



KiwiSaver April Final results digital survey




Commission for
Financial Capability

2016
CFFC

REVIEW OF RETIREMENT
INCOME POLICIES

April



KiwiSaver

May



Decumulation

June



Ageing workforce

July




Who pays for what?

August



Vulnerable groups

September




Who gets what?

October



International picture

November



Review

December



Report

Introduction

As part of the 2016 Review of Retirement Income Policies the Commission for Financial Capability has undertaken surveys on monthly review topics.

In April the theme for the month was KiwiSaver.

Survey research method:

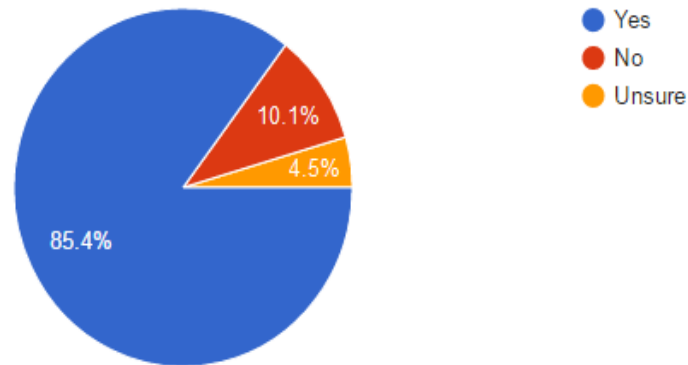
- Google Forms survey on cffc.org.nz
- Results for April 2016
- Eight questions
- Total responses: 1,830



Contribution rates

Q1: Would you like more flexibility in contribution rates?

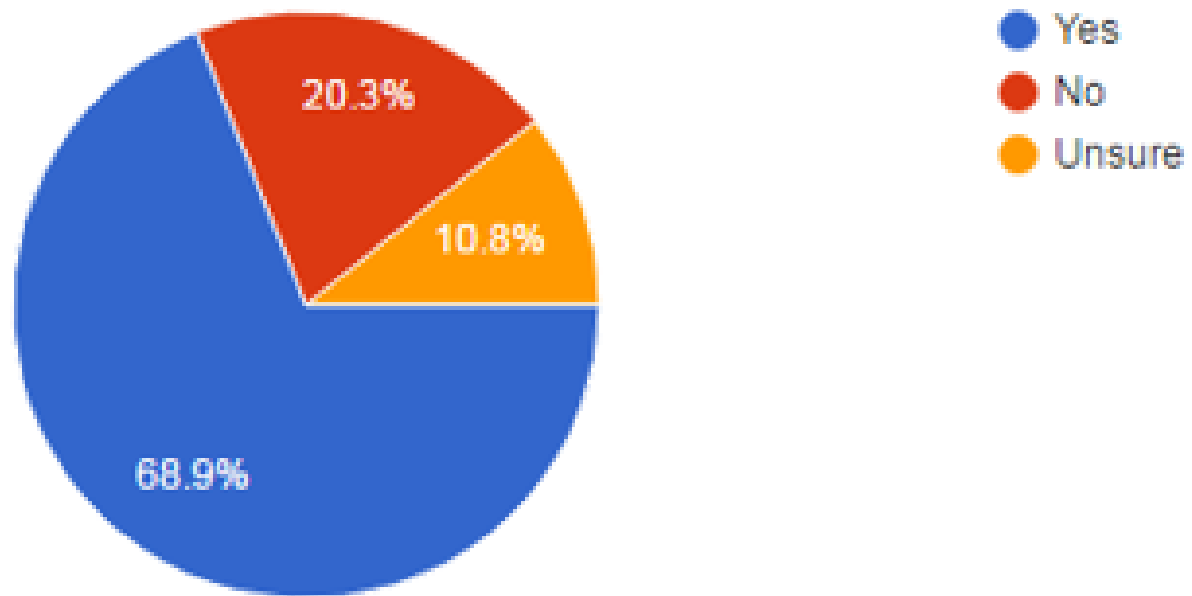
Answered: 1,830 responses



Increasing contribution rates

Q2: Should there be an option to automatically increase contribution rates by 0.5% or 1% annually?

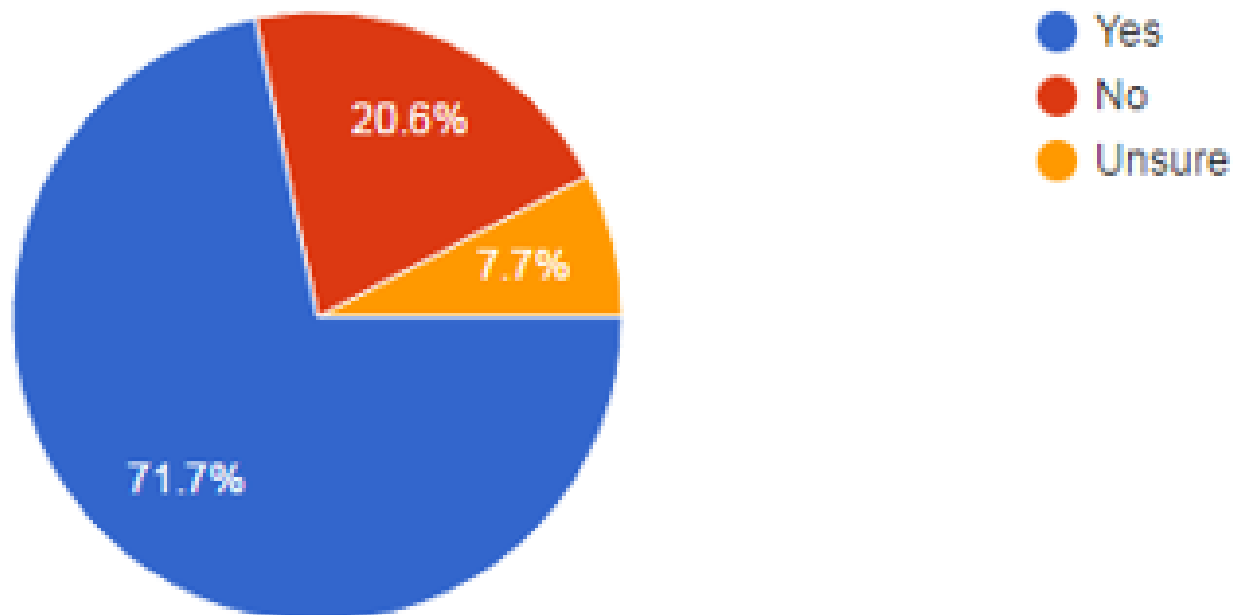
Answered: 1,830



Reducing contribution rates

Q3: Should you be able to reduce your contribution rate to 1% or 2% for a limited time if you are struggling to afford 3%?

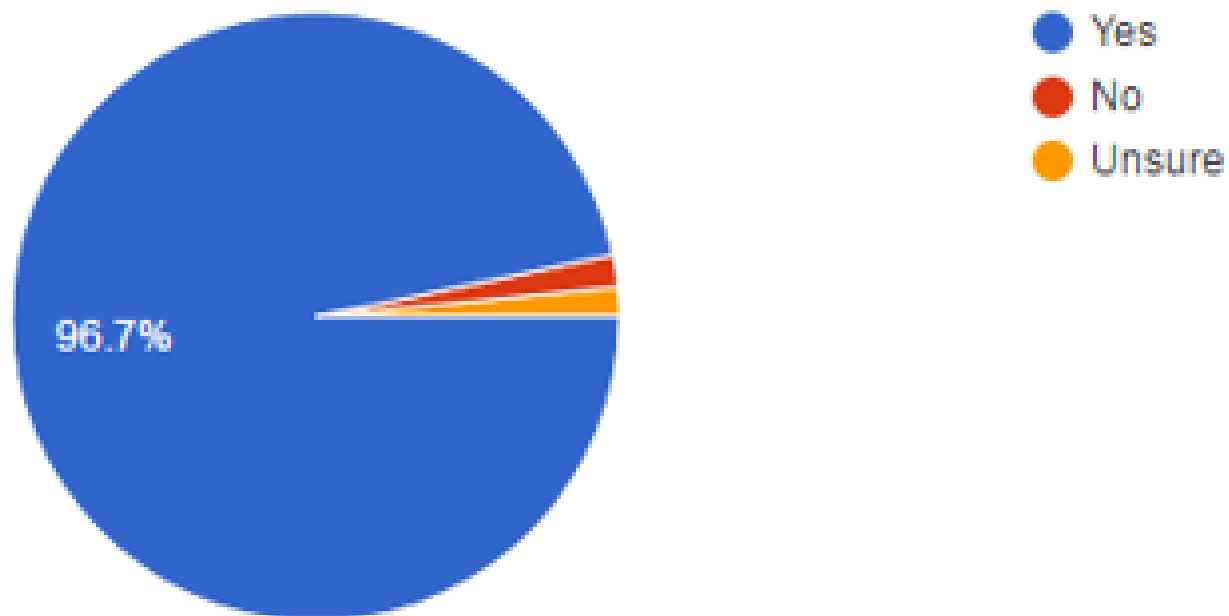
Answered: 1,830



Annual fees

Q4: Should KiwiSaver providers show the total dollar amount you paid in fees, on your annual statement?

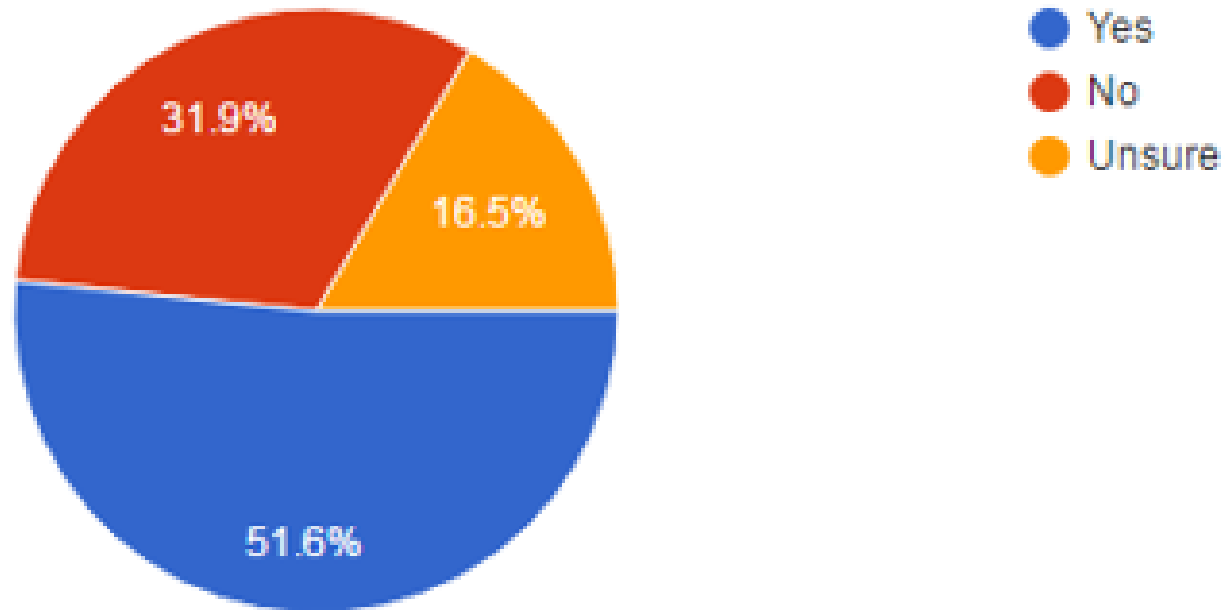
Answered: 1,830



Contributions holiday

Q5: Should the maximum contributions holiday period be reduced from 5 years to 1 year?

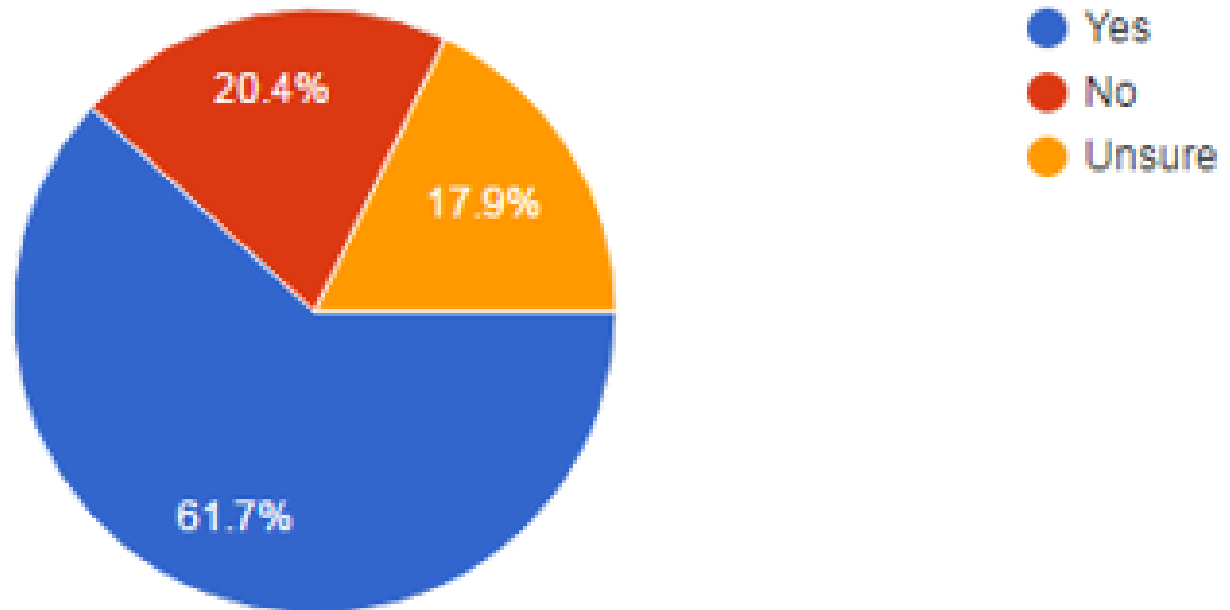
Answered: 1,830



Membership over 65

Q6: Should people over 65 be able to join?

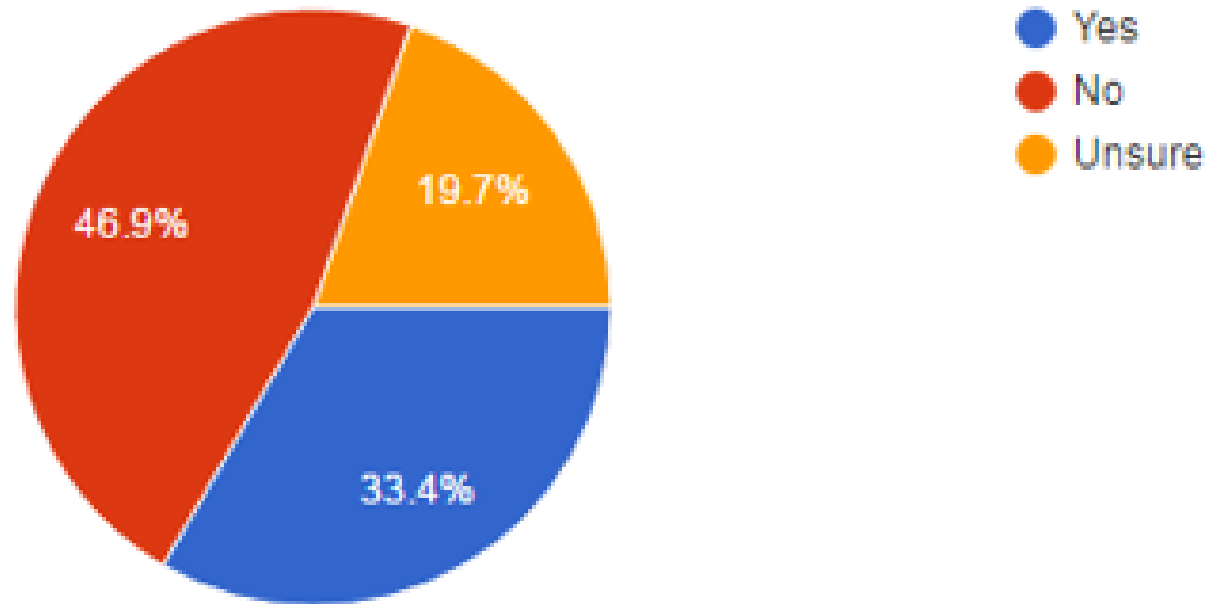
Answered: 1,830



One-off auto enrolment

Q7: Should there be a one-off enrolment day to automatically sign up people who aren't KiwiSaver members?

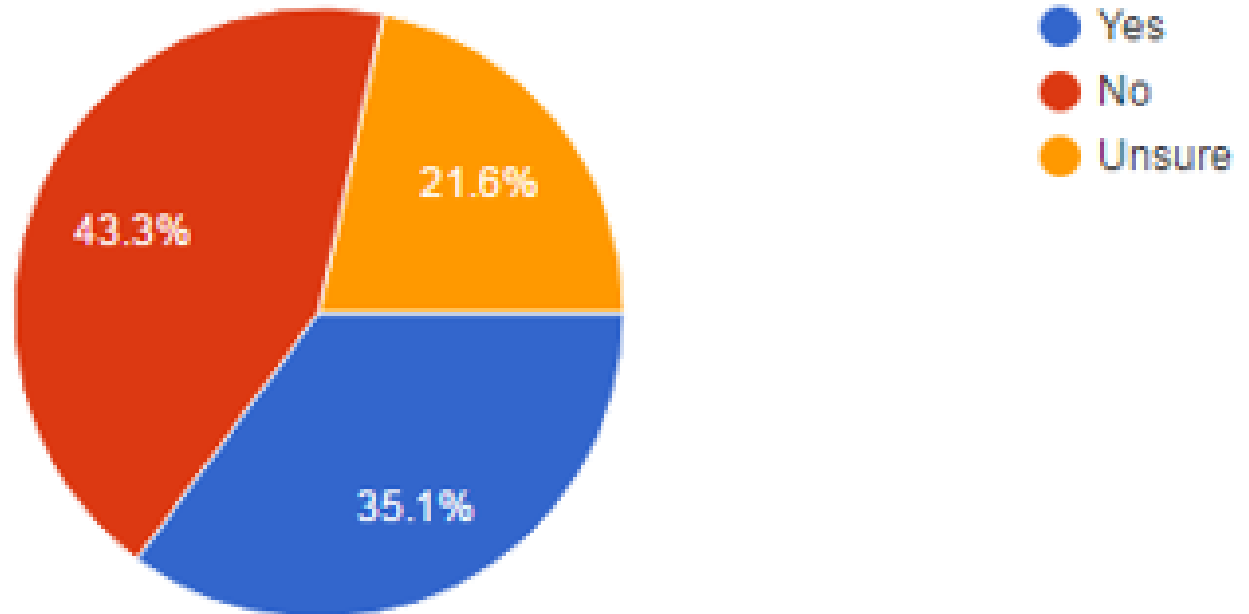
Answered: 1,830



Multiple scheme membership

Q8: Should you be able to be a member of more than one KiwiSaver scheme?

Answered: 1,830





KiwiSaver April Digital survey comments



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Comment method

- As part of the 2016 Review of Retirement Income Policies the Commission for Financial Capability has undertaken surveys on monthly review topics
- In April the theme for the month was KiwiSaver
 - Google Forms eight-question online survey included options for comments
 - The survey ran in April 2016
 - These are the emerging themes from (2,328) comments
 - Key verbatim comments illustrate the findings.

More flexibility in contribution rates?

- Want more flexibility to increase and decrease rates
- Individuals nominate the percentage amount
- Want ability to keep it simple with stepped increase or decrease
- Jump from 4% to 8% is too large
- Keep voluntary contributions
- Good to match contribution to life-stage/income/priority changes
- Employer contribution needs to be addressed/looked at

Increase or decrease contribution rates?

Option to automatically increase 0.5% or 1% per annum

- Offer as an option but can opt in and opt out
- Should not be compulsory
- Helps overcome 'set and forget'/good saving tool
- Increases fees
- Offer along with voluntary payments/keep voluntary payments
- What does this look like in \$?
- Keep the lump sum payment

Should you be able to reduce your contribution rate to 1% or 2% for a limited time if struggling?

- Offer as an option/some saving is better than nothing
- Good option rather than opting out altogether
- Reduces fees/does it impact administrative costs?
- Helps to manage changes in circumstances/good to be able to adjust
- 1-2% is too low an amount/only for a limited time
- Better idea than a contributions holiday

Should KiwiSaver providers show the total dollar amount you paid in fees on annual statement?

- Good to be transparent/more visibility around fees required/my right to know/fair
- Consider mechanisms to reduce fees
- Need funds with lower fee structures
- Keeps providers honest
- Keep the percentage fee as well
- Also unclear is how fees are determined & whether fees are inclusive or exclusive of tax
- Include breakdown of where fees going
- Most providers already do this

Should the maximum contributions holiday period be reduced from 5 years to 1 year?

- Should have flexibility/more choices required
- One year too short. Needs to be a higher minimum
- Five years too long
- Might contribute to unnecessary administration
- Should have choice to opt out for a while
- Want option to reapply for the holiday
- Look at the name `holiday`
- Have a cap on how many times it can be renewed
- Gives people an excuse to stop contributing

Should people over 65 be able to join?

- Should be able to join if they want to and can contribute
- Working beyond 65 is common/people do not want to retire at 65
- Do not discourage a willingness to save
- Consider employer contributions and tax credits
- Age discrimination not to allow/no age discrimination if they join
- Not necessary, other alternatives for over 65s to save
- Over 65 should not receive government contributions

Should there be a one-off enrolment day to automatically sign up people who aren't KiwiSaver members?

Yes 33.4%

- Good to encourage participation
- As long as have option to opt out
- Better option is to make mandatory
- Good for savings/benefits to all

No & unsure 66.6%

- **No** answers:
- Current situation is adequate/not necessary/hassle
- Too coercive, annoying, let people make their own decisions
- Adds to costs to taxpayer/complex for employers
- **Unsure** answers:
- Need more information on this option to be able to answer
- Could add to administration costs
- More understanding on the benefits of joining

Should you be able to be a member of more than one KiwiSaver scheme?

Yes 35.1%

- Good to have options/choice
- Good to spread risk/good to diversify
- Returns may increase/might encourage competition so savers might benefit

No & unsure 64.9%

- **No** answers:
- No right to make changes
- Complicated , confusing, too much administration/keep it simple
- Fees might increase/costs might increase
- Funds are designed to be diverse and spread the risk
- **Unsure** answers:
- What are benefits?
- Not financially smart/confused

Verbatim comments

I didn't even know you could get shorter periods. I was just put on 5 years. It might be a pain for some who know they want longer but good for them to remember they have KiwiSaver.

I probably would have stayed in KiwiSaver if this (ability to reduce contribution to 1 - 2%) was an option.

Different life stages require different approaches/amounts.

I, personally, have NO IDEA what the annual fees are. I would enjoy them being shown on my annual statement.

Verbatim comments

Transparency is key, some fees are shocking.

OK to have options, but don't railroad anyone into doing it.

I do not think that automatically enrolling people is the answer. This will just frustrate some who did not want to join so haven't opted out yet. This will cause frustration and irritation with KiwiSaver. It needs to be better publicised as a good idea.



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