

NOTES TO OECD 'PENSION METADATA SHEET'

- *The OECD Pension Metadata Sheet aims to provide a clear and concise overview of the content of the columns in the table on social insurance pension schemes, regarding their coverage and assumptions used in the calculation of their main results. A separate sheet is used for each column. If a column is not relevant in a country, it is requested to explicitly mention so in the relevant sheet.*
- *Relevant additional information (e.g. more detailed descriptions) could be provided as an annex to or as links within the sheets.*
- *Countries are requested to provide the metadata sheet together with the transmission of the data for the table on social insurance pension schemes.*
- *The Metadata Sheet should be updated when changes occur in national pension systems or in the compilation of the results for the table on social insurance pension schemes.*
- *The metadata provided should be publishable on the OECD website*

TABLE 2900 - METADATA SHEET

New Zealand

February 2020

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1. Column A: Defined contribution schemes managed by non-general government

1. General description of schemes covered and information on calculations	
<i>a. Coverage of the column</i>	
<p>The schemes covered in column 1 includes Kiwisaver and other private registered superannuation schemes. Kiwisaver is a voluntary work-based saving scheme initiative designed to help set up individuals for their retirement. Members build up their saving through regular contributions from their pay that are matched with employer contributions. Savings are made up of contributions plus or minus investment returns and minus any withdrawals, fees and taxes. Each year the Government also make contribution to the scheme subject to certain conditions being met.</p> <p>Other private registered superannuation schemes are similar in concept to Kiwisaver ie established principally to provide retirement benefits to employees but there are no government contributions. The employee and employee make contribution to the schemes which are managed by professional fund managers for a fee. These schemes are generally defined contribution schemes, however, there are some (small number) of defined benefit schemes. Since the introduction of Kiwisaver, numbers joining private schemes have decreased in favour of Kiwisaver.</p>	
<i>b. Information on calculations</i>	
Data sources	<p>Data for Kiwisaver is sourced from Annual financial statement of the scheme produced by New Zealand Financial Market Authority (FMA). The FMA sources the data directly from the scheme providers.</p> <p>Data for the private registered scheme is collated by Statistics New Zealand using annual financial statements lodged by the scheme administrators to New Zealand Companies Office.</p>
2. Any other comments	
<p>The reported data correspond to 2015 ending March.</p>	

2. Column B: Defined benefit schemes managed by non-general government

1. General description of schemes covered and information on calculations	
<i>a. Coverage of the column</i>	
As noted in notes to column A, there are some schemes registered as private super schemes that are defined benefit schemes. They are small and they are currently treated like a defined contribution scheme. The actuaries of these schemes derive estimates of the unfunded liabilities. These estimates are derived every three years.	
<i>b. Information on calculations</i>	
<i>Data sources</i>	
<i>Discount rate (%)</i>	
<i>Discount rate (info)</i>	
<i>Wage growth assumption</i>	
<i>Demographic assumptions</i>	
2. Any other comments	
The reported data correspond to 2015 ending March.	

3. Column C: Total social insurance pension schemes managed by non-general government

(Only to be completed if no separate information is available for columns A and B)

1. General description of schemes covered and information on calculations	
<i>a. Coverage of the column</i>	
<i>b. Information on calculations</i>	
<i>Data sources</i>	
<i>Discount rate (%)</i>	
<i>Discount rate (info)</i>	
<i>Wage growth assumption</i>	
<i>Demographic assumptions</i>	
2. Any other comments	
The reported data correspond to 2015 ending March.	

4. Column D: Defined contribution schemes managed by general government

1. General description of schemes covered and information on calculations	
<i>a. Coverage of the column</i>	
<p>The main scheme to fall under this category is the national Provident Fund (NPF). There are 9 schemes in the fund. The NPF schemes are unique in New Zealand as they are government guaranteed, which means that members can always be sure their benefits are secure. All 9 schemes are closed to new members. Members can transfer between schemes. The scheme is administered by a private company.</p> <p>While a couple of the schemes are defined benefit, the others are defined contribution. Statistics New Zealand currently treats all schemes as defined contribution on the ground of data availability.</p>	
<i>b. Information on calculations</i>	
<i>Data sources</i>	The data is sourced from the annual financial statement produced by the administrators.
2. Any other comments	
The reported data correspond to 2015 ending March.	

5. Column E: Defined benefit schemes for government employees, managed by general government and administered by an autonomous pension fund

1. General description of schemes covered and information on calculations	
<i>a. Coverage of the column</i>	
The Government Superannuation Fund	
<p>The Government Superannuation Fund (“GSF”) dates back to 1948, when it was established to provide a way for state sector employees to save for their retirement. Contributors make regular contributions to the Fund and in return, on retirement, receive a defined level of income. There are a number of schemes collectively wrapped within GSF. The GSF is managed by an autonomous Crown Entity. The funds in the schemes are administered by private sector fund managers.</p>	
<i>b. Information on calculations</i>	
<i>Data sources</i>	The GSF is sourced from the annual reports and the actuarial report produced by the fund administrator is on an annual June year basis.
<i>Discount rate (%)</i>	The discount rate applied is 5.5% pa net of tax.
<i>Discount rate (info)</i>	The rate has been derived from the expected return on assets based on modelling carried out by the Actuary that does the actuarial valuations using data models. The modelling derives a set of expected real returns for each of the major asset classes in which the Fund invests and is combined with the price inflation assumption to develop nominal returns. The discount rate has allowed for the effects of taxation and is expressed net of New Zealand tax. No adjustments for investment expenses were made as they are met by the Crown and the funding employers. The discount rate is calculated based on the long-term strategic asset allocation and long term expectations of investment returns net of taxation at the valuation date.
<i>Wage growth assumption</i>	The salary inflation assumption is based on market expectations of price inflation and on consideration of Treasury’s expected range for inflation, together with an allowance for the margin of salary inflation over price inflation. The salary assumption adopted is a flat salary increase of 3.0% p.a.
<i>Demographic assumptions</i>	<p>The most important demographic assumptions are the rates of pensioner mortality. A set of alternative pensioner mortality rates was developed. Broadly, the rates are lower than the current rates below age 85 and higher above, for both males and females. It is considered the alternative mortality factors are a better representation of the Fund’s experience than the existing rates and it was decided the alternative mortality rates be adopted for use. We calculated that adopting the alternative factors would lead to a slightly lower value being placed on the Fund’s past service liabilities, when compared with the existing rates.</p> <p>Based on the Fund experience and other mortality studies a revised assumption was adopted for mortality improvement of 2.5% p.a. at ages up to 75 and progressively smoothed to 1.0% p.a. at aged above 83.</p> <p>The impact of the proposed changes to mortality improvement on the Fund’s past service liability is small initially. In future the liability will not increase as quickly under the new assumptions as the pensioners age.</p>
2. Any other comments	
The reported data correspond to 2015 ending March.	

6. Column F: Defined benefit schemes for government employees, managed and administered by general government

1. General description of schemes covered and information on calculations	
<i>a. Coverage of the column</i>	
<i>b. Information on calculations</i>	
<i>Data sources</i>	
<i>Discount rate (%)</i>	
<i>Discount rate (info)</i>	
<i>Wage growth assumption</i>	
<i>Demographic assumptions</i>	
2. Any other comments	

7. Column G: Defined benefit schemes for government employees, managed and administered by general government, for which liabilities are not included in the central framework of the SNA

1. General description of schemes covered and information on calculations	
<i>a. Coverage of the column</i>	
There are no such schemes.	
<i>b. Information on calculations</i>	
<i>Data sources</i>	
<i>Discount rate (%)</i>	
<i>Discount rate (info)</i>	
<i>Wage growth assumption</i>	
<i>Demographic assumptions</i>	
2. Any other comments	

8. Column H: Social security pension schemes

1. General description of scheme(s) covered and information on calculations	
<i>a. Coverage of the column</i>	
There are no social security pension schemes in New Zealand. We do have a social security scheme that covers injury and other medical mishaps but no pension schemes as such.	
<i>b. Information on calculations</i>	
<i>Data sources</i>	
<i>Discount rate (%)</i>	
<i>Discount rate (info)</i>	
<i>Wage growth assumption</i>	
<i>Demographic assumptions</i>	
2. Any other comments	

9. Columns J and K: Counterparts of domestic social insurance pension liabilities (i.e. relating to resident or non-resident households)

1. General description
<i>Allocation to counterpart sector</i>
<p>We currently do not have a breakdown of data on this. For private sector pension schemes that are run by employers and for Kiwisaver scheme, it is possible that some resident individuals may have maintained their New Zealand scheme while moving abroad. We believe that these cases are small as often people will transfer their New Zealand schemes to appropriate schemes in the new country of residence.</p> <p>We also don't have a breakdown of the non-resident recipients of the Government Superannuation scheme or the National Provident Fund schemes. Again, we believe that the numbers would be very small.</p>
2. Any other comments

10. Column L: Social insurance pension entitlements of resident households with regard to the rest-of-the-world

1. General description	
<i>Information on calculations</i>	
<i>Data sources/methods</i>	
<i>Discount rate (%)</i>	
<i>Discount rate (info)</i>	
<i>Wage growth assumption</i>	
<i>Demographic assumptions</i>	
2. Any other comments	
We do not have an estimate for this but as for non-residents, we believe this to be very small.	

11. Links to (national) publications providing further information on the pension schemes

ANNEX

[Any additional information, optional]