

May - Decumulation

Attached is the written submission from Consumer Group Kaspanz, on the review topic de-accumulation.

Kaspanz is an Incorporated Society which began in February 2013, a consumer voice on Retirement Income issues. Our website is www.kaspanz.com

SPENDING THE RETIREMENT MONEY!

Please if possible don't use the word 'decumulation'. Consumers don't understand it, is an instant turn off.

Consumers want some products available at retirement; a mixture or blend of insurance, annuities, and lump sum. We are pleased to see the re-emergence of an annuity based product in recent months. A range of product /tools providing choice for retirees is required, and we note with concern the lack of competition in this area. Perhaps trans-Tasman partnerships could be explored.

Kaspanz notes the different groupings in the retirement income phase, those on low wages 50-65yrs, and the general age groups 60-75 years, 75-85, and the 85 plus group. These are not always homogeneous groups with each having different needs. We note the recommendation of the 2009 Capital Development Task force on the taxation situation in relation to annuities, and this needs prompt action.

Spending patterns of the retired need more examination, which raises the question of the importance of research. The Retirement Policy Research Centre of the Auckland Universities Business School plays an important role in this regard, but funding and other resource restraints limit what it can reasonably attempt, and more research is needed. The traditional inheritance approach adopted by parents is rapidly changing; helping siblings/families earlier and in different ways is occurring now and evolving. This adjustment needs to be factored into policy development.

Our members have a feeling of unease in the retirement income sector. Will the money last? Who can we trust? Retirement income is vulnerable to shocks. Political interventions on a regular basis are of concern; many of the Parliamentary groups including the current government appear to promote new policy on a whim or on a poorly researched platform. Kaspanz notes that in 2015, a number of the Parliamentary parties all proposed significant retirement income policy changes; none were comprehensive, each was somewhat adhoc, all were less than ideal. Some sort of Parliamentary accord on retirement income, would assist trust and confidence issues.

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