

News Release

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KiwiSavers keen to increase contributions

Almost 40% of KiwiSaver members plan to contribute more to their fund following the introduction of new contribution rates, new research conducted by Horizon for ANZ reveals.

The survey of 2088 KiwiSaver members was conducted to gain insight into people's knowledge and views about KiwiSaver. It found that 39% of people said they would increase their contributions following the introduction of the new 6% and 10% contribution rates.

"It's encouraging that such a large proportion of KiwiSaver members want to contribute more," said ANZ Managing Director of Wealth & Private Bank Craig Mulholland.

"However, it's a bit like a New Year's resolution to exercise more - the important thing is to turn intent into action."

Members can now choose to contribute 3%, 4%, 6%, 8% or 10% of their pay. This change reflects the Government's desire to allow KiwiSaver members to contribute more so they can build up a larger retirement nest egg.

"As the country's largest KiwiSaver scheme provider, ANZ supports these changes as it gives contributors more flexibility and encourages them to save more for their retirement," Mr Mulholland said.

The research also found that 59% of respondents would not change their contribution rate, while 2% said they would lower their rate.

People's likelihood of increasing their contribution rate was also higher for those who were already on one of the higher rates:

- 34% of those currently contributing 3% said they would increase to 6%
- 50% of those currently contributing 4% said they would increase to 6%
- 64% of those on 8% said they would increase to 10%

The Government has reduced the time members can suspend making contributions to KiwiSaver, from five years to one year. Anyone wanting to continue suspending their contributions will have to reapply after 12 months.

"We welcome this. We know that people often forget they have suspended their contributions and only remember when the suspension period ends," said Mr Mulholland.

ANZ has also welcomed the renaming of the Member Tax Credit as the Government Contribution, as this is easier to understand.

If a member contributes up to \$1042.86 to their account between July 1 and June 30 they will receive a matching contribution from the government of up to \$521.43.

"Now is a good time for people to check they are on track to receive the full government contribution. If not, they could consider making one or more lump sum payments," Mr Mulholland said.

For media enquiries contact: Tony Field +64 21 220 3152