

# Attitude & behaviour relative to long-term saving



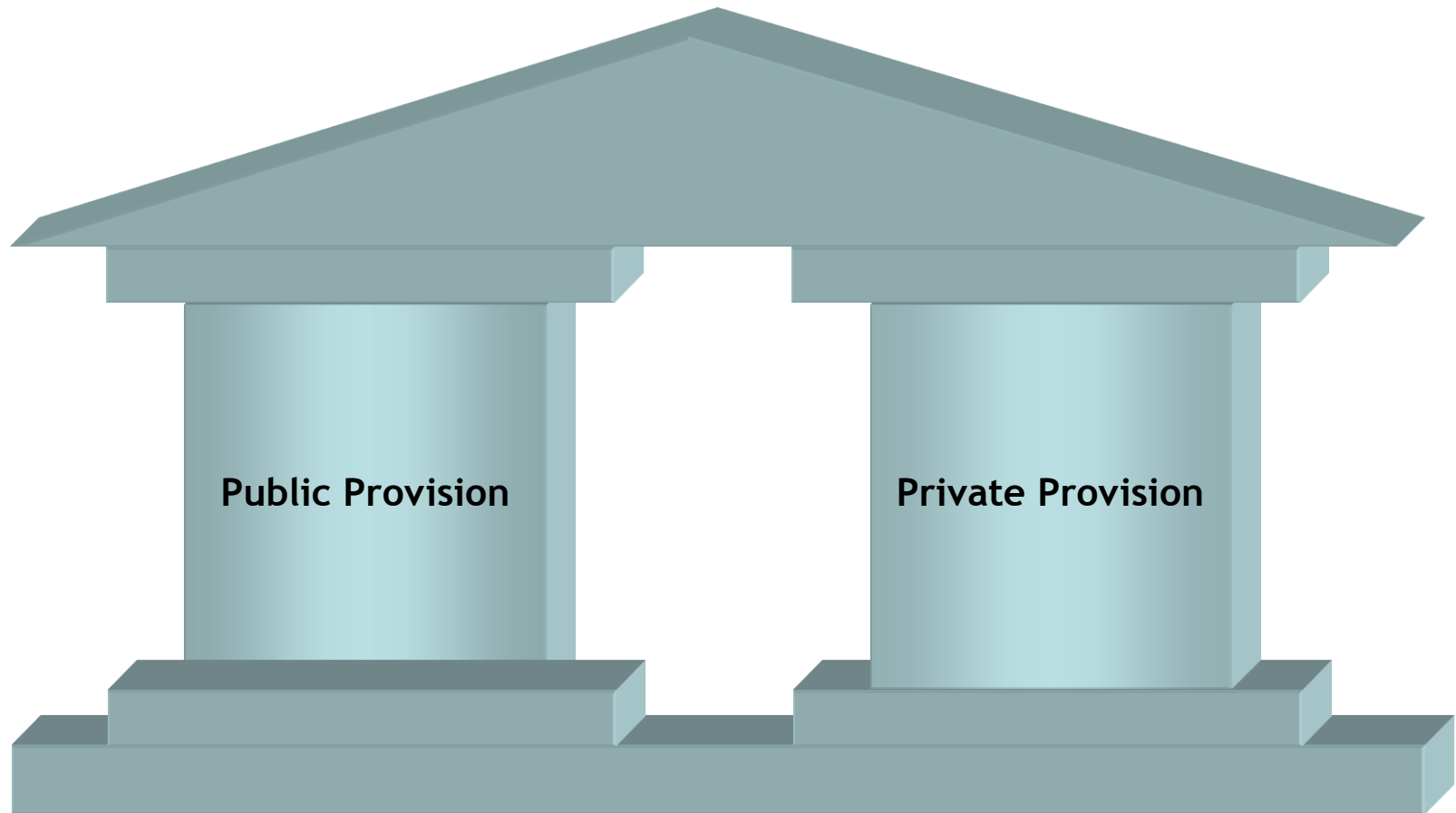
DIANA CROSSAN  
Retirement Commissioner  
New Zealand

21<sup>st</sup> October 2010

OECD Banque du Liban

International Conference on Financial Education

# New Zealand Retirement Income Framework



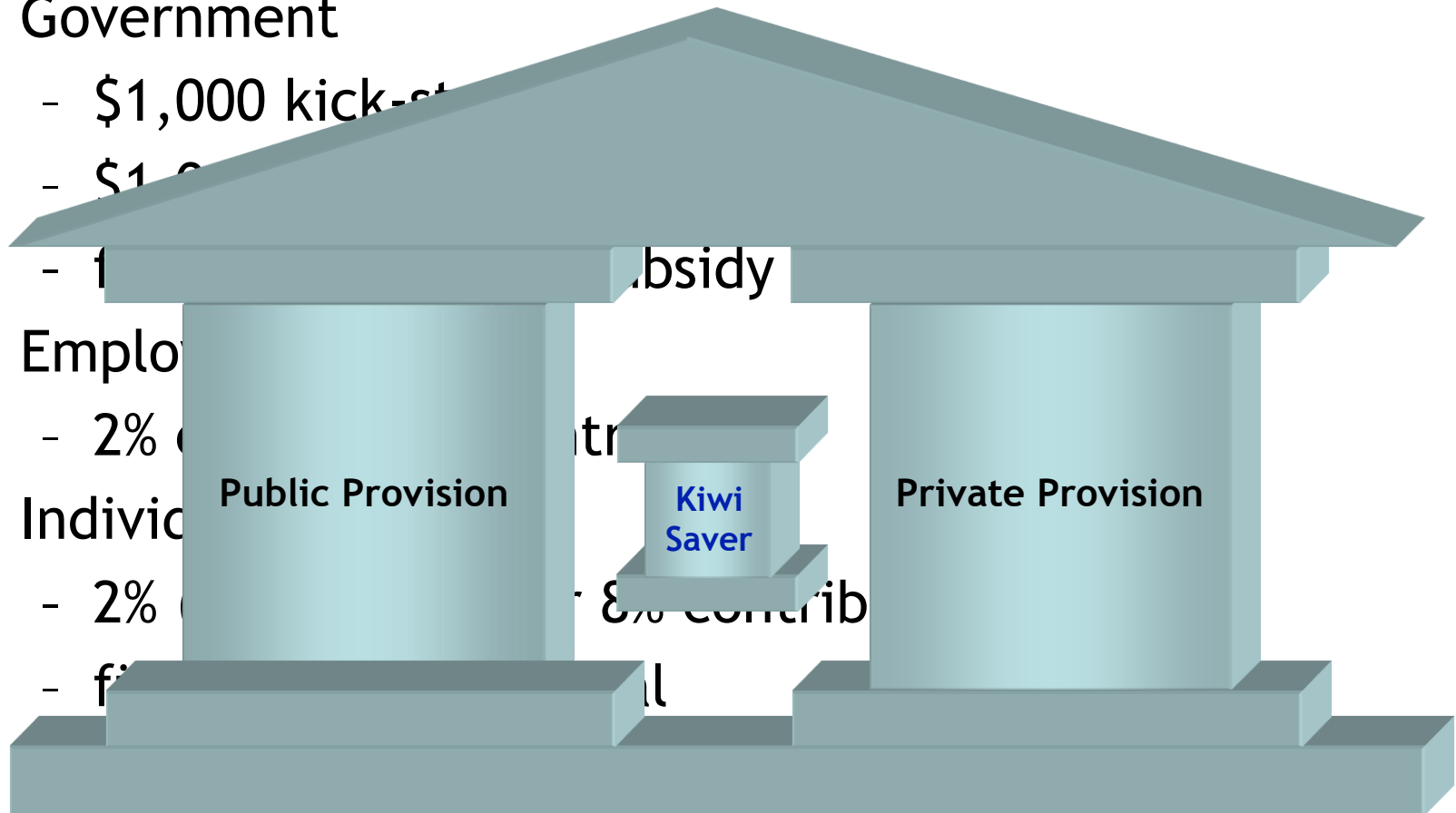
# Attitudes and behaviours to overcome

- Procrastination
- Too difficult
- Complexity
- Employer nervousness of being involved
- Employer cost
- Mis-information



# New Zealand Retirement Income Framework

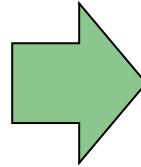
- Government
  - \$1,000 kick-start
  - \$100
  - 1% subsidy
- Employer
  - 2% contribution
- Individual
  - 2% contribution
  - 8% contribution
  - financial



# KiwiSaver

## What we wanted

- Procrastination
- Easy to do
- Simple decisions
- Low cost/low involvement for employer
- Clear communication



## What we got

- Kick-start/opt out
- Payroll/defaults
- Too many choices
- No employer responsibility for advice or information
- Sorted campaigns



# Examples of Sorted communications

## Employer



**sorted.org.nz**  
YOUR INDEPENDENT MONEY GUIDE

- Direct mail
- Print advertising
- Radio advertising
- Online advertising
- Public relations
- Speeches and presentations
- Via industry associations

## Example of employer communication (online advertising)

**Help your employees get Sorted on KiwiSaver.**

- 1 Order or download Sorted resources
- 2 Order KiwiSaver decision-making resources
- 3 Do our Quick KiwiSaver calculator

# Examples of Sorted communications

## Employee



- Television advertising
- Online advertising
- Print advertising
- Outdoor advertising (e.g. bus stops)
- Public relations
- Via community groups
- Via trade unions

## Example of employee communication (online advertising)

**What's KiwiSaver worth to you?**

Age

Employment status

Annual salary or wages \$

Frequency of pay

Employer KiwiSaver contribution

**sorted.org.nz**  
YOUR INDEPENDENT MONEY GUIDE

**Calculate**

# KiwiSaver results

- Strong early and continued enrolment growth
  - 1.49m members at 31/07/10
  - 38% eligible population
- Most members opted-in
  - 63% opt-in (via employer & provider)
  - 37% auto-enrolled





# Yes, but has it increased savings?

- Of the KiwiSaver households saving
  - 29% maintained saving levels
  - 17% started or increased their saving
  - 15% stopped or decreased saving
- Of the KiwiSaver households with debt when they joined
  - 38% maintained repayment levels
  - 21% started or increased repayments
  - 10% stopped or decreased repayments



# New Zealand financial knowledge survey

The financial knowledge survey also included behaviour

## *Question:*

- What do you consider when thinking about saving for retirement? (2005→2009)

Lifestyle and spending (75%)

↓ 5%

Current financial situation (58%)

↑ 11%

How long their retirement might be (24%)

↑ 10%

# Attitude & behaviour relative to long-term saving



DIANA CROSSAN  
Retirement Commissioner  
New Zealand

21<sup>st</sup> October 2010

OECD Banque du Liban

International Conference on Financial Education