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## **Government KiwiSaver initiatives appear to be “paying off”**

There is universal awareness of KiwiSaver with 40% of non-retired New Zealanders having joined or intending to join by Christmas, tempted by the scheme's financial incentives, according to the latest AMP SuperWatch research released today.

In the SuperWatch survey, respondents were asked about the most appealing aspects of KiwiSaver for retirement planning. Thirty five per cent cite the Government's \$1000 kick-start, 21 per cent, the \$20 per week tax credit and 13 per cent, the employer contribution as appealing aspects.

“These are significant figures so early in the life of KiwiSaver. In an environment where people find it difficult to save, the Government initiatives appear to be having the desired effect of encouraging people to save,” says AMP Managing Director, Jack Regan.

The survey shows demographic differences between KiwiSaver uptake groups. Those joining include older households. Those not joining include more young couples with no children or with pre-school children.

“Unsurprisingly, the jury appears to be out on KiwiSaver among younger couples for whom retirement savings competes with immediate spending priorities such as travel and holidays. We would expect that the compulsory employer contributions to KiwiSaver from 1 April next year to further stimulate interest in joining,” says Mr Regan.

Despite the positive response to KiwiSaver, paying off the mortgage remains a savings priority for 57 per cent of people who save for their retirement.

“In the current environment of rising interest rates, it is not surprising to see mortgage repayment as a priority. However, when you do the maths around member tax credits and employer contributions for KiwiSaver, the old maxim of saving by firstly paying off the mortgage may no longer apply,” says Mr Regan.

The survey also shows three quarters of people believe that Government provisions and their own savings and investments will be enough to support them in retirement. People are replacing their “back of envelope” approach with the use of website calculators to get a clearer picture of their retirement needs.

Mr Regan says New Zealand now has the most positive savings environment in generations.

“ New Zealand now has a solid savings framework in place. We have a promising take up of KiwiSaver with the effect of compulsory employer contributions yet to come. The 1 October PIE tax changes, which make investing in managed funds so much more attractive, should further boost the savings framework.

“We expect to see a significant change in the attitude of New Zealanders over the next few years with positive effects on wealth in retirement and on the national savings pool, ” says Mr Regan.

Ends

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(Note for editors: The AMP SuperWatch survey was conducted by Colmar Brunton in August 2007 and has a sample size of 500. The margin of error is a maximum of plus or minus 4.5%. Respondents described in this release are those aged 18 or over and not yet retired, except where otherwise stated.)

**AMP SuperWatch Survey August 2007 Tables**

*(note – changes of significant degree versus previous period have been marked \*)*

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.

	<b>Feb 2007 (%)</b>	<b>Aug 2007 (%)</b>
Yes	71*	67
No	29*	33
Don't know	0	0
<b>All respondents</b>	<b>(501)</b>	<b>(504)</b>

Further questions follow .....

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

	Feb 2007 (%)	Aug 2007 (%)
Retirement or Superannuation	48	54
Travel or holidays	51*	44*
A rainy day or emergency fund	46	51
Education - Your own or your children's or grandchildren's	19	24
Home improvements	28	28
A deposit for a home purchase	14	16
A new car	10	10
None	3	4
Don't know/no answer	1	1
<b>Currently saving</b>	<b>(351)</b>	<b>(341)</b>

Q3. Thinking specifically about saving for your retirement or your old age. 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?

	Feb 2007 (%)	Aug 2007 (%)
Paying off the mortgage on your home	47	57*
Contributing to a private superannuation savings plan	62*	55
Contributing to a workplace superannuation scheme	39	47
Contributing to a KiwiSaver scheme (New)	n/a	28
Investing in bank or term deposit investments	50*	40*
Investing directly in shares	27	24
Investing in a Managed Fund or Unit trust investments	40*	33
Investing in your own business	21	19
Investing in Residential property other than your own home	25	25
Investing directly in commercial property	4	5
Something else not mentioned	0	1
Don't know	1	0
<b>Saving for Retirement</b>	<b>(182)</b>	<b>(194)</b>

Q4a And which of the following are you using to help you calculate how much savings you need for your retirement?

	Feb 2007 (%)	Aug 2007 (%)
Made a few calculations based on my circumstances and estimated it myself	53	57
Just guessing	29	37
A financial planner/Insurance adviser	34	26
Assessed based on the amount of my mortgage/mortgages	12	18
Friends and family	16	25*
An accountant	13	17
Use a needs calculator on an 'other' website	16*	17
Use a needs calculator on an insurance provider's website	1	12*
Through employer	n/a	3
Other	1*	1
Don't know/no answer	3	4
<b>Only consult self/friend</b>	<b>44*</b>	<b>39</b>
<b>Only professionals/website</b>	<b>25</b>	<b>15*</b>
<b>Both</b>	<b>27</b>	<b>39*</b>
<b>Saving for Retirement</b>	<b>(182)</b>	<b>(194)</b>

Q4b. What are the main barriers at the moment for you to be able to save for your retirement?

	Feb 2007 (%)	Aug 2007 (%)
Don't earn enough	27	34
Too many other financial commitments	20	21
Haven't got around to it	13	9
No barriers	21	14
I am concentrating on my mortgage	8	11
Not a priority at this time	0	2
Student loan	0	2
Don't know where to start	4	5
Savings gets taxed	1	1
High cost of living/ inflation	3	4
Don't trust advisers/financial institutions	1	3
Family will look after me	0	2
Planning on using equity from current home	0	0
Want to be able to access my money	4	3
Other	3	8
<b>Currently saving but not saving for retirement</b>	<b>(134)</b>	<b>(116)</b>

Q5. Now think about New Zealand Superannuation, that is the pension paid by the Government in retirement. It 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, without money you may get from other savings and investments including KiwiSaver?

	Feb 2007 (%)	Aug 2007 (%)
Yes	28	23
No	68	72
Don't know/no answer	4	5
<b>All not retired already</b>	<b>(422)</b>	<b>(427)</b>

b) And would it be adequate with money you may get from other savings and investments including KiwiSaver?

	Aug 2007 (%)
Yes	74
No	16
Don't know/no answer	10
<b>All not retired already</b>	<b>(427)</b>

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

	Feb 2007 (%)	Aug 2007 (%)
Yes	39	33*
No	55	59
Don't know/no answer	7	8
<b>All not retired already</b>	<b>(422)</b>	<b>(427)</b>

Q6. Are you aware that the Government has introduced a new savings scheme called KiwiSaver?

	Feb 2007 (%)	Aug 2007 (%)
Yes	75	100
No	25	0
Don't know	1	0
<b>All not retired already</b>	<b>(422)</b>	<b>(427)</b>

*note n=1 said not heard of KiwiSaver, but % rounded down to zero*

Q7. Which aspect of KiwiSaver do you find most appealing for your personal retirement planning?

	Aug 2007 (%)	
	1 <sup>st</sup> Mention	Total Mention
\$1,000 kick start from Government	26	35
Tax relief of \$20 per week/\$1,040 per year	8	21
Employer contribution	7	13
Can use as deposit for first home	1	6
Can use some to pay off homeloan/mortgage diversion	1	4
Automatically signed up in a new job, but can opt out	2	4
Can choose company/provider	1	4
Can have payment breaks/holidays	-	4
Automatically saved/taken out	2	4
Easy/simple/easy to save	3	4
Children can join	1	3
Self employed can join	-	3
Savings/encourage savings	2	3
Employer/government matches contribution	1	3
Money you can't touch	-	2
End savings/outcome	2	2
Government contribution	1	2
Forced saving/compulsory	1	2
Fund for retirement	1	2
None/I don't like anything	19	36
Other	9	17
Don't know	13	23
<b>All not retired already and heard of KiwiSaver</b>	<b>(426)</b>	<b>(426)</b>

Q8. Have you already joined KiwiSaver?

	Aug 2007 (%)
Yes	14
No	86
Don't know	-
<b>All not retired already and heard of KiwiSaver</b>	<b>(426)</b>

Q9. How likely do you think you would be to join the KiwiSaver plan by Christmas?

	Feb 2007 (%)	Aug 2007 (%)
Very likely	31*	15*
Somewhat likely	15*	15
Unlikely	18	21
Very unlikely	16*	28*
Not join by Christmas but maybe next year	n/a	18
Don't know	0	4

	Feb 2007 (%)	Aug 2007 (%)
<b>All not retired already and not joined</b>	<b>(422)</b>	<b>(366)</b>

NOTE: question change in August 2007 to read 'join by Christmas'

Q10 Why do you think you'd be unlikely to join the KiwiSaver plan?

	Feb 2007 (%)	Aug 2007 (%)
Am saving through other means	9	17*
I have a private scheme	17	11
I am close to retirement	10	4*
Prefer to make own choices / save myself	13	1*
Don't trust Government / Future Government	5	3
Not enough incentive / not attractive	5	4
Want to be able to access my money. Don't want my money locked up/Don't want to wait until I'm 65	10	5*
Don't earn enough	3	13*
I am concentrating on my mortgage	4	5
Too many other financial commitments	5	7
Believe the 4% rate is too high	0	0
Believe the 8% rate is too high	2	0
Government will provide for me	0	1
Family will look after me	0	0
Expect to get inheritance	0	-
I'm self employed	8*	0*
Need more information	0	8*
Other	9	12
Don't know	0*	2
<b>(Very) unlikely to join KiwiSaver Plan</b>	<b>(145)</b>	<b>(177)</b>