



Media Release

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Only half of Kiwis confident of reaching savings goals

- New survey shows while two-thirds of New Zealanders are saving, many underestimate what's required to maintain their lifestyle in retirement -

Only half of Kiwis feel confident that what they are saving will be enough to pay for their retirement, a major new survey of retirement confidence has found.

Confidence was highest among men and also younger people who have just started saving – the new KiwiSaver generation. Those closest to retirement and also women were the least confident of reaching their savings goals.

ANZ today released the preliminary findings of its first Retirement Savings Confidence Barometer, which surveyed 1,000 people about the level of income they would like to have in addition to NZ Superannuation.

The survey – carried out between March and April this year - presented respondents with the lump sum they would need to save by age 65 to generate this additional income, and asked how confident they were of reaching their goal.

“Our researchers¹ found that most New Zealanders have an idea of the sort of lifestyle they would like when they retire,” says John Body, Managing Director ANZ Wealth and Private Banking New Zealand.

“But when people were shown the lump sum needed to maintain that lifestyle over a 20-year retirement, 50 per cent of those who are saving didn't feel confident they would reach the required target, based on their current level of savings.

“For example, in order to receive an additional income of \$100 per week for a 20 year period, they need to have saved around \$83,000 by the time they reach retirement². For an additional income of \$300 per week that lump sum rises to \$249,000. These are sobering amounts of money for most people.”

The survey also revealed that, contrary to popular belief that New Zealanders were not good savers, 62 per cent of those aged under 65 indicated they had some form of retirement savings.

“This has been helped enormously by KiwiSaver,” says Mr Body. “It has introduced the savings habit to a whole generation of New Zealanders, has focused people on the need to save for their retirement and will, over time, increase the confidence that people can reach their savings goals.”

Men are more confident of reaching their savings goals than women, with 57 per cent of men either very confident or confident. Only 41 per cent of women felt very confident or confident.

¹ IPSOS

² Based on saving a lump sum of \$83,000 by age 65 delivering an after tax return of 3% pa, this will provide \$100 per week for 20 years. The income is inflation adjusted at an annual rate of 2.5% (thus maintaining purchasing power of the \$100 throughout the 20 year period)

With KiwiSaver introducing the savings habit to a new generation of New Zealanders, 54 per cent of 18-29 year olds say they are confident. The least confident age group are those over 60 years old with 33 per cent saying they were not at all confident. Overall, 50 per cent of respondents who are saving now feel more confident since joining KiwiSaver.

"KiwiSaver has been a major boost to retirement savings confidence and the figures we are seeing would be considerably lower if KiwiSaver didn't exist," Mr Body says.

The ANZ Retirement Savings Confidence Barometer will track levels of retirement confidence every quarter. The complete findings of the first survey will be released at the end of July 2012.

"By regularly tracking retirement savings confidence, the barometer will be able to identify whether people are setting realistic goals for their savings plans and look at some of the factors impacting on people's confidence. This will help people focus on their savings plans and look forward to achieving a comfortable retirement," Mr Body says.

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