



Media Release

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Growth investors more confident of reaching savings goals

A third of KiwiSaver members don't know what investment fund they are in

KiwiSaver members in growth funds are more confident of reaching their savings goals than those in conservative funds, according to ANZ's latest Retirement Savings Confidence Barometer. Of those in growth funds, 68 per cent are confident compared to 46 per cent in conservative funds.

The barometer also found that a third of KiwiSaver members don't know what fund they are in and this group is among the least confident – only 34 per cent of these believe they'll reach their savings target.

Overall confidence in reaching retirement savings goals was up in the latest survey reaching the 50 percent milestone - the highest score since ANZ's survey started in June 2012.

While two-thirds of respondents know the type of fund their savings are invested in, fewer people know how their fund has been performing, with around half checking on performance. The survey shows that people who have been monitoring their account are far more likely to be confident about reaching their retirement savings goals.

"It's good to see confidence has improved, and the survey clearly shows that the more engaged you are with your retirement savings, the better you feel about reaching your goals," said John Body, Managing Director ANZ Wealth.

"Higher confidence among growth investors is probably linked to the growth in their balances in the last few years. With so many KiwiSaver members being defaulted into default conservative funds, this group is less actively involved with their savings and therefore less confident."

ANZ calculates that someone who has been in the ANZ KiwiSaver Scheme since 2007, earning around \$800 a week could have accumulated about \$20,000 by now. If they had invested in the ANZ KiwiSaver Scheme Growth Fund the amount would be about \$22,400, while the ANZ KiwiSaver Scheme Conservative Fund delivered about \$20,000.

KiwiSaver balances are growing to the size where people are taking an interest. New 'fund finder' tools from independent sources like the sorted.org.nz website make it easier to compare and contrast funds and the different services offered by providers.

"We've put a lot of work into improving the way we communicate with customers this year. Together with new KiwiSaver comparison tools, these initiatives will help people make more informed decisions about the type of fund that's most appropriate for them. These choices will help people feel more confident about the kind of lifestyle they'll be able to achieve in retirement," Mr Body said.

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Key figures from ANZ's Retirement Savings Confidence Barometer – September and October 2013

- 33% of respondents with a KiwiSaver account do not know what fund they are invested in.
- Confidence is higher among those who know their fund - with 55% of these feeling they will achieve their goals; compared to 34% feeling confident of those who do not know what fund they are in.
- 68% of respondents in a growth fund are confident, compared to 46% in a conservative.
- 53% of KiwiSaver members have checked the performance of their fund and among this group 61% are confident.
- Overall score now at 50% feeling confident of reaching their goals, among those who are saving, planning to save or expecting to have an additional income in retirement, up from 48% in August 2013.
- 56% chose up to \$300 a week for their preferred additional retirement income, up from 53% in August 2013.
- 27% of those who plan to have a retirement income on top of NZ Super chose \$500 or more as their additional weekly income, same as previous survey.
- 68% of those surveyed are saving for retirement up from 64% in previous survey
- 29% of those not saving expect their retirement income to come from other sources like selling their business, an investment property or an inheritance. More than half of those not saving plan to save in the future.
- 5% of all respondents said they intend to live solely on NZ Superannuation in retirement.

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Notes for retirement income calculation and confidence barometer

For ANZ's Retirement Savings Confidence Barometer, researchers (Ipsos) surveyed 1,041 people aged 15-64 years between August and October 2013 about the level of retirement income they would like to have in addition to NZ Superannuation. The survey presented respondents with the lump sum they would need to save by age 65 to generate their chosen additional income, and asked how confident they were of reaching their goal. The calculations for lump sum savings targets are in today's dollars.

The retirement income calculation is based on saving a lump sum of \$83,000 by age 65, delivering an after tax return of 4.5 % pa, resulting in \$100 per week income 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.