asked this year are consistent with those used in 2005 and 2009. Changes made to the questionnaire for the 2013 survey relate to:

- the inclusion of seven questions developed by the OECD to allow international comparisons (one of the OECD questions was already included in the questionnaire)
- the inclusion of a series of behavioural questions, drawn from the New Zealand Financial Behaviour Index
- the removal of some behavioural questions because they are now covered by the New Zealand Financial Behaviour Index questions
- the removal of some questions that measure advanced financial knowledge
- a reduction in the number of attitudinal statements included in the survey, and the inclusion of some new attitudinal statements
- the removal of questions measuring life events, difficulty managing money, perceptions and awareness of current financial situation, locus of control, and main bank used.

The final questionnaire is appended to this report.

Sampling

A multistage sample design was used. First, a stratified sample of Statistics New Zealand area units was drawn with probability of selection in proportion to size of the area unit. Eight interviews were conducted in each area unit, with households selected using a random route method. Within the household, a respondent was selected at random (using the last birthday method) from the eligible members of the household.

Fieldwork

All fieldwork was carried out by Colmar Brunton's door-to-door fieldwork team. Colmar Brunton's fieldwork division is accredited under the instituted Interview Quality Control and Service (IQS) standard for door-to-door fieldwork.

The average interview length was 61 minutes.

Response rate

A high response rate of 59% was achieved. The response rate was calculated by dividing the total number of interviews by the total number of eligible households approached. As a sign of gratitude those who took part were given \$20 for their participation.

Weighting

To ensure the data reflects population characteristics, the data have been weighted by:

- household size – inverse probability weights were calculated as the reciprocal of selection probabilities which were determined on the basis of the number of people aged 18+ in the household
- age and gender (using 2006 Census data).

A comparison of the 2005, 2009 and 2013 weighted samples by other key demographic variables indicates the three samples are fairly similar.

Ethnicity

In the benchmark 2005 survey, ethnic boosters were conducted to allow for more in-depth analysis than could be achieved with a purely random sample. The 2005 data were weighted by ethnicity to correct for the disproportionately high numbers of Māori and Pacific respondents. In 2009 and 2013, ethnic boosters were not carried out for cost and timing reasons. Data for 2009 and 2013 has therefore not been weighted by ethnicity as the number of Māori and Pacific respondents in the sample is similar to the proportions evident in the weighted 2005 data²⁰. This means that comparisons between the 2005 survey and subsequent years can be made at a total sample level. However, the reader should note that due to the relatively small number of Pacific respondents in 2009 and 2013, care should be taken in interpreting the results among Pacific people (either between the three surveys, or for 2013 in isolation).

Estimated sampling errors

The following table provides estimated margins of error associated with various survey results at a total sample size level. The calculations assume simple random sampling and have been calculated at the 95% confidence level. Sub-group analyses carry higher margins of error.

Table 22: Estimated sampling errors

Survey result (%)	Margin of error associated with 2013 survey (n=852)	Margin of error when comparing results between 2005 and 2013 (n=856 and n=852 respectively)	Margin of error when comparing results between 2009 and 2013 (n=850 and n=852 respectively)
10% or 90%	+/-2.0%	+/-2.8%	+/-2.9%
20% or 80%	+/-2.7%	+/-3.8%	+/-3.8%
30% or 70%	+/-3.1%	+/-4.3%	+/-4.4%
40% or 60%	+/-3.3%	+/-4.6%	+/-4.7%
50% or 50%	+/-3.4%	+/-4.7%	+/-4.8%

All changes commented on in the written commentary of this report are statistically significant at the 95% confidence level unless otherwise stated. Further, all statistically significant changes between 2005 – 2009 and 2009 – 2013 are denoted with an arrow in the graphs. Where changes have occurred between 2005 and 2013 these are commented on underneath the relevant graph.

²⁰ In 2005, 12% of the weighted total sample were Māori and 5% were Pacific. In 2009, 13% of the weighted total sample were Māori and 5% were Pacific. In 2013, 16% of the weighted total sample were Māori and 7% were Pacific.

Appendix B: Questionnaire

INTERVIEWER'S NAME:	
RESPONDENT'S NAME:	P1
ADDRESS:	
DATE	PHONE NUMBER
AUDIT DETAILS	

Checked _____ Date _____ Audited _____ Date _____ Callbacks QN's required	EMPLOYEE NO.						P2	
	INTERVIEW DURATION							P3
	START TIME		FINISH TIME					

RECORD START POINT NUMBER (FROM CALLSHEET)	P4
RECORD AREA UNIT NAME (FROM CALLSHEET)	P5
RECORD ROW NUMBER (FROM CALLSHEET)	P7
RECORD AREA UNIT NUMBER (FROM CALLSHEET)	P230
RECORD NUMBER OF CALLS MADE TO HOUSEHOLD	1 2 3 4 5 6 7 P229
RECORD URBAN/RURAL NO:	1 2 3 P231

INTERVIEWING AREA: P160

Northland Region	1	Hawke's Bay Region	6	Canterbury Region	11
Auckland Region	2	Taranaki Region	7	Otago Region	12
Waikato Region	3	Manawatu-Wanganui	8	Southland Region	13
Bay of Plenty	4	Wellington Region	9	Tasman Region	14
Gisborne Region	5	West Coast Region	10	Nelson Region	15

Introduction

READ IF NECESSARY:

Colmar Brunton has been commissioned to conduct this research for the Commission for Financial Literacy and Retirement Income. They used to be called the Retirement Commission. The purpose of the research is to find out the sorts of things New Zealanders know about managing their personal finances. As a thank-you for taking part, you will be given \$20 petrol voucher.

READ TO ALL:

Thank you for agreeing to help us with this research. We are asking about financial matters. Some of the questions are about what you do and some are about what you know about managing money.

Throughout this interview some questions will be more relevant to you than others. Please feel free to say if you don't know the answer to a question. I would like you to tell me when the question doesn't make sense to you or when you understand the question, but don't know the answer.

All your answers will be kept confidential and your name or address will not be linked to any answers. The results from this survey will be grouped together so that nothing can be identified back to you.

You may want to use a calculator or pen and paper during this interview. Please just do what you feel comfortable with and what you would usually do.

Money Management

- Q1 There are many different ways of paying for things such as your groceries, your power bill, your rent or mortgage.

Which of the following payment methods do you yourself use? **IF NECESSARY:** Think about the past 12 months.

SHOWCARD. CODE ALL THAT APPLY.

P6M

Cash	1
Cheques	2
Money Orders	3
Credit Cards	4
Store Cards	5
EFTPOS	6
Direct Debit	7
Automatic Payment	8
Internet banking	9
Telephone banking	10
Laybys	11
Hire Purchase	12
Other	13
Don't understand the question	14
Don't know the answer	15

Now I am going to show you an example of a bank statement and I will ask you some questions about it.

SHOWCARD: BANK STATEMENT

Please look closely at this bank statement and can you tell me:

Q2a How much did she have at the end of the month in this account?

DO NOT READ. CODE ONE ONLY.

P9

Correct response (\$1321.17)	1
Incorrect response	2
Don't understand the question	3
Don't know the answer	4

Q2b Has she saved money this month in this account?

CODE ONE ONLY.

P10

Yes	1	GO TO Q3
No	2	
Don't understand the question	3	
Don't know the answer	4	

Q2c How much has she saved this month in this account? Feel free to use the calculator to help you.

DO NOT READ. CODE ONE ONLY.

P11

Correct response (\$800)	1
Incorrect response	2
Don't understand the question	3
Don't know the answer	4

Q2d At this rate, how many months would it take her to save another \$10,000?

DO NOT READ. CODE ONE ONLY.

P12

13 months / 12.5 months	1
Other	2
Don't understand the question	3
Don't know the answer	4

Thank you. You don't need to look at the statement any longer. I now have some questions about ways of paying for things.

Q3 John needs to take out \$50 cash for the weekend and also pay for his groceries.

Generally, which of the following ways would John pay the **least** in fees and costs?

SHOWCARD. CODE ONE ONLY.

P14

a) get out enough cash from a bank teller to pay for the groceries and for the weekend	1
b) pay using EFTPOS at the supermarket and take out cash at the same time	2
c) write a cheque for the groceries and go to the ATM to take out the cash	3
Don't understand the question	4
Don't know the answer	5

Q4 Please tell me whether each of the following statements is true or false.

CODE ONE PER LINE.

P15S/P16

	TRUE	FALSE	DON'T KNOW	DON'T UNDERSTAND
If John pays off the full amount on his credit card each month he gets interest-free days on purchases	1	2	3	4
If John only pays the minimum payment each month he still owes money after the minimum payment	1	2	3	4

- Q5 Amanda usually does her banking over the counter at her local branch. What are **all** the **financial** advantages if Amanda used Internet Banking instead of going into her local branch? Any other financial advantages?

DO NOT READ. PROBE TO NO/CLARIFICATION. CODE ALL MENTIONED.

IF NECESSARY: Thinking about all banking, not just withdrawing money

P21M

Cheaper / cost / no fees/ fees lower than over the counter	1
24 hour access / can use it anytime	2
Access at home/work	3
Quicker	4
Can see details of transactions / transaction history / keeps track of finances	5
Can do it in her own time / time management	6
Convenience	7
Can do more things with Internet banking	8
Secure / privacy	9
No advantages / anti Internet	10
Other (SPECIFY)	
Don't understand the question	12
Don't know the answer	13

P22

GO TO Q7

P23M

8

- Q7 I have here one set of cards with different terms on them and another set of cards that have definitions. There are more definition cards than terms. I would like you to find the best match between the terms and the definitions.

HAND OVER TWO SETS OF CARDS. WRITE IN THE DEFINITION CODE NUMBER THAT RESPONDENT HAS CHOSEN TO GO WITH EACH OF THE TERMS. ONLY ONE DEFINITION ALLOWED FOR EACH TERM.

IF NECESSARY: Please just let me know when you've done as much as you want.

IF THERE ARE ANY THAT THE RESPONDENT CAN'T MATCH, WRITE 'DK' OUTSIDE OF THE BOX.

P24S/P25

TERMS	DEFINITION CODE NUMBER
a) Term deposit	
b) Asset	
c) Liability	
d) Capital gain	
e) Real rate of return	
f) Savings	

- Q8a Do you know what the term 'net worth' means?
CODE ONE ONLY.

P26

Yes/I think so	1	GO TO Q9
No	2	
Don't understand the question	3	
Don't know the answer	4	

- Q8b To know how much wealth you have, you need to measure your net worth. Which of these means 'net worth'?

SHOWCARD. CODE ONE ONLY.

P27

a) the difference between your expenditure (what you spend) and income (what you earn or receive)	1
b) the difference between your assets (all that you own) and your liabilities (all that you owe)	2
c) the difference between your bank borrowings and savings	3
d) none of the above	4
Don't understand the question	5
Don't know the answer	6

- Q9 And now a question about tax. Is a person's gross salary before or after tax?
CODE ONE ONLY.

P28

Before tax	1
After tax	2
Don't understand the question	3
Don't know the answer	4

Budgeting

And now I have some questions about budgeting.

- Q10 Which of the following is the **best** description of a budget?
SHOWCARD. CODE ONE ONLY.

P29

a) An accounting spreadsheet	1
b) Spending as little as you possibly can	2
c) A plan for what you earn and what you spend	3
d) Knowing where all your money goes	4
Don't understand the question	5
Don't know the answer	6

- Q11 Why is it important to have a budget? Anything else?
DO NOT READ. PROBE TO NO/CLARIFICATION. CODE ALL MENTIONED.

P30M

CONTROL	
To control spending / so you don't overspend / to live within your means	1
To make sure money will last	2
To have savings / surplus	3
To achieve financial goals / for the future	4
PLANNING	
To plan how much you can spend and save	5
To plan what you will spend your money on	6
TRACKING	
So you know where your income is coming from	7
To keep track of where your money is going	8
It is not important to have a budget	9
Other (SPECIFY)	
Don't understand the question	11
Don't know the answer	12

Q12 Which of the following **best** describes who can benefit from having a budget? **SHOWCARD.**
CODE ONE ONLY. P31

a) People without much money	1
b) People with a lot of money	2
c) Everyone	3
d) People who have difficulties managing money	4
Don't understand the question	5
Don't know the answer	6

Q13 Do you have a budget?
CODE ONE ONLY.

P161

Yes	1
No	2
Don't understand the question	3
Don't know the answer	4

Goal Setting, Long Term Goals and Financial Planning

I'd now like to talk to you about financial goals. Someone's financial goals might be to save for a new carpet, pay off a credit card or put money aside for retirement.

Q14a Do you have financial goals?
CODE ONE ONLY.

P162

Yes	1	GO TO Q15
No	2	
Don't understand the question	3	
Don't know the answer	4	

Q14b Have these goals been written down or recorded somewhere?
CODE ONE ONLY

INTERVIEWER NOTE: A WRITTEN HIRE PURCHASE CONTRACT IS NOT A WRITTEN DOWN GOAL P34

Yes	1
No	2
Don't understand the question	3
Don't know the answer	4

- Q15 A financial plan is a written approach of the steps you plan to take to achieve your financial goals. Do you have a financial plan that is written down or recorded somewhere?

CODE ONE ONLY.

P35

Yes	1
No	2
Don't understand the question	3
Don't know the answer	4

- Q16 I am going to read out some statements about financial plans and would like you to tell me whether you think the statement is true, false, or whether you don't know.

CODE ONE PER LINE.

P36S/P37

	TRUE	FALSE	DON'T KNOW	DON'T UNDERSTAND
a) Financial plans are set up once and you use that same plan throughout your life	1	2	3	4
b) Financial plans should take into account possible changes in your life	1	2	3	4
c) Financial planning is about investment only	1	2	3	4

INTERVIEWERS PLEASE USE THE SPACE BELOW TO RECORD ANY UNCERTAINTY AND WHAT RESPONDENTS COMMENTS ARE IF THERE ARE ANY ISSUES (Eg asking what is a financial goal or financial plan; is this different from a budget? etc)

P232

Debt Management

The next questions are about loans.

[NO Q17]

- Q18 If Bob personally guarantees a loan for John, and John does not make the repayments he is supposed to, which one of the following is Bob required to do?

SHOWCARD. CODE ONE ONLY.

P42

a) Bob has to represent John in court	1
b) Bob has to take over the debt and make the repayments	2
c) Bob has to help get the money from John	3
Don't understand the question	4
Don't know the answer	5

- Q19 If Pete has \$2,000 owing on his credit card paying 19.5% interest, and another personal loan of \$500 at 11.5% interest, which would allow him to get rid of his debt faster? **SHOWCARD.**

CODE ONE ONLY.

P43

a) Repay the minimum amount on the credit card and repay the personal loan faster	1
b) Pay off the credit card debt faster and pay only the minimum amount on the personal loan until the credit card debt is cleared	2
c) Invest any available money in a term deposit paying 7%	3
d) Transfer or consolidate the credit card debt into the personal loan and pay the lower interest rate	4
Don't understand the question	5
Don't know the answer	6

Home loans/Mortgages

Now I have some questions about borrowing money to buy a house.

- Q20 A home loan is what people usually call a mortgage. A home loan or mortgage is the money that is borrowed to pay for a house. I am going to read out some statements about minimising the amount of interest you pay on a home loan and would like you to tell me whether you think the statement is true, false, or whether you don't know.

If you wanted to minimise the total amount of interest you pay on your home loan you could (...). Is that true or false, or do you not know?

CODE ONE PER LINE.

P44S/ P45

	TRUE	FALSE	DON'T KNOW	DON'T UNDERSTAND
a) pay half your monthly payment every fortnight	1	2	3	4
b) increase the amount of your regular payments	1	2	3	4
c) put some of your payments on your credit card and pay the credit card off every six months	1	2	3	4

- Q21a Do you know what the term 'equity' means?

CODE ONE ONLY.

P46

Yes	1	GO TO Q23
No	2	
Don't understand the question	3	
Don't know the answer	4	

- Q21b Mike owns a house worth \$275,000 and has a home loan of \$125,000. What is his equity in the house?

SHOWCARD – BULLET POINT QUESTION DETAILS.

DO NOT READ. CODE ONE ONLY.

P47

\$150,000	1
Other	2
Don't understand the question	3
Don't know the answer	4

[NO Q22]

- Q23 In which of the following situations would it be better to have a 2 year fixed interest rate home loan rather than a variable or floating rate home loan?

SHOWCARD. CODE ONE ONLY.

P49

a) when your bank comes out with a better fixed interest rate than the other banks	1
b) when interest rates are expected to increase over the next 2 years	2
c) when interest rates are expected to fall over the next 2 years	3
d) when the value of your house is going to increase over the next 2 years	4
Don't understand the question	5
Don't know the answer	6

- Q24 I am now going to read out some statements about different types of home loans and would like you to tell me whether you think the statement is true, false, or whether you don't know.

First (...). Is that true or false, or do you not know?

ONE CODE PER LINE. READ STATEMENTS IN ORDER.

P50S/P51

	TRUE	FALSE	DON'T KNOW	DON'T UNDERSTAND
a) With a fixed rate home loan the interest rate remains the same for the term of the loan	1	2	3	4
b) With a variable or floating rate home loan you can repay in part or in full at any time without penalty	1	2	3	4
c) With a revolving credit facility loan you are charged a penalty for making an early repayment	1	2	3	4

Managing risk

That's all about home loans. Now there are some questions about insurance, and managing financial risk.

- Q25 If each of the following people had the same amount of yearly income, who would generally need the greatest amount of life insurance?

SHOWCARD. CODE ONE ONLY.

P52

a) A young single woman without children	1
b) A young single woman with two children	2
c) A young married woman without children	3
Don't understand the question	4
Don't know the answer	5

- Q26 David moved into Jane's house four years ago, as her partner. They have now decided to separate. Is David entitled to a share of Jane's house?

CODE ONE ONLY.

P55

Yes OR Yes, unless they have an agreement or court ruling to do otherwise	1
No	2
Don't understand the question	4
Don't know the answer	5

Saving

Now some questions about saving money. Please remember that you can use a calculator or pen and paper at any time you want to.

- Q27 Jane has a job with a take home pay of \$1600 per month. She must pay \$400 for rent and \$200 for groceries each month. She also spends \$200 per month on transport.

If she budgets \$200 each month for clothing, \$200 for restaurants and \$200 for everything else, how many months will it take her to save \$2,000?

**SHOWCARD – BULLET POINT QUESTION DETAILS.
DO NOT READ. CODE ONE ONLY.**

P56

10 months	1
Other	2
Don't understand the question	3
Don't know the answer	4

- Q28a Ben and Sarah are the same age and both put their money into a savings account earning interest. Sarah started saving when she was 20 and saved \$2,500 each year. Ben started saving when he was 40 and saved \$5,000 each year. They are now both 60.

Do Ben and Sarah have the same amount of money saved, or does one have more than the other?

SHOWCARD – BULLET POINT QUESTION DETAILS. CODE ONE ONLY. P58

Same amount	1	GO TO Q29a
One has more than the other	2	GO TO Q28b
Don't understand the question	3	GO TO Q29a
Don't know the answer	4	

- Q28b Who has more money?

CODE ONE ONLY.

P59

Ben	1
Sarah	2
Don't understand the question	3
Don't know the answer	4

- Q28c Why do they have more money?

PROBE TO NO/CLARIFICATION. CODE ONE ONLY.

P60

Because he saved more each year he saved	1
Because her money has grown in her savings account for a longer time (at compound interest)	2
Other (SPECIFY)	
Don't understand the question	4
Don't know the answer	5

Q29a If John currently has an income of \$30,000, how much income will he need in 5 years' time to be able to live at the same standard?

SHOWCARD. CODE ONE ONLY.

P61

a) \$30,000	1	GO TO Q30
b) Less than \$30,000	2	
c) More than \$30,000	3	GO TO Q29b
Don't understand the question	4	GO TO Q30
Don't know the answer	5	

Q29b Why does he need more than \$30,000?

DO NOT READ. PROBE CLARIFICATION IF NECESSARY TO CODE WHAT BEST FITS. CODE ALL MENTIONED.

P62

Because of inflation / increased cost / increased price	1
The value of money changes/decreases over time	2
Other (SPECIFY)	
Don't understand the question	4
Don't know the answer	5

- Q30 You lend \$25 to a friend one evening and he gives you \$25 back the next day. How much interest has he paid on this loan?

RECORD RESPONSE NUMERICALLY. % SIGN NOT NEEDED.

P233

WRITE NUMERIC RESPONSE:	
Don't understand the question	998
Don't know the answer	999

- Q31 Which of the following term deposits would pay the most interest in total, or would they pay the same amount of interest?

SHOWCARD. CODE ONE ONLY.

P64

a) a one year term deposit at 7% interest per annum paid at maturity	1
b) a one year term deposit at 7% interest per annum paid quarterly back into the term deposit	2
c) they would pay the same amount of interest	3
Don't understand the question	4
Don't know the answer	5

- Q32 If Moana had \$100 in a savings account and the interest rate was 2% per year, after 5 years how much would Moana have in her account if she left the money to grow? Would it be more than \$102, exactly \$102 or less than \$102?

SHOWCARD - BULLET POINT QUESTION DETAILS. CODE ONE ONLY.

P163

a) More than \$102	1
b) Exactly \$102	2
c) Less than \$102	3
Don't understand the question	4
Don't know the answer	5

- Q33 If the interest rate on Anne's savings account was 1% per year and inflation was 2% per year, after 1 year, with the money in this account, would she be able to buy more than today, exactly the same as today, or less than today?

SHOWCARD – BULLET POINT QUESTION DETAILS. CODE ONE ONLY.

P164

a) More than today	1
b) Exactly the same as today	2
c) Less than today	3
Don't understand the question	4
Don't know the answer	5

- Q33b Imagine that five brothers are given a gift of \$1,000. If the brothers have to share the money equally how much does each one get?

RECORD RESPONSE NUMERICALLY. \$ SIGN NOT NEEDED.

P234

WRITE NUMERIC RESPONSE:	
Don't understand the question	998
Don't know the answer	999

- Q33c Now imagine that the brothers have to wait for one year to get their share of the \$1,000 and inflation stays at 3 percent. In one year's time will they be able to buy:

SHOWCARD - BULLET POINT QUESTION DETAILS.

READ OUT. CODE ONE ONLY.

IF RESPONDENT ASKS HOW MUCH INTEREST THE \$1,000 IS EARNING WHILE THE BROTHERS WAIT: The \$1,000 is not earning any interest.

P235

More with their share of the money than they could today	1
The same amount	2
Or, less than they could buy today	3
DO NOT READ: It depends on the type of things that they want to buy	4
DO NOT READ: Don't understand the question	5
DO NOT READ: Don't know the answer	6

- Q33d Suppose you put \$100 into a no fee savings account with a guaranteed interest rate of 2% per year. You don't make any further payments into this account and you don't withdraw any money.

How much would be in the account at the end of the first year, once the interest payment is made?

SHOWCARD - BULLET POINT QUESTION DETAILS.

RECORD RESPONSE NUMERICALLY. \$ SIGN NOT NEEDED.

P236

WRITE NUMERIC RESPONSE:	
Don't understand the question	998
Don't know the answer	999

Q33e And how much would be in the account at the end of five years, remembering there are no fees? Would it be:

SHOWCARD. READ OUT. CODE ONE ONLY.

P237

More than \$110	1
Exactly \$110	2
Less than \$110	3
Or is it impossible to tell from the information given	4
DO NOT READ: Don't understand the question	5
DO NOT READ: Don't know the answer	6

Q33f Please tell me whether you think the following statement is true or false.

High inflation means that the cost of living is increasing rapidly.

CODE ONE ONLY.

P238

True	1
False	2
Don't understand the question	3
Don't know the answer	4

Retirement Planning

Thinking now about retirement and planning for retirement.

Q34 To what extent have you thought about your financial planning for your retirement?

SHOWCARD. CODE ONE ONLY.

P65

a) A lot	1
b) A fair amount	2
c) A little	3
d) Not at all	4
Don't understand the question	5
Don't know the answer	6

Q35 What are **all** the things a person needs to consider when they think about saving for retirement? Anything else?

DO NOT READ. PROBE TO NO/CLARIFICATION. CODE ALL MENTIONED.

P66M

CURRENT FINANCIAL SITUATION	
How long before they plan to retire / what age they want to retire	1
How much they can afford to save	2
How much money they already have saved	3
Pay off mortgage	4
LENGTH OF RETIREMENT	
How long they will live for in their retirement	5
Their life expectancy	6
RETIREMENT SPENDING/LIFESTYLE	
How much money they will need in their retirement / how comfortable / well off they want to be in their retirement	7
What costs they will have when they are retired	9
Whether paying off debt in retirement	10
Where they want to live in retirement	11
Whether they own their own home	12
Whether have health insurance	13
Retirement spending/lifestyle	14
RETIREMENT INCOME	
Whether/ how much they will earn from investments	15
Whether they will work part time when they are retired	16
How much money they will have in retirement	17
How much they will have saved when they retire	18
How much Govt Super will receive	19
How much KiwiSaver will be worth	20
Other (SPECIFY)	
Don't understand the question	98
Don't know the answer	99

New Zealand Superannuation

And now thinking about New Zealand Superannuation, which is often called NZ Super, which is the pension the government provides.

Q36 At what age are people entitled to NZ Super?

CODE ONE ONLY.

P67

60 years of age	1
65	2
70	3
Other	4
Don't understand the question	5
Don't know the answer	6

Q37 Do you know which of these amounts is closest to the after-tax amount of NZ Super for a single person living alone?

SHOWCARD. CODE ONE ONLY.

P68

a) \$7,800 per year, \$150 per week	1
b) \$18,200 per year, \$350 per week	2
c) \$20,800 per year, \$400 per week	3
d) \$28,080 per year, \$540 per week	4
Don't understand the question	5
Don't know the answer	6

Q38 This next question is also about NZ Super. It is **not** about government pensions from other countries. As far as you know, is NZ Super income tested?

CODE ONE ONLY.

P70

Yes	1
No	2
Don't understand the question	3
Don't know the answer	4

Q39 Is New Zealand Superannuation asset tested?

CODE ONE ONLY.

P71

Yes	1
No	2
Don't understand the question	3
Don't know the answer	4

Investing

Now there are some questions about investments.

- Q40 John Brown has saved \$10,000 and he wants to invest it to make it grow. What are **all** the things he should take into account when he is looking at investment offers?
DO NOT READ. PROBE TO NO/CLARIFICATION. CODE ALL MENTIONED.

P239

GOALS	
What goals the investment will help him achieve	1
COST	
Fees	2
Whether there is a minimum investment amount	3
RISK	
Whether he is okay with (can tolerate) the investment value going up and down	4
Whether secured or unsecured	5
Whether capital guaranteed	6
Level of risk	7
His capacity / ability to take a risk	8
The organisation offering the investment / whether it is credible	9
More information eg the investment statement	10
RETURN	
The interest rate	11
Investigate options/look around	12
DIVERSIFICATION	
Don't put all his eggs in one basket / all his money in one place	13
Spread your investments around (across different types of assets)	14
RESEARCH	
He needs to do his research/look into different options	15
He needs to think about the advantages and disadvantages of different types of investments	16
LIQUIDITY	
Whether there is a minimum investment period	17
How quickly he can get his money back	18
OTHER	
How long he wants to invest for	19
When he will need his savings	20
Whether he needs income from the investment	21
Where or how he can get financial advice	22
Other (SPECIFY)	

Other (SPECIFY CONTINUED)	
Don't understand the question	23
Don't know the answer	24

Q41 Please tell me whether you think the following statements are true or false.

An investment with a higher than average return is likely to have higher than average risk.

CODE ONE ONLY.

P77

True	1
False	2
Don't understand the question	3
Don't know the answer	4

[NO Q42 OR Q43]

Q44 It is less likely that you will lose all of your money if you save it in more than one place.

CODE ONE ONLY.

P240

True	1
False	2
Don't understand the question	3
Don't know the answer	4

Q45 Which of the following aspects about an investment would make you think that it might be a scam?

SHOWCARD. ONE CODE PER LINE.

P85S/ P86

	SCAM	NOT A SCAM	DON'T KNOW	DON'T UNDERSTAND
a) Promise of very high returns with little risk	1	2	3	4
b) Being told the offer is only being made to a select few people	1	2	3	4
c) Being offered by a well known reputable financial organisation	1	2	3	4
d) The minimum amount they say you have to invest keeps reducing	1	2	3	4

Consumer rights and responsibilities

There are now a few questions about rights and responsibilities.

Q46 Would it be alright to tell someone else your internet banking password in the following situations?

ONE CODE PER LINE.

P88S/ P89

	YES	NO	DON'T KNOW	DON'T UNDERSTAND
a) Telling your spouse or partner so that they can pay some bills	1	2	3	4
b) Telling your friend who has internet access so that they can pay your bills	1	2	3	4
c) Telling the bank if they ask for it	1	2	3	4

Q47 I will read out a number of statements about getting financial advice and I would like you to tell me whether you think the statement is true or false, or whether you don't know.

ONE CODE PER LINE.

P90S/ P91

	TRUE	FALSE	DON'T KNOW	DON'T UNDERSTAND
a) It is important to find out how a financial adviser is being paid	1	2	3	4
b) Before handing money to a financial adviser, a person should ask about their qualifications and experience	1	2	3	4
c) Before investing, it is important to read and understand the Investment Statement that explains details about the investment	1	2	3	4
d) A financial advisor has to give you a disclosure statement	1	2	3	4

Attitudes

These next questions are about your approach to saving and spending. There are no right or wrong answers – we are interested in what you think.

Q48 Please read each of the statements on the card and tell me whether you Agree or Disagree with each of the statements.

SHOWCARD. ONE CODE PER LINE.

P241/242

	AGREE	NEITHER AGREE NOR DISAGREE	DISAGREE	DON'T KNOW	DON'T UNDERSTAND
a) Because of New Zealand Superannuation I don't need to save for retirement	1	2	3	4	5
b) I have worked out how much I need for my retirement	1	2	3	4	5
c) I believe I am personally responsible for my financial future	1	2	3	4	5
d) It is important to shop around to get the best deal for financial products and services such as insurance, loans and credit cards	1	2	3	4	5
e) It is important to have a current will	1	2	3	4	5
f) People with KiwiSaver will have an adequate retirement income	1	2	3	4	5

Behaviour: Planning and saving

READ INTRO TO ALL: Those are all the questions we have on what you know about managing money. Now we have some questions about what you do when it comes to money.

Q49 Before we start this section, to help me know which questions to ask, please tell me if you live with a spouse or partner?

ONE CODE ONLY.

P121

Yes	1
No	2
Don't understand the question	3
Don't know the answer	4
Refused	5

BQ1a We have some questions about your goals that you would need money to achieve.

People can have a range of financial goals – they might include planning to buy something like a television or car, saving for an event such as a wedding or funeral, saving for a trip, paying for your or your children's tertiary education, paying off a mortgage, or saving for a house deposit, home maintenance, home renovation, retirement, or a holiday home.

Do you currently have any...

SHOWCARD. READ OUT. CODE ONE PER LINE.

P243/244

	YES	NO
1) Short-term, six to twelve month goals?	1	2
2) Mid-term goals, one to five year goals?	1	2
3) Long-term, five plus year goals?	1	2

ASK IF HAS SHORT TERM GOALS (CODE 1) AT BQ1a(1). OTHERWISE GO TO BQ1d

BQ1b Have you worked out how much money you will need to achieve your short-term, six to 12 month goals?

CODE ONE ONLY.

P245

Yes	1
No	2

BQ1c Using the options on this card, have you taken action to build up the money you need to achieve your short-term, six to twelve month goals within the timeframe?

This may include regular savings, investments, or something else, but please exclude using a credit card or getting a loan.

SHOWCARD. CODE ONE ONLY.

P246

Yes	1
No	2
Don't need to as I already have the money I need	3

ASK IF HAS MID TERM GOALS (CODE 1) AT BQ1a(2). OTHERWISE GO TO BQ1f

BQ1d Have you worked out how much money you will need to achieve your mid-term, one to five year goals?

CODE ONE ONLY.

P247

Yes	1
No	2

BQ1e Using the options on this card, have you taken action to build up the money you need to achieve your mid-term, one to five year goals within the timeframe?

Again, this may include regular savings, investments, or something else, but please exclude using a credit card or getting a loan.

SHOWCARD. CODE ONE ONLY.

P248

Yes	1
No	2
Don't need to as I already have the money I need	3

ASK IF HAS LONG TERM GOALS (CODE 1) AT BQ1a(3). OTHERWISE GO TO BQ1h

BQ1f Have you worked out how much money you will need to achieve your long-term, five plus year goals?

CODE ONE ONLY.

P249

Yes	1
No	2

BQ1g Using the options on this card, have you taken action to build up the money you need to achieve your long-term, five plus year goals within the timeframe?

Again, this may include regular savings, investments, or something else, but please exclude using a credit card or getting a loan.

SHOWCARD. CODE ONE ONLY.

P250

Yes	1
No	2
Don't need to as I already have the money I need	3

ASK ALL

BQ1h Thinking back over the last three months only, have you put any money into short, mid, or long-term savings when you have received your pay or other form of income? Please do not include savings you plan to spend in the next six months.

IF LIVES WITH A PARTNER OR SPOUSE (CODE 1 AT Q49), SAY: Please say 'yes' if you've either done this yourself, or if your partner or spouse has done this on behalf of you both.

CODE ONE ONLY.

P251

Yes	1	GO TO QB2a
No	2	

BQ1i And which of the following have you put money into?

SHOWCARD. CODE ONE PER LINE.

P252/253

	Yes	No
Short-term, six to twelve month savings	1	2
Mid-term, one to five year savings	1	2
Long-term, five plus year savings	1	2

Behaviour: Shopping around

BQ2a Have you personally made any significant purchases in the last three months?

These might have included buying things shown on this card.

SHOWCARD WITH EXAMPLES. CODE ONE ONLY.

P254

Yes	1	GO TO BQ3a
No	2	

BQ2b Using this card, what was the most recent significant purchase that you personally made?
SHOWCARD. CODE ONE ONLY. **P255**

A product (eg, car, whiteware, furniture, TV, stereo, computer)	1
A trade service (eg, car or home maintenance)	2
A health service (eg, medical or dental)	3
Something else	4

BQ2c And thinking only about that most recent significant purchase that you personally made, did you shop around for that product or service?
CODE ONE ONLY. **P256**

Yes	1
No	2

Behaviour: Product ownership, credit, and loans

BQ3a Please look at this card. Which of the following do you currently have in your name or hold jointly with another person? **IF HAS A PARTNER (CODE 1 AT Q49):** Another person might be a partner or spouse.
SHOWCARD. CODE ONE PER LINE. **P257/258**

	YES	NO	DON'T KNOW
1) Cheque/transaction/current account	1	2	3
2) Any savings account	1	2	3
3) High interest call account	1	2	3
4) Other deposit accounts	1	2	3
5) Insurance policy or policies	1	2	3
6) Credit card (eg, Visa, Mastercard, American Express)	1	2	3
7) Personal overdraft arrangement	1	2	3
8) Store card (such as a GE Money card, Q Card, or Farmers Card)	1	2	3
9) Debit card (this is like a Visa or Mastercard, but the money comes straight out of your bank account)	1	2	3
10) A Government Student Loan	1	2	3
11) A personal loan from a bank or other lender (excluding a Government Student Loan)	1	2	3
12) One or more mortgages	1	2	3
13) Revolving credit (a loan or mortgage that you can make withdrawals from and deposits into, just like a large overdraft)	1	2	3

ASK IF HAS INSURANCE POLICY OR POLICIES (CODE 1 AT BQ3a_5). OTHERWISE GO TO Q3b.

BQ3a(i) And can I just check, which of the following insurance policies do you have in your name or hold jointly with another person?
SHOWCARD. CODE ONE PER LINE.

INTERVIEWER CHECK: IF RESPONDENT DOES NOT SAY 'YES' TO AT LEAST ONE OF THE QUESTIONS BELOW, GO BACK AND CLARIFY THEIR ANSWER TO BQ3a_5 (WHERE THEY SAID THEY HAD INSURANCE).

P259/260

	YES	NO	DON'T KNOW
1) House or content insurance	1	2	3
2) Vehicle insurance	1	2	3
3) Private health insurance	1	2	3
4) Income protection insurance	1	2	3
5) Another type of insurance	1	2	3

ASK ALL

BQ3b Are you personally currently a member of KiwiSaver?
CODE ONE ONLY.

P261

Yes	1	GO TO BQ3c(ii)
No	2	
Don't know	3	

BQ3c Have you been contributing to KiwiSaver over the last three months?

This may be when your employer makes contributions from your pay or when you make contributions to your KiwiSaver account personally.

CODE ONE ONLY.

P262

Yes	1
No	2
Don't know	3

BQ3c(ii) Are you a member of any work-based superannuation or retirement savings scheme, other than KiwiSaver?

CODE ONE ONLY.

P263

Yes	1
No	2
Don't know	3

BQ3c(iii) Do you have any personal retirement savings or superannuation, other than KiwiSaver or another work-based scheme?

CODE ONE ONLY.

P264

Yes	1
No	2
Don't know	3

BQ3d Are you currently investing in a unit trust or other managed fund other than KiwiSaver?

This is when you contribute money to a fund and a 'fund manager' invests the fund on behalf of all those who contribute.

CODE ONE ONLY.

P265

Yes	1
No	2
Don't know	3

BQ3e Other than KiwiSaver or another managed fund, are you currently investing in any of the following?

SHOWCARD. CODE ONE PER LINE.

P266/267

	YES	NO	DON'T KNOW
1) A term deposit (this is when money is deposited and cannot be withdrawn for a certain 'term' without a penalty)	1	2	3
2) Directly in property (other than the one you live in)	1	2	3
3) Your own business	1	2	3
4) Directly in shares (in a business other than your own)	1	2	3
5) Bonds	1	2	3
6) Another type of investment	1	2	3

BQ3f(i) If there was an emergency, could you access up to three months' worth of your household income? This could include through your own savings, credit, selling something, or some form of income replacement insurance.

CODE ONE ONLY.

P268

Yes	1	GO TO BQ3h
No	2	
Don't know	3	

BQ3f(ii) And if there was an emergency, how could you access up to three months' worth of your household income?

SHOWCARD. CODE ONE ONLY.

P269

I could get all of the money from my own savings and investments	1	GO TO BQ3h
I could get some of the money from my own savings and investments, but would also get some from other sources	2	
I would get all of the money from sources other than savings and investments	3	

BQ3g And other than through savings and investments, in which of the following ways would you access up to three months' worth of your household income?

SHOWCARD. CODE EACH MENTIONED.

P270

By selling something	2
Through credit from a credit card, bank, finance company or other commercial lender	3
Through a loan from friends or family members	4
Through a gift from friends or family members	5
Some form of income replacement insurance	6
Some other way	7
Don't know	8

ASK IF HAS A CREDIT CARD (CODE 1 AT BQ3a_6 PAGE 31). OTHERWISE GO TO Q3j.

BQ3h Now a question about credit cards.

How many personal credit cards do you have either in or your own name or jointly? Please do not include debit cards.

CODE ONE ONLY.

P271

One	1
Two	2
Three	3
More than three	4
Don't know	5

BQ3i Using this card, over the last three months how have you paid your monthly credit card bill or bills?

SHOWCARD. CODE ONE ONLY.

P272

Paid less than the minimum amount required	1
Paid the minimum amount required	2
Paid more than the minimum (but not the full amount)	3
Paid the full amount each month	4
A mixture of these	5
Don't know	6

ASK ALL. NOTE: ALL RESPONDENTS SHOULD HAVE A RESPONSE TO THIS QUESTION.

BQ3j Now some questions about insurance.

IF HAS INSURANCE (CODE 1 AT BQ3a_5, PAGE 31), SAY: In the last 12 months have you, or another person named on the policies, reviewed your insurances to check that you have the right cover for your situation?

IF DOES NOT HAVE INSURANCE (CODE 2 AT BQ3a_5, PAGE 31), SAY: You said you do not have insurance. In the last 12 months have you reviewed this to check that having no insurance is right for your situation?

IF DOES NOT KNOW IF HAS INSURANCE (CODE 3 AT BQ3a_5, PAGE 31) PLEASE CODE 3 HERE (Don't know), AND GO TO BQ3I

CODE ONE ONLY.

P273

Yes	1	GO TO BQ3I
No	2	
Don't know	3	

ASK IF HAS REVIEWED INSURANCE (CODE 1 at BQ3j) AND CURRENTLY HAS INSURANCE (CODE 1 AT BQ3a_5, PAGE 31). OTHERWISE GO TO BQ3I.

BQ3k Using this card, when you or another person named on the policy reviewed your insurances, what was reviewed?

SHOWCARD. CODE ALL THAT APPLY.

P274

The amount that you pay	1
Whether the cover is still appropriate for your situation	2
Something else	3
Don't know	4

ASK IF HAS A PERSONAL LOAN (CODE 1 AT BQ3a_11, PAGE 31). OTHERWISE GO TO BQ3m(i).

BQ3l Now a question about your personal loan from a bank or other lender. This excludes hire purchase agreements.

Using this card, how have much of your personal loan have you paid back over the last three months?

SHOWCARD. CODE ONE ONLY.

P275

Paid more than the amount required by the lender	1
Paid the exact amount required by the lender	2
Paid less than the amount required by the lender	3
Don't know	4

ASK IF HAS A MORTGAGE (CODE 1 AT BQ3a_12, PAGE 31). OTHERWISE GO TO Q4a.

BQ3m(i) Now a question about your mortgage or mortgages.

Which of the following mortgages do you have in your name or hold jointly with another person?

SHOWCARD. CODE ONE PER LINE.

INTERVIEWER CHECK: IF RESPONDENT DOES NOT SAY 'YES' TO AT LEAST ONE OF THE QUESTIONS BELOW, GO BACK AND CLARIFY THEIR ANSWER TO BQ3a_12, PAGE 31 (WHERE THEY SAID THEY HAD A MORTGAGE).

P276/277

	YES	NO	DON'T KNOW
Mortgage on the home that you live in, or a holiday home	1	2	3
Mortgage on other properties that you own (eg, rental properties)	1	2	3

BQ3m(ii) And which of the following do you have?

SHOWCARD. CODE ONE ONLY.

P278

Fixed rate mortgage(s)	1
Variable or floating rate mortgage (s)	2
A mixture of these	3
Don't know	4

BQ3n **IF FIXED OR VARIABLE (CODE 1 OR 2 AT BQ3m_ii), ASK:** Using this card, how much of your mortgage(s) have you paid back over the last three months?

IF MIXTURE OR UNSURE (CODE 3 OR 4 AT BQ3m_ii), ASK: Thinking about all the payments you've made over the last three months, including payments on both fixed or variable rate facilities, overall how much of your mortgage(s) have you paid back? To answer, please use the options on this card.

SHOWCARD. CODE ONE ONLY.

P279

More than the amount(s) required by the lender(s)	1
The exact amount(s) required by the lender(s)	2
Less than the amount(s) required by the lender(s)	3
Different for each property, or	4
Don't know	5

Behaviour: Retail purchase agreements

BQ4a In the last 12 months have you had any retail purchase agreements or 'hire purchase' agreements? This is when finance is arranged for you by a seller when you pay something off over time.

When answering this question please include any retail purchase agreements you have paid off in the last 12 months, as well as any agreements you currently have.

CODE ONE ONLY.

P280

Yes	1	GO TO BQ5a
No	2	
Don't know	3	

BQ4b How many retail purchase agreements have you paid off in full over the last 12 months?

CODE ONE ONLY.

P281

None	1	GO TO BQ5a
One	2	GO TO BQ4c
Two or more	3	GO TO BQ4d
Don't know	4	GO TO BQ5a

BQ4c Did that hire purchase agreement have an interest free period, such as 6 or 12 months interest free?

CODE ONE ONLY.

P282

Yes	1	GO TO BQ4e
No	2	GO TO BQ5a
Don't know	3	GO TO BQ5a

BQ4d Thinking just about the retail purchase agreements you paid off in full over the last 12 months, how many of them had an interest free period, such as 6 or 12 months interest free?

CODE ONE ONLY.

P283

None	1	GO TO BQ5a
One	2	GO TO BQ4e
Two or more	3	GO TO BQ4f
Don't know	4	GO TO BQ5a

BQ4e Did you pay off that agreement before you had to pay interest?

CODE ONE ONLY.

P284

Yes	1	GO TO BQ5a
No	2	
Don't know	3	

BQ4f How many of those agreements did you pay off before you had to pay interest?

SHOWCARD. CODE ONE ONLY.

P285

All of them	1
Some them	2
None of them	3
Don't know	4

Behaviour: Debt management and spending

BQ5a Overall how many debts do you currently have either in your own name or jointly?

Please include each credit card debt that is building up interest, hire purchase agreement, personal loan, Student Loan, each property for which you have a mortgage, and any other debts that you have.

SHOWCARD. CODE ONE ONLY.

P286

None		
INTERVIEWER CHECK: IF NONE, CHECK ON PAGE 31 THAT RESPONDENT ALSO DOES NOT HAVE A PERSONAL LOAN (BQ3a_11, CODE 1), MORTGAGE (BQ3a_12, CODE 1), OR REVOLVING CREDIT (BQ3a_13, CODE 1).	1	GO TO BQ5j
One	2	GO TO QB5b
Two	3	GO TO QB5c
Three	4	
Four	5	
Five	6	
More than five	7	GO TO BQ5j
Don't know	8	

ASK IF ONLY ONE DEBT (CODE 2 AT BQ5a).

BQ5b Is that one debt a Student Loan?

CODE ONE ONLY.

P287

Yes	1	GO TO BQ5j
No, it's not a Student Loan	2	GO TO BQ5d

ASK IF TWO OR MORE DEBTS (CODE 3 TO 7 AT BQ5a).

BQ5c Do you know roughly which (debt has/debts have) the highest interest rate?

CODE ONE ONLY.

P288

Yes, I know which has the highest interest rate	1
No, I'm not sure	2

BQ5d At any time in the last three months have you had more money than you expected? This can happen when you receive more money than you normally receive, or when something costs less than you expect it to cost.

CODE ONE ONLY.

P289

Yes	1	
No	2	GO TO BQ5j

BQ5e Did you use any of that money to pay back some debt?

CODE ONE ONLY.

P290

Yes	1	
No	2	GO TO BQ5j

[NO BQ5f]

ASK IF MORE THAN ONE DEBT (CODE 3 TO 7 AT BQ5a) AND KNOWS WHICH DEBT HAS THE HIGHEST INTEREST RATE (CODE 1 AT BQ5c). OTHERWISE GO TO BQ5j

BQ5g Did you pay that money toward the highest interest (debt/debts)?

CODE ONE ONLY.

P291

Yes	1	
No	2	

[NO BQ5h OR BQ5i]

ASK ALL

BQ5j Thinking only about the last three months would you say you (and your partner) have...

SHOWCARD. READ OUT. CODE ONE ONLY.

P292

Spent <u>less</u> money than has come into your household	1	GO TO Q57
Spent <u>more</u> money than has come into your household	2	GO TO QB5k
Spent <u>as much</u> money as has come into your household	3	GO TO Q57
DO NOT READ: Don't know	4	GO TO Q57

BQ5k You indicated that over the last three months you've spent more money than you've received. Using this card, how did you do this?

SHOWCARD. CODE ALL MENTIONED.

P293

Used money from your savings or investments	1
Sold something	2
Obtained credit though a credit card, bank, financial company	3
Borrowed money from friends or family members	4
Received gifts from friends or family members	5
Did something else	6
Don't know	7

Financial advice

Q57 In the past 12 months which of the following, if any, have provided you with financial information or advice?

SHOWCARD. CODE ALL MENTIONS.

P211M

Your bank	1
Family/relatives/friends	2
Financial Advisor	3
Websites	4
Newspapers/magazines/leaflets	5
Citizens Advice Bureau	6
Church	7
Budgeting advisory services	8
Seminar/training course/educational program	9
TV Programmes	10
Haven't received any help	97
Don't know	98
Refused	99

I have an example here of some financial information that is available for New Zealanders. This information is referred to as 'Sorted' information and is available in leaflets like these ones. There is also a 'Sorted' website, and Sorted seminars are held in New Zealand.

SHOW SORTED BOOKLETS.

Q58a Have you ever read a Sorted booklet, visited the sorted.org.nz website, or attended a seminar that used Sorted materials?

ONE CODE ONLY.

P212

Yes	1	GO TO Q60
No	2	
Don't know/Not sure	3	

Q58b In the last 12 months, have you read a Sorted booklet, visited the sorted.org.nz website, or attended a seminar that used Sorted materials?

ONE CODE ONLY.

P213

Yes	1
No	2
Don't know/Not sure	3

[NO Q59]

Life expectancy

The next section is a short one about retirement and ageing.

When I read the questions, if you don't feel comfortable answering them, please just let me know and we will skip them.

Q60 Thinking now about what age you might live to, which of the following **best** describes how much you have thought about it?

SHOWCARD. CODE ONE ONLY.

P216

I've thought about it a lot	1
I've given it some thought	2
I've not really thought about it	3
I've never thought about it	4
Don't know	5
Refused	6

Q61 What age do you think you will live to?

P294

ENTER AGE IN WHOLE YEARS:	
Don't know	998
Refused	999

[NO Q62]

Q63 At what age, if any, do you think you are most likely to retire? By 'retire' I mean to stop full-time paid work with no intention of working full-time again, although you might still do a little part-time work or some voluntary work.

P295

ENTER AGE IN WHOLE YEARS:	
Never: I'll carry on working	777
I've already retired or I don't work	888
Don't know	998
Refused	999

[NO Q64 – Q70]

Demographics

I now have some questions about you, so that we can group people together into similar groups and see what their answers are. Please remember that everything you tell me is confidential.

Q71a Thinking about the house you currently live in, do you (and/or your partner) own it, is it in a trust, is it rented, or is it owned by someone else living in the house?

CODE ONE ONLY.

P122

Owned by self and/or partner	1	GO TO Q71b
In a trust	2	
Rented	3	GO TO Q72
Owned by another in the household (e.g. parent)	4	
Other	8	
Don't understand the question	6	
Don't know the answer	7	

IF OWNED BY SELF AND/OR PARTNER OR IN A TRUST:

Q71b Is there a mortgage on this house you live in?

CODE ONE ONLY.

P123

Yes	1
No	2
Don't understand the question	3
Don't know the answer	4

Q72 Who is responsible for budgeting or 'making ends meet' in your household?

CODE ONE ONLY.

P124

Myself	1
My partner	2
Myself and my partner jointly	3
My Parent/Mother/Father	4
Other (SPECIFY)	
Don't understand the question	5
Don't know the answer	6

SHOWCARD. CODE ONE ONLY.

Household with youngest child under 5	1	GO TO Q74
Household with youngest child aged 5-15	2	
Household with youngest child at home over 15	3	
Single/One person household	4	
Household – no children/none at home	5	
Flat – not a family home	6*	GO TO Q75
Other	7	GO TO Q74
Refused	8	

Q74 Who is responsible for decisions in your household about investments?

CODE ONE ONLY

Myself	1
My partner	2
Myself and my partner jointly	3
Myself and partner both do, but individually make our own decisions	4
My Parent/Mother/Father	8
Other (SPECIFY)	5
Don't understand the question	6
Don't know the answer	7

Q75 What age group are you?
SHOWCARD. CODE ONE ONLY.

P126

18 – 19	1
20 – 24	2
25 – 29	3
30 – 34	4
35 – 39	5
40 – 44	6
45 – 49	7
50 – 54	8
55 – 59	9
60 – 64	10
65 – 74	11
75+	12

Q76 **CODE GENDER.....**

P296

Male	1
Female	2

Q77 Which ethnic group or groups do you belong to? You can choose more than one.
SHOWCARD. CODE ALL THAT APPLY.

P128M

New Zealand European	1
Māori	2
Samoa	3
Cook Island Māori	4
Tongan	5
Niuean	6
Chinese	7
Indian	8
Other (such as Dutch, Japanese, Tokelauan) please state:	9

Q78a Were you born in New Zealand?
CODE ONE ONLY.

P129

Yes	1	GO TO Q79
No	2	

Q78b How long have you lived in New Zealand?

WRITE IN YEARS:_____

P130

Q79 Thinking now about the English language, how comfortable would you say you are in speaking and reading English? Are you

READ OUT. CODE ONE ONLY.

P225

Very comfortable	1
Somewhat comfortable	2
Not very comfortable	3
Not at all comfortable	4

Q80 Are you currently in paid employment?

CODE ONE ONLY.

P132

Yes	1	GO TO Q82
No	2	

Q81 How many hours per week do you work?

CODE ONE ONLY. READ OUT IF NECESSARY.

P133

Under 20 hours	1
20 hours to 34 hours	2
35 hours or more	3

IF AT Q73 = CODE 6* (flat- not a family home) THEN GO TO Q83a. OTHERWISE ASK Q82.

Q82 Are you the main income earner in your household?

CODE ONE ONLY.

P134

Yes	1
No	2

INTERVIEWERS: FOR Q83 – MUST HAVE RESPONSES IN BOTH COLUMNS (Q83A AND Q83B)

Q83a Which one of the following categories best describes your occupation?

SHOWCARD. CODE ONE ONLY IN COLUMN 'RESPONDENT OCCUPATION Q83a'

IF:

- **MAIN INCOME EARNER (SEE Q82) COPY CODE AT COLUMN Q83a TO COLUMN Q83b, AND THEN GO TO Q84.**
- **IF AT Q73 = CODE 6* (flat- not a family home) COPY CODE AT COLUMN Q83a TO COLUMN Q83b, AND THEN GO TO Q84.**

OTHERWISE, ASK Q83b.

Q83b And what is the occupation of the main income earner in your household? **SHOWCARD. CODE ONE ONLY IN COLUMN 'MAIN INCOME EARNER OCCUPATION Q83b'**

	P135	P136
	RESPONDENT OCCUPATION	MAIN INCOME EARNER OCCUPATION
	Q83A	Q83B
Home duties (not otherwise employed)	1	1
Retired/superannuitant	2	2
Social welfare beneficiary/unemployed	3	3
Student at secondary school	4	4
Student at university/polytechnic or other tertiary institution	5	5
Clerical or sales employee	6	6
Semi-skilled worker	7	7
Technical or skilled worker	8	8
Business proprietor or self-employed	9	9
Business manager or executive	10	10
Teacher/nurse/police or other trained service worker	11	11
Professional or senior government official	12	12
Labourer, manual, agricultural or domestic worker	13	13
Farm owner, or manager	14	14
Refused	15	15

- Q84 Which of the following best describes your total **personal** annual income from all sources, including returns from investments, before tax? **IF NECESSARY:** Before tax is gross
SHOWCARD. CODE ONE ONLY. P137

Loss	1
Zero income	2
\$1 – \$5,000	3
\$5,001 - \$10,000	4
\$10,001 - \$15,000	5
\$15,001 - \$20,000	6
\$20,001 - \$25,000	7
\$25,001 - \$30,000	8
\$30,001 - \$40,000	9
\$40,001 - \$50,000	10
\$50,001 - \$70,000	11
\$70,001 - \$100,000	12
\$100,001 or more	13
Refused	14

ASK ONLY IF Q49 = CODE 1 (LIVE WITH SPOUSE OR PARTNER). OTHERS GO TO Q86.

- Q85 And which of the following best describes your total annual household income from all sources, including returns from investments, before tax? **IF NECESSARY:** Before tax is gross
SHOWCARD. CODE ONE ONLY. P138

\$20,000 or less	1
\$20,001 to \$30,000	2
\$30,001 to \$40,000	3
\$40,001 to \$50,000	4
\$50,001 to \$60,000	5
\$60,001 to \$80,000	6
\$80,001 to \$100,000	7
\$100,001 to \$120,000	8
More than \$120,000	9
Refused	10
Don't know	11

Q86 What was the last level you completed in your formal education?
SHOWCARD. CODE ONE ONLY.

P139

Primary school	1
Secondary school without school certificate	2
School certificate / NCEA Level 1	3
U.E., 6 th form certificate or bursary / NCEA Levels 2 or 3	4
Technical or trade qualification	5
Other tertiary qualification	6
University graduate	7
Post graduate qualification	8
Refused	9

Q87 How many people are there usually, in total, in your household?
CODE ONE ONLY.

P141

One	1	GO TO Q89 GO TO Q88
Two	2	
Three	3	
Four	4	
Five	5	
Six	6	
Seven	7	
Eight	8	
Nine	9	
Ten or more	10	
Refused	11	

Q88 And how many of these people are children aged 17 years or younger?
CODE ONE ONLY.

P142

One	1
Two	2
Three	3
Four	4
Five	5
Six	6
Seven	7
Eight	8
Nine	9
Ten or more	10
Refused	11
None	99

Q89 And now I have a couple more questions about financial matters. Do you have a current will?
CODE ONE ONLY. P143

Yes	1
No	2
Don't understand the question	3
Don't know the answer	4

Q90 Do you have a financial Enduring Power of Attorney?
CODE ONE ONLY.

P144

Yes	1
No	2
Don't understand the question	3
Don't know the answer	4

Q91a Not including your home, but thinking about all the money in your everyday accounts, savings accounts, all your financial investments, including shares and superannuation if you have them, what is the total amount of money you have, either on your own or jointly with someone else? Please think about your bank accounts, credit union and building society accounts, and any other investments you have. If you have an investment property, include only your equity in the property, not the total value of the property.
SHOWCARD – QUESTION AND RESPONSE CATEGORIES. CODE ONE ONLY.

INTERVIEWER NOTE: FOR INVESTMENT PROPERTY, EQUITY IS VALUE MINUS HOME LOAN/AMOUNT OWING.

P145

Less than \$100	1	GO TO Q92a
\$100 - \$499	2	
\$500 - \$999	3	
\$1,000 - \$1,999	4	
\$2,000 - \$4,999	5	
\$5,000 - \$9,999	6	
\$10,000 - \$19,999	7	
\$20,000 - \$29,999	8	
\$30,000 - \$39,999	9	
\$40,000 - \$49,999	10	
\$50,000 - \$74,999	11	
\$75,000 - \$99,999	12	
\$100,000 - \$124,999	13	
\$125,000 - \$249,999	14	
\$250,000 - \$499,999	15	
\$500,000 - \$749,999	16	
\$750,000 - \$999,999	17	
\$1 million or more	18	GO TO Q91b
Don't know	19	
Refused	20	

Q91b Can you say whether it would be under \$5,000 or \$5,000 or more?

CODE ONE ONLY.

P146

Under \$5,000	1
\$5,000 or more	2
Don't know	3
Refused	4

Q92a What is the total amount you owe on all your loans, either on your own or jointly with someone else. Please include credit cards, store cards, bank accounts in debt, hire purchase, other debt on cars or household items and other loans, **but not including your mortgage?**

SHOWCARD. CODE ONE ONLY.

P147

Nothing	99	GO TO Q93
Less than \$100	1	
\$100 - \$499	2	
\$500 - \$999	3	
\$1,000 - \$1,999	4	
\$2,000 - \$4,999	5	
\$5,000 - \$9,999	6	
\$10,000 - \$19,999	7	
\$20,000 - \$29,999	8	
\$30,000 - \$39,999	9	
\$40,000 - \$49,999	10	
\$50,000 - \$74,999	11	
\$75,000 - \$99,999	12	
\$100,000 - \$124,999	13	
\$125,000 - \$249,999	14	
\$250,000 - \$499,999	15	
\$500,000 - \$749,999	16	
\$750,000 - \$999,999	17	
\$1 million or more	18	
Don't know	19	GO TO Q92b
Refused	20	

Q92b Can you say whether it would be under \$30,000 or \$30,000 or more?
CODE ONE ONLY.

P148

Under \$30,000	1
\$30,000 or more	2
Don't know	3
Refused	4

ASK Q93 IF Q71A = CODES 1 OR 2 (HOUSE IS OWNED BY SELF/PARTNER OR TRUST). OTHERWISE GO TO Q94.

Q93 And thinking about your home, what is the value of your house?
SHOWCARD. CODE ONE ONLY.

P149

IF NECESSARY: At your last valuation.

Less than \$100,000	1
\$100,000 - \$149,999	2
\$150,000 - \$199,999	3
\$200,000 - \$249,999	4
\$250,000 - \$299,999	5
\$300,000 - \$349,999	6
\$350,000 - \$399,999	7
\$400,000 - \$449,999	8
\$450,000 - \$499,999	9
\$500,000 - \$549,999	10
\$550,000 - \$599,999	11
\$600,000 - \$749,999	12
\$750,000 - \$999,999	13
\$1 million or more	14
Don't know	15
Refused	16

ASK ONLY IF Q71b = CODE 1, (HOUSE HAS MORTGAGE). OTHERWISE GO TO CLOSE.

Q94 Earlier you said that there is a mortgage on the house that you live in. How much do you owe on your house?
SHOWCARD. CODE ONE ONLY.

P150

IF NECESSARY: How much is your mortgage or home loan?

Nothing	1
Less than \$50,000	2
\$50,000 - \$74,999	3
\$75,000 - \$99,999	4
\$100,000 - \$149,999	5
\$150,000 - \$199,999	6
\$200,000 - \$249,999	7
\$250,000 - \$299,999	8
\$300,000 - \$349,999	9
\$350,000 - \$399,999	10
\$400,000 - \$449,999	11
\$450,000 - \$499,999	12
\$500,000 - \$549,999	13
\$550,000 - \$599,999	14
\$600,000 - \$749,999	15
\$750,000 - \$999,999	16
\$1 million or more	17
Don't know	18
Refused	19

CLOSE:

That is the end of the survey. As part of our quality control a percentage of our work is checked, so may I please have your name, a first name will do, and phone number for audit purposes?

RECORD ON FRONT PAGE.

Thank you for your time. As I said before my name is..... from Colmar Brunton Research, if you have any questions please feel free to call my Supervisor.

(GIVE SUPERVISOR'S NAME AND NUMBER IF REQUIRED.)

GIVE RESPONDENT VOUCHER AND GET THEM TO SIGN FOR IT AT BOTTOM OF THIS PAGE

INTERVIEWER DECLARATION:

'I certify I have conducted this interview in accordance with the guidelines set out in the Market Research Society Code of Practice and in accordance with the instructions from Colmar Brunton. I have thoroughly checked the questionnaire and it is complete in all respects.'

INTERVIEWER SIGNATURE: _____

RESPONDENT SIGNATURE FOR VOUCHER

I have received the voucher.

Signature_____
