Attitude & behaviour relative to long-term saving

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New Zealand

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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 payment
  - $1,042 maximum MTC
  - 1% home deposit subsidy
- Employer
  - 2% compulsory contribution
- Individual
  - 2% default contribution rate
  - 4% or 8% contribution rate
  - first home withdrawal
  - contribution holidays

Private Provision

Public Provision

Kiwi Saver
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

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

Example of employer communication (online advertising)

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

Help your employees get Sorted on KiwiSaver.
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?

<table>
<thead>
<tr>
<th>Age</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Employment status</td>
<td>Employed</td>
</tr>
<tr>
<td>Annual salary or wages</td>
<td></td>
</tr>
<tr>
<td>Frequency of pay</td>
<td>Weekly</td>
</tr>
<tr>
<td>Employer KiwiSaver</td>
<td>2%</td>
</tr>
</tbody>
</table>

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%) \(\downarrow\) 5%

Current financial situation (58%) \(\uparrow\) 11%

How long their retirement might be (24%) \(\uparrow\) 10%
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