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**Saving for retirement based on 'guesswork'**

*AMP research shows frightening number of Kiwis basing their retirement saving on 'back of envelope' calculations*

Over half of Kiwis are basing their retirement savings on pure guesswork without any professional support to ensure they and their families have the money they will need for their retirement years.

The figures show that 54% of Kiwis are assessing the funds they will require in their later years based on 'back of envelope' calculations and advice from (often unqualified) friends and family, according to the latest AMP SuperWatch survey results released today.

The results show that just 21% of Kiwis are seeking professional help solely from financial advisers, accountants or from need calculators such as the retirement calculator provided by [www.sorted.org.nz](http://www.sorted.org.nz). A further 20% of respondents said they relied on both professional and personal sources for their advice.

"To think that over half of Kiwis are basing their retirement savings plan on such haphazard estimations is really quite alarming," says Roger Perry, AMP General Manager Savings & Investment.

"While the data does not tell us the accuracy of those so-called 'back of envelope' calculations or any of the investment decisions that may be made from them, it just reinforces the need for further education on the importance of saving for retirement in this country. Otherwise, that 54% is running the risk of a huge shock come retirement."

The data showed that those people who drew upon both professional and personal input for their calculations of retirement saving tended to have a more diversified portfolio (bank/ term deposits 62%, shares 40%, managed funds / unit trusts 57%, own business 36%, residential property 45%). "Clearly those who add professional advice into the mix, adopt a more diversified approach to investing, which as a general rule spreads the risk and is more likely to deliver better long-term investment performance," he said.

Of those who exclusively drew on professional advice for their retirement savings plan, this group was less confident about the availability of government pensions when they retire, (just 12% compared with 30% overall), have lower expectations of what they can do in their retirement regarding holidays/travel (64% compared with 81% overall), fewer expectations of recreation/leisure pursuits upon retiring (59% versus 79%) or replacing household appliances (55% versus 76%).

The AMP SuperWatch survey again looked at expectations Kiwis have about the age they plan to retire. In the last survey, 52% of respondents expected to retire under 65. This survey showed that the number has dropped to just 33%.

The Government super scheme KiwiSaver also showed a drop in awareness. Of those not saving for retirement, only 41% said they were aware of the scheme but this was also the group that was most interested in joining with 24% reporting that they were 'very likely'. In comparison, those currently saving for their retirement responded that they are aware of KiwiSaver (62%) but were also less likely to join (14% said they were 'very likely'). Of respondents aged 18 to 29 years who were asked about KiwiSaver, only 30% said they were aware of the plan.

In comparing the profiles of those who are saving for their retirement against those who are not, the AMP SuperWatch results showed some striking differences. Those not saving tended to be younger and on lower incomes while those who were saving were more likely to be middle-aged, on a higher income and, overall, be more affluent. Interestingly, only 19% of those not saving worked in environments where a workplace super scheme was offered, compared with 48% of those who were saving.

"Once again, we're seeing a trend which strongly suggests that workplace savings schemes have an important role to play when it comes to how we save for our retirement. Certainly, at AMP we see workplace savings as the best way to encourage Kiwis to save for their retirement," says Mr Perry.

Of the group that responded that they were not currently saving, 26% believed that the current pension would be adequate to support them in retirement and 39% felt that a pension of a similar level would still be available on their retirement. In comparison, those respondents who are saving for their retirement are not as positive with 66% saying they are not confident that a similar level will be available when they retire.

"This is a clear indication of the power of planning for your retirement now," says Mr Perry. "It's by sitting down and nutting out you and your family's expectations of retirement that you begin to build a realistic picture of just what sort of funds you would need to be putting aside now to ensure that you will have the type of lifestyle you expect in your retirement years."

"And its by working together with a financial planner that you can ensure that if there are any changes to the Government pension or other factors that could affect your future pool of retirement funds, you will have a watertight retirement savings plan that will help you achieve your retirement goal no matter what."

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(Note for editors: The AMP SuperWatch survey was conducted by Colmar Brunton in August 2006 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.)