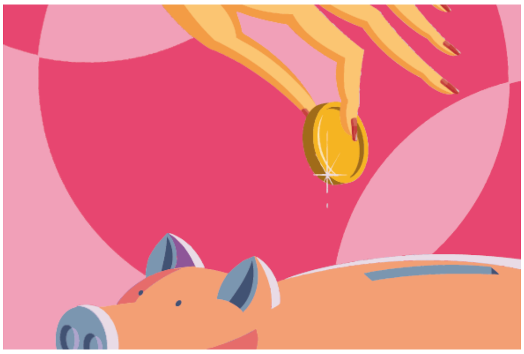


Pensions at a Glance 2013
OECD and G20 Indicators

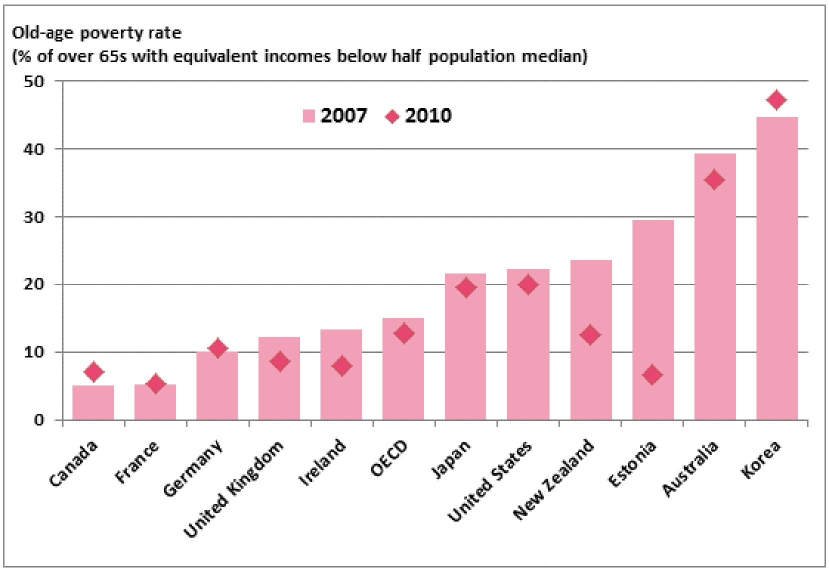
NEW ZEALAND

- **Elderly poverty rates have declined recently but are still above the general population level.**
- **KiwiSaver has been a major success with high contribution levels and should increase pension adequacy levels.**

Old age poverty is now below the OECD average. People aged over 65 have, on average, an income equivalent to 86% of that of the total population, which is equal to the OECD average. However, there is considerable variation by age groups, with those aged 66 to 75 at 98% and those aged over 75 at only 69%. Consequently the elderly poverty rate is much higher for the older age group at 15.8% compared to 10.2% for the 66 to 75 group.

Poverty rates have been almost halved since 2007. Whilst the basic pension has increased every year in real terms it remains very close to the poverty threshold. Therefore the recent decline in the elderly poverty rate is primarily the result of population-wide average income stagnating during the crisis. If the progression in average earnings returns to its pre-crisis pace then the elderly poverty rate might increase again in the short term. As KiwiSaver, a new auto-enrolment pension scheme, matures the medium and long-term poverty rates should decrease.

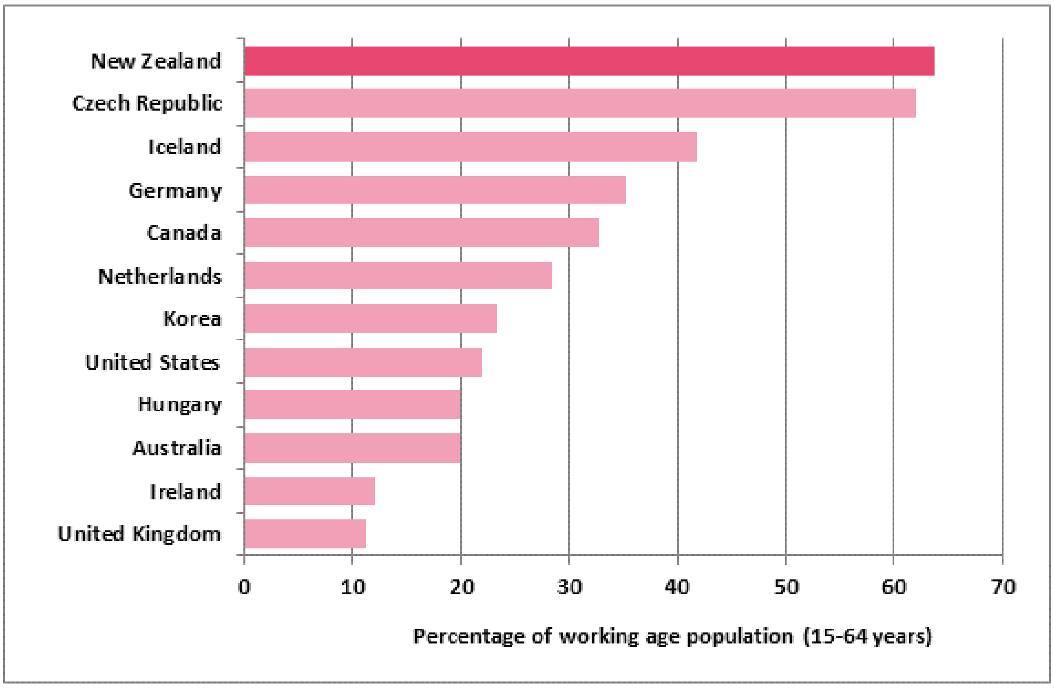
Old-age income poverty rates



Source: OECD (2013), Pensions at a Glance 2013

The take-up of KiwiSaver should improve future pension adequacy and reduce poverty. While KiwiSaver was only introduced in 2007, the coverage levels for those aged 15 to 64 reached 64% in 2011, the highest rate for voluntary personal pensions in the OECD. By actively encouraging the take-up through matched contributions the government reacted early to address future pension adequacy challenges. If the current levels of take-up are maintained, or even improved, then pensioner poverty should decrease, providing that the basic pension does not fall in relative terms. On the other hand, lower earners, who are more likely to opt out of the auto-enrolment scheme as a way to help them overcome short-term financial constraints, may still be at risk.

Coverage of voluntary personal pensions, 2011



Source: OECD (2013), Pensions at a Glance 2013

Key indicators

		New Zealand	OECD
Gross replacement rate	Average earner (%)	40.6	54.4
	Low earner (%)	81.1	71.0
Public spending on pensions	% GDP	4.7	7.8
Life expectancy	At birth	81.0	79.9
	At age 65	19.9	19.1
Population aged 65	% of working-age population	23.1	25.5
Average earnings	NZD	51 300	51 700

Note: replacement rate is pension entitlement from all mandatory sources of retirement income relative to individual earnings. Calculations for a full-career worker entering the labour market in 2012. Low earner is assumed to earn 50% of the average.
Source: OECD (2013), Pensions at a Glance 2013: OECD and G20 Indicators.

Notes to editors:

Pensions at a Glance 2013:
OECD and G20 Indicators

Published 11.00am Paris time on 26 November 2013

The report includes pension indicators for the OECD member countries and G20 economies with 2012 pension rules and parameters. There are two special chapters on (i) distributional impact of reforms; (ii) future retirement income adequacy, the role of housing, financial wealth and publicly provided services.

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