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Groundswell of support builds for KiwiSaver

A groundswell of support is building for KiwiSaver, increasing New Zealanders' appetite for retirement savings and boosting savings patterns, according to the latest AMP SuperWatch research, says AMP Financial Services Managing Director, Greg Camm.

In the SuperWatch survey, conducted by research house Colmar Brunton, respondents are asked about their savings plans. 68% of respondents say New Zealand Superannuation would be inadequate financial support for them in retirement. 75% of non-retired New Zealanders say they are aware of KiwiSaver (up from 49% six months ago) and 46% say they are likely to join (up from 40%).

“The awareness of KiwiSaver is starting to bite. The research says nearly half the working population is likely to join KiwiSaver. That’s an amazing change in six short months, in awareness and willingness to act,” says Mr Camm.

“There’s been a lot of politics around KiwiSaver. But this research shows that New Zealanders are aware it’s coming and are keen to be involved.”

Mr Camm says the research also shows a shift in savings behaviour with more New Zealanders saving and options other than property taking precedence in New Zealanders' retirement savings plans.

“Nearly three out of four or 71% of New Zealanders now say they save. That’s a significant shift from 65% six months ago. They are diversifying their retirement savings investment with 62% saying they contribute to a private superannuation savings plan, 50% that they invest in bank or term deposits (up from 40%) and 40% (up from 29%) into managed funds. 47% (down from 52% six months ago) say they save for retirement by paying of their home mortgage.

“ Also in an increasingly complicated and ever-changing financial environment more respondents say they use guidance in their financial planning from sources other than themselves or friends (66% up from 56%).

“ This statistically significant research shows the appetite for retirement savings has gone up a gear. Coupled with support from Government, employers, unions and the financial services industry, at AMP we think KiwiSaver looks to be a

real winner. There is no doubt in my mind KiwiSaver's changing the whole savings environment," says Mr Camm.

AMP SuperWatch Research was last completed and reported in August 2006

Ends

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(Note for editors: The AMP SuperWatch survey was conducted by Colmar Brunton in March 2007 and has a sample size of 500. The margin of error is a maximum of plus or minus 4.5%. All respondents were aged 18 or over.)

AMP SuperWatch Survey March 2007

- Q1. Can you please tell me whether or not you are saving for anything at the moment?
Please include any savings you do on your own or jointly with your partner.

	Aug 06 (%)	Feb 07 (%)
Yes	65	71
No	34	29
Don't know	1	0
All respondents	(500)	(501)

- Q2. Which of the following items or events are you personally, or you and your partner, currently saving for?

	Aug 06 (%)	Feb 07 (%)
Retirement or Superannuation	51	48
A rainy day or emergency fund	45	46
Travel or holidays	42	51
Education - Your own or your children's or grandchildren's	23	19
Home improvements	23	28
A deposit for a home purchase	14	14
A new car	11	10
None	4	3
Don't know/no answer	1	1
Currently saving	(313)	(351)

- Q3a. Which of these are you currently doing that you view as part of your saving for your retirement, either on your own or with your partner?

	Aug 06 (%)	Feb 07 (%)
Paying off the mortgage on your home	52	47
Contributing to a private/personal superannuation savings plan	52	62
Investing in bank or term deposit investments	40	50
Contributing to a workplace superannuation scheme	37	39
Investing in a Managed Fund or Unit trust investments	29	40
Investing in Residential property other than your own home	25	25
Investing directly in shares	20	27

Investing in your own business	18	21
Investing directly in commercial property	8	4
Don't know	1	1
Something else not mentioned	0	0
Saving for retirement	(183)	(182)

Q3b. And which of the following are you using, to help you calculate how much savings you need for your retirement?

	Aug 06 (%)	Feb 07 (%)
Made a few calculations based on my circumstances and estimated it myself	52	53
Just guessing	32	29
A Financial Planner / Insurance Adviser	29	34
Assessed based on the amount of my mortgage or mortgages	13	12
Friends and family	12	16
An Accountant	11	13
Use a needs calculator on an 'other' website	9	16
Use a needs calculator on an insurance provider's website	5	1
Don't know/no answer	3	3
Saving for retirement	(183)	(182)

Q4a. What are the main barriers at the moment for you to be able to save for your retirement?

	Aug 06 (%)	Feb 07 (%)
Don't earn enough	28	27
Too many other financial commitments	19	20
I am concentrating on my mortgage	5	8
High cost of living / inflation	9	3
Haven't got around to it	14	13
No barriers	14	21
Don't know where to start	7	4
Savings gets taxed	2	1
Other	11	3
Currently NOT saving	(72)	(134)

Q5a Does your current employer provide a work place super scheme?

	All employed	
	Aug 06 (%)	Feb 07 (%)
Yes	32	42
No	61	53
Don't know	7	4
Currently employed	(243)	(291)

Q5b. Do you participate in the scheme?

	Feb 07 (%)
Yes	55
No	45

Don't know	0
Employer provides a Super Scheme	(118)

Q6. Why don't you participate in your workplace scheme?

	Aug 06 (%)	Feb 07 (%)
Haven't been there long enough	18	11
Am saving through other means	18	12
I have a private scheme	17	16
Haven't got around to it	13	19
Low visibility of scheme in the workplace	11	0
Have yet to be invited by my Employer	6	0
Can't afford it	4	12
Family issues	4	0
I am concentrating on reducing my mortgage	4	16
Too late to join now	2	4
I only work part-time	0	1
Other	24	17
Have workplace scheme but don't use it	(32)	(38)

Q7. If an employer provided a superannuation scheme for employees, how important would that be in your decision to take a job with that employer or choose to stay? Please rate using a scale from 1 to 5 where 1 means not at all important and 5 means extremely important?

	Aug 06 (%)	Feb 07 (%)
1 – Not at all important	23	22
2	13	13
3	24	25
4	24	21
5 – Extremely important	15	18
Don't know	0	2
Mean	2.9	3.0
All not retired already	(360)	(422)

Q8. New Zealand Superannuation, that is the pension paid by the Government in retirement, is currently \$263.90 per week after tax for a single person living alone or \$406 per week after tax for a married couple where both qualify.

a) Imagine you were about to retire. Would this be adequate to support you in your retirement?

	Aug 06 (%)	Feb 07 (%)
Yes	23	28
No	73	68
Don't know/no answer	4	4
All not retired already	(360)	(422)

b) Are you confident that a similar level of government pension will be available for you when you retire?

	Aug 06 (%)	Feb 07 (%)
Yes	35	39
No	57	55
Don't know/no answer	8	7
All not retired already	(360)	(422)

Q9. Which of the following do you expect to be able to do when you reach retirement age?

	Aug 06 (%)	Feb 07 (%)
Have a debt free home	84	88
Recreation e.g. golf, arts, fitness	75	78
Covering day to day basic living costs	79	86
Holidays or travel	74	80
Replace household appliances	69	71
Move from full-time to part-time work	65	66
Financially assist family	60	62
Stop working completely	53	56
Buy a late model car	41	36
None/don't know	0	0
All not retired already	(360)	(422)

Q10. Aside from what you are saving yourself and any government superannuation you would receive, are you anticipating receiving any other money or assets which you will use to help support you in your retirement?

	Aug 06 (%)	Feb 07 (%)
Yes	38	39
No	60	58
Don't know	3	3
All not retired already	(360)	(422)

Q11. What are the most likely sources of other money or assets you will use to help support you in your retirement?

	Aug 06 (%)	Feb 07 (%)
Inheritance	41	37
Inheriting property/assets	12	13
Inheriting money	37	32
Sale of a property	19	n/a
Returns from savings/investments (unspecified)/interest on money	17	22
Rental property income	9	12
Cash in shares	7	13
Superannuation scheme	7	4
Sale of a business	5	8
Work	4	4
Winnings	2	0
Gift from someone else	1	1
Someone else's life insurance	1	5
Other	8	5
All not retired already/expect extra money or assets	(164)	(172)

Q12a. Which of these do you feel should take **some** responsibility to provide for you in your retirement?

	Aug 06 (%)	Feb 07 (%)
The Government	70	73
Yourself	86	89
Your family	13	13
The community	7	7
Your employer	20	31
All respondents	(500)	(501)

Q12b. And which of these should take **the greatest** responsibility?

	Aug 06 (%)	Feb 07 (%)
The Government	27	24
Yourself	68	71
Your family	1	1
The community	0	0
Your employer	2	2
Don't know	1	2
All respondents	(500)	(501)

Q13a. Are you aware that the current government is planning on introducing a new savings scheme called KiwiSaver in July 2007?

	Aug 06 (%)	Feb 07 (%)
Yes	49	75
No	50	25
Don't know	1	1
All not retired already	(360)	(422)

Q13b. How likely do you think you would be to join the KiwiSaver plan?

	Aug 06 (%)	Feb 07 (%)
Very likely	20	31
Somewhat likely	20	15
Unlikely	19	18
Very unlikely	23	16
It would depend on my situation at the time	3	6
I would need more information	4	3
I will decide nearer the time	2	1
Too old / already retired	2	3
Other	1	1
Don't know	4	0
All not retired already	(360)	(422)

Q13c. Why do you think you'd be unlikely to join the KiwiSaver plan?

	Aug 06 (%)	Feb 07 (%)
Am saving through other means	15	9
I have a private scheme	13	17
I am close to retirement	11	10
Prefer to make own choices / save myself	10	13
Don't trust Government/ future Government	9	5
Not enough incentive / not attractive	7	5
Don't earn enough	5	3
Want to be able to access my money. Don't want my money locked up	5	10
I am concentrating on my mortgage	3	4
Too many other financial commitments	2	5
Believe the 4% rate is too high	2	0
Government will provide for me	1	0
Family will look after me	1	0
Other	11	9
Don't know	5	0
(Very) unlikely to join KiwiSaver Plan	(154)	(145)

Q13d. If the government was to introduce a compulsory employer contribution of say 4% to KiwiSaver, how likely do you think you would be to join the KiwiSaver plan?

	Aug 06 (%)	Feb 07 (%)
Very likely	42	47
Somewhat likely	18	19
Unlikely	11	12
Very unlikely	15	8
It would depend on my situation at the time	3	4
I would need more information	3	1
I will decide nearer the time	0	1
Too old / already retired	2	2
Not applicable / not relevant	2	1
Other	1	1
Don't know	4	3
All not already retired	(360)	(422)

Q14. Australia has a compulsory superannuation system where employers have to pay a proportion of an employees' salary or wages into a chosen superannuation fund which is then locked in until the employee reaches 65. How strongly would you agree or disagree with the introduction of compulsory super in NZ? Please use a scale where 1 is strongly disagree and 5 is strongly agree?

	Feb 07 (%)
5 - Agree strongly	36
4	24
3	23
2	7
1 - Disagree strongly	10
Mean	3.7
All respondents	(501)

Q15. If you could choose today, which would be your preferred form of saving for your retirement?

	Feb 07 (%)	
Paying off the mortgage on your home	29	27
Contributing to a private superannuation savings plan	10	10
Contributing to a workplace superannuation scheme	13	13
Investing in bank or term deposit investments	6	6
Investing directly in shares	2	2
Investing in a Managed Fund or Unit trust investments	6	6
Investing in your own business	7	6
Investing Residential property other than your own home	14	12
Investing directly in commercial property	2	2
Something else not mentioned	1	1
Compulsory superannuation	8	9
Don't know/no answer	2	3
All not already retired	(422)	
All respondents		(501)

Q16. At what age do you plan to retire?

	Feb 2007 (%)	18-29 (%)	30-49 (%)	50-59 (%)	60-69 (%)
Under 60	17	22	22	2	3
60	21	21	24	17	0
61-64	1	0	1	2	4
<i>Under retirement age</i>	39	43	46	21	7
65	33	36	31	39	35
66-90	14	12	11	22	29
Don't know	14	10	12	18	29
All not already retired/semi-retired	(415)	(90)	(192)	(91)	(34)