



Who gets what? September

Final results digital survey



Commission for
Financial Capability

2016
CFEC

REVIEW OF RETIREMENT
INCOME POLICIES



Introduction

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

In September the theme for the month was Who gets what?

Survey research method

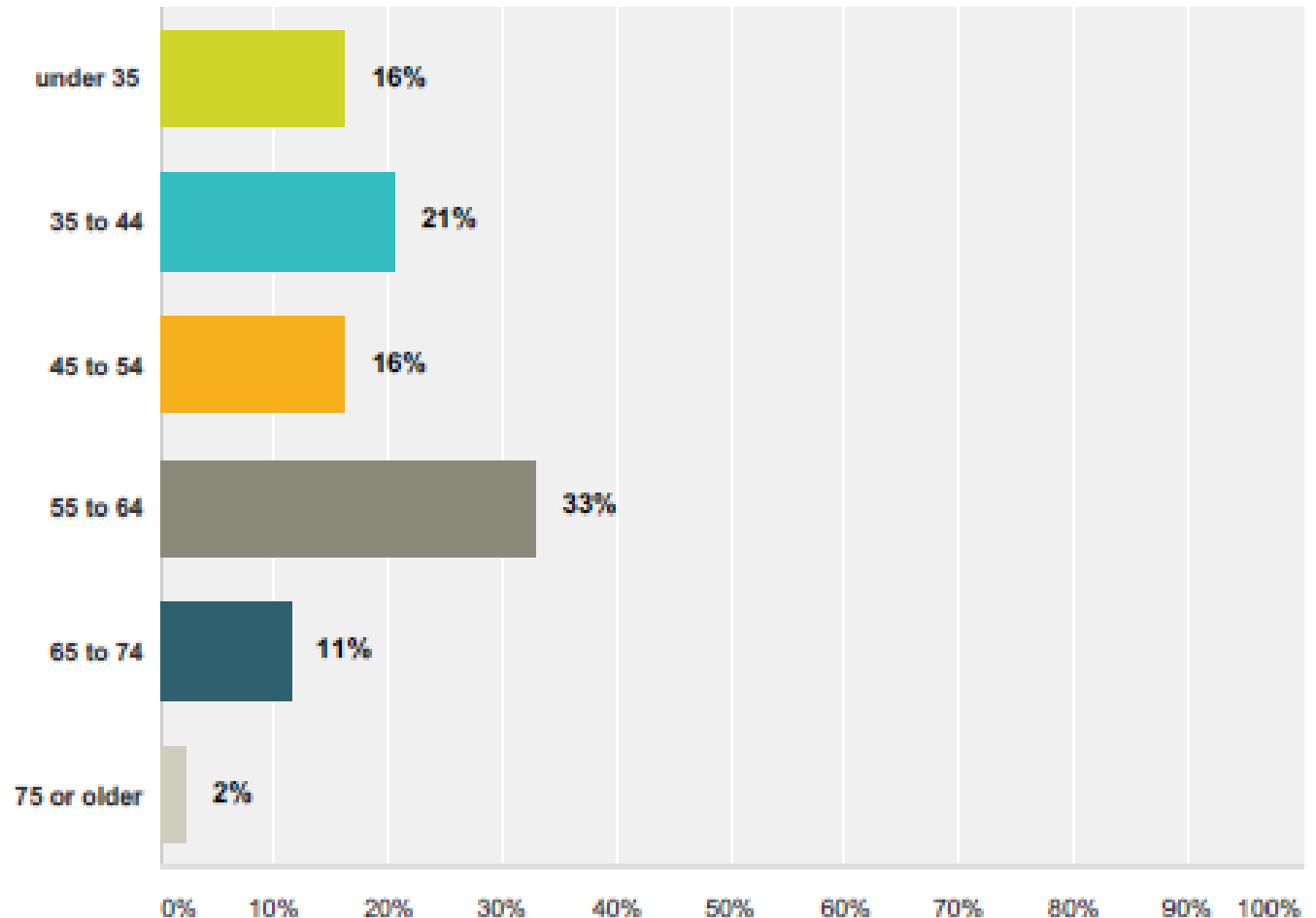
- SurveyMonkey self-directed survey on cffc.org.nz
- Results from August - November 2016
- 16 questions. Q9 & Q12 are comment questions only
- Total responses: 2,693
- Base size varies by question number
- Due to rounding, percentages may occasionally not add up to 100%
- For questions where respondents are allowed to select multiple answers the total response percentages do exceed 100%



What is your age?

Q1: What is your age?:

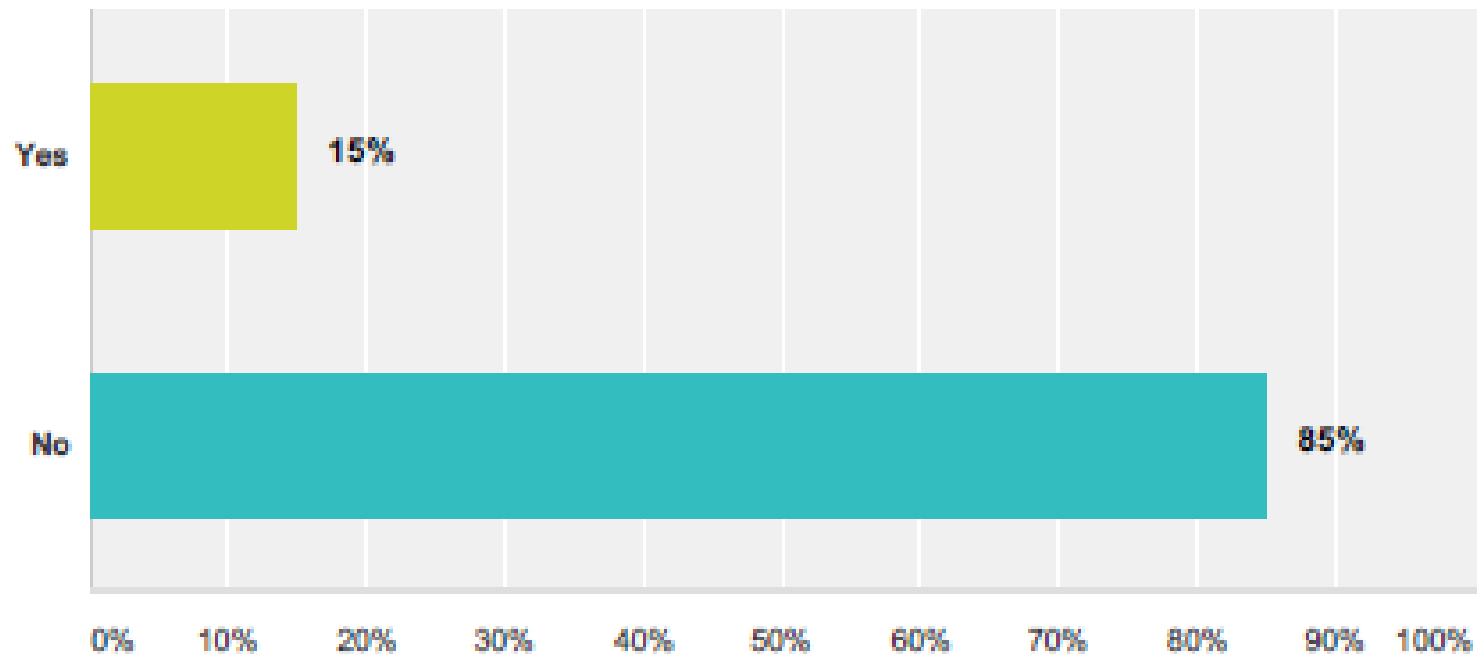
Answered: 2,583



Are you retired?

Q2: Are you retired?:

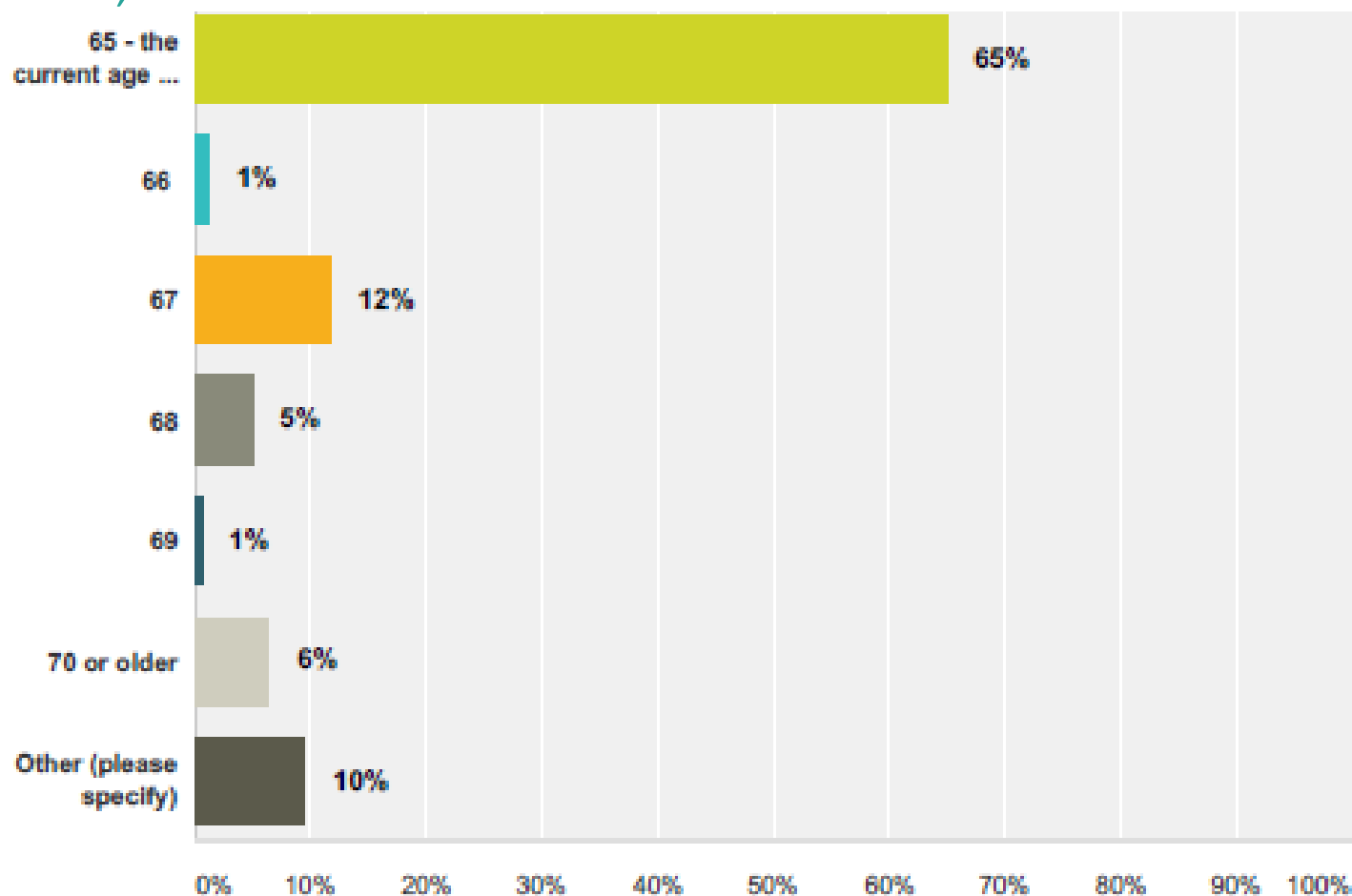
Answered: 2,504



Age should get NZ Super?

Q3: At what age should a person get NZ Super?:

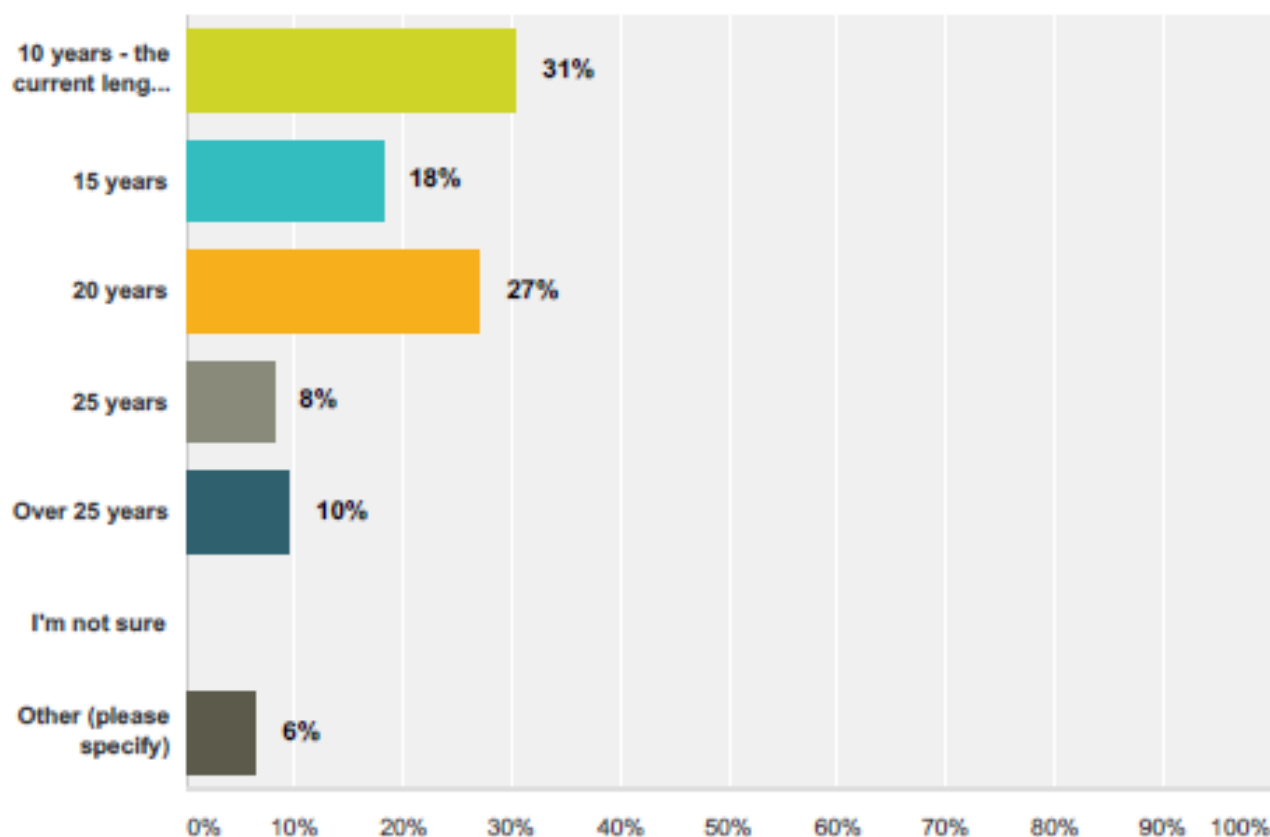
Answered: 2,610



Length of time to live in NZ to get NZ Super?

Q4: How long does a person need to live in New Zealand to get NZ Super?:

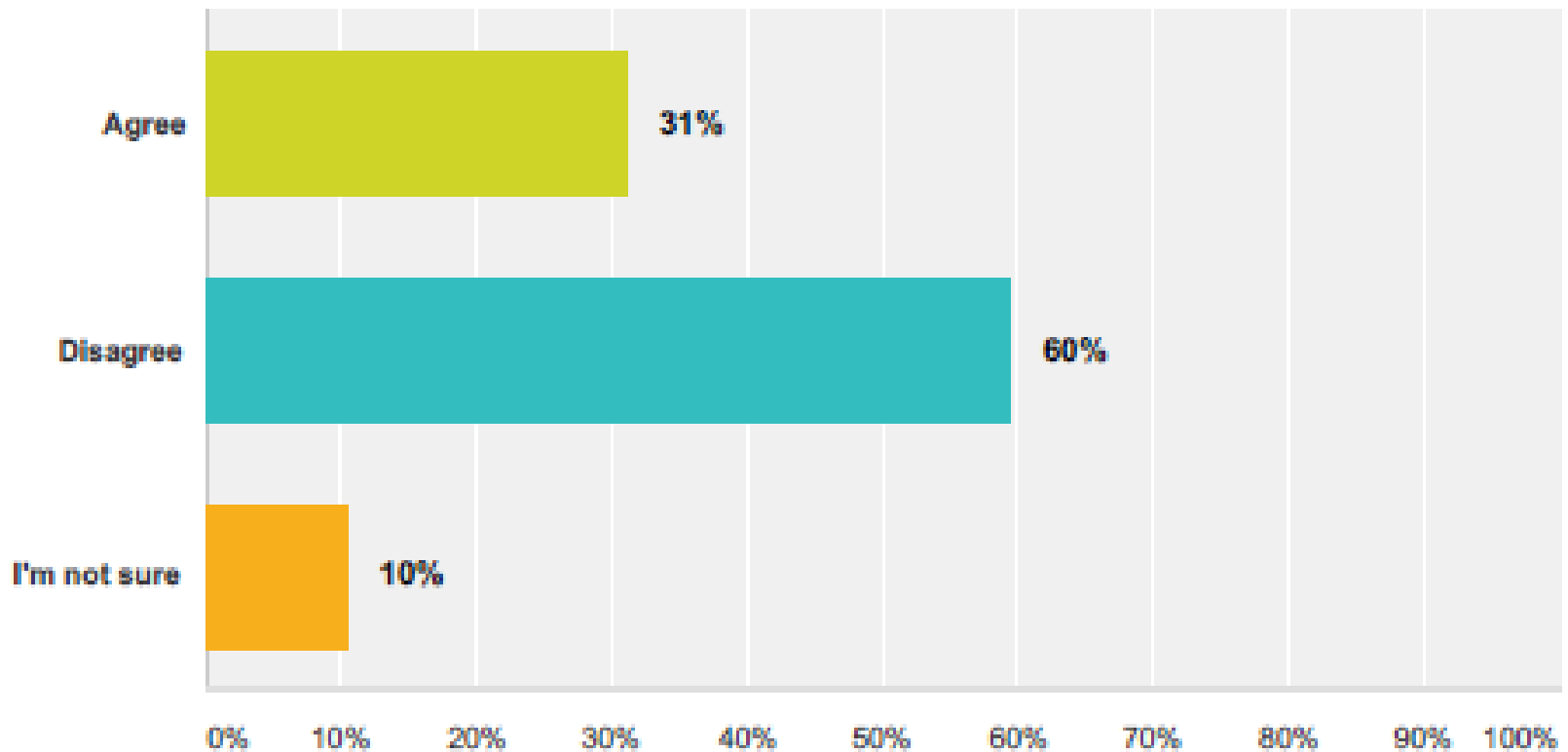
Answered: 2,610



Should NZ Super be income-tested?

Q5: Should NZ Super be income-tested?:

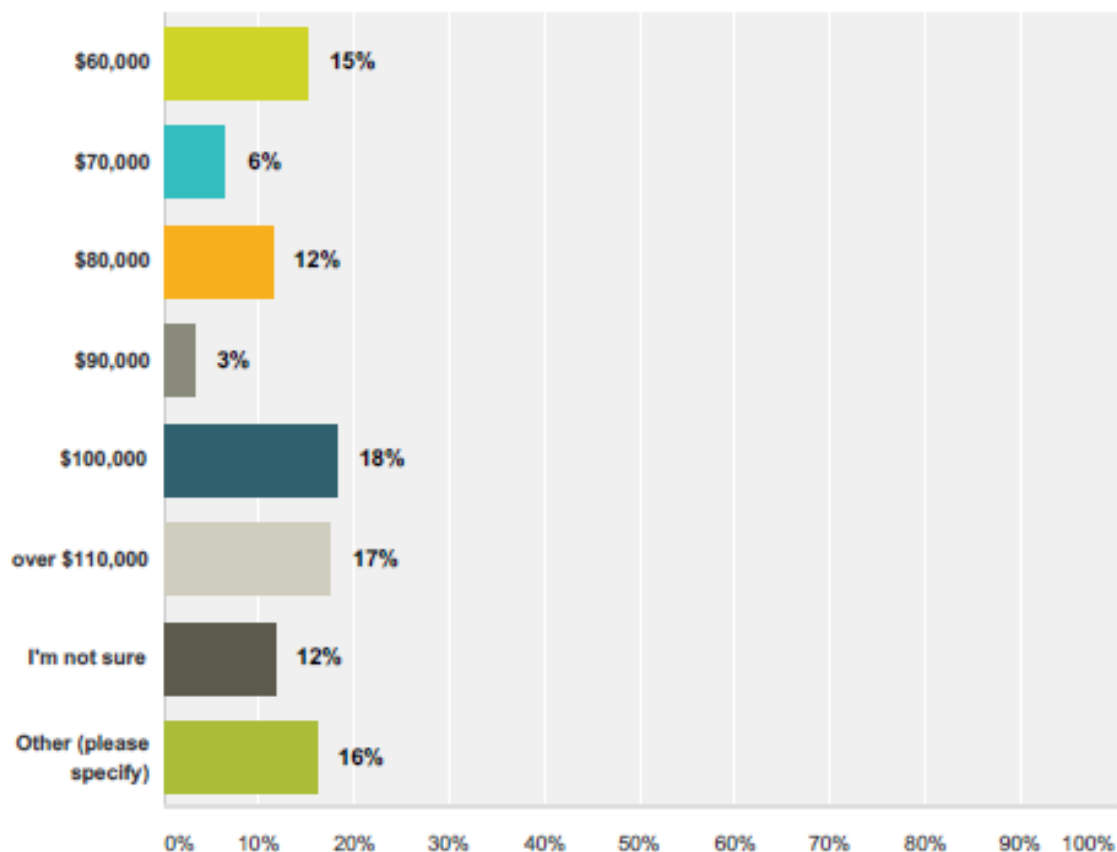
Answered: 2,366



At what income level should income-testing begin?

Q6: Imagine if before tax income was tested to be eligible for NZ Super. At what income level should income-testing begin?

Answered: 2,527

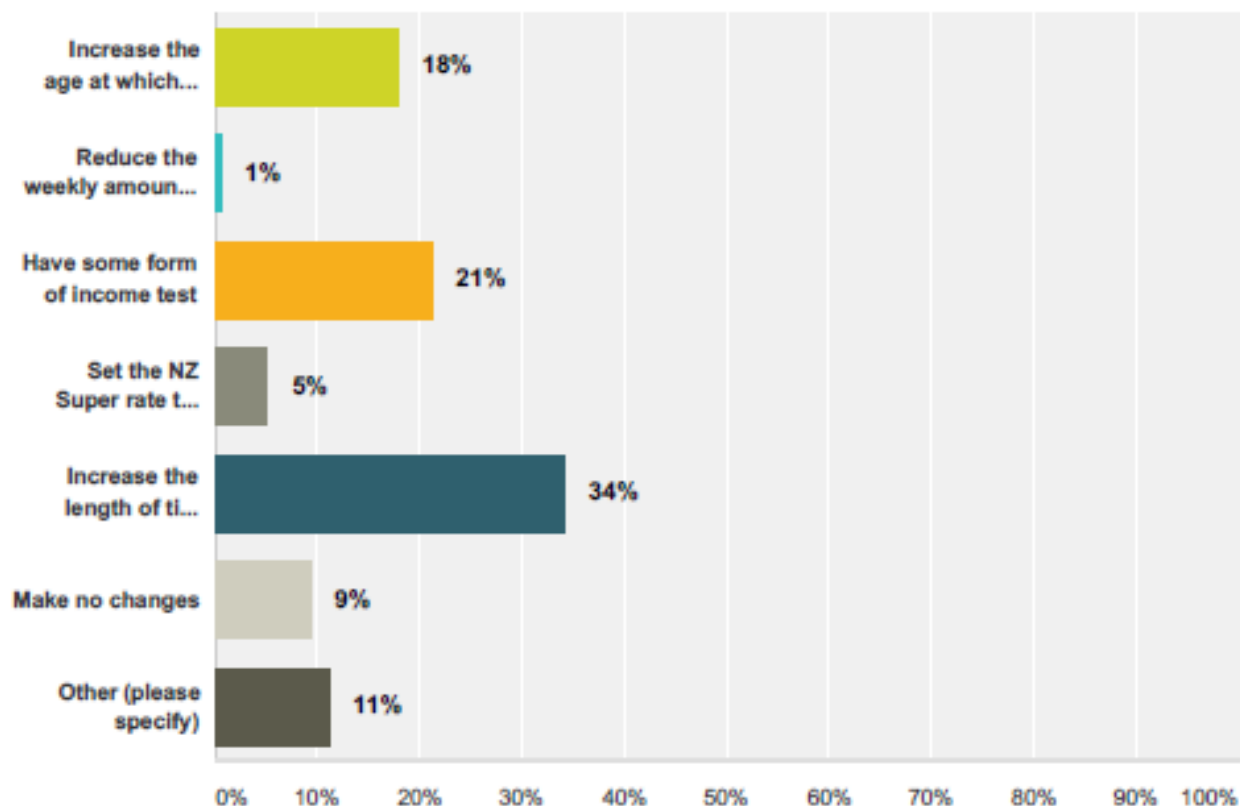


Main change to reduce the future cost of NZ Super

Q7: To reduce the future cost of NZ Super, what main change would you make?

Answered: 2,203

| | |
|---------------------------------------------------------------------------------|-----|
| Increase the age at which people get NZ Super i.e. raise the age of eligibility | 18% |
| Reduce the weekly amount of NZ Super | 1% |
| Have some form of income test | 21% |
| Set the NZ Super rate to price rises (CPI) | 5% |
| Increase the length of time a person needs to have lived in NZ | 34% |
| Make no changes | 9% |
| Other (please specify) | 11% |

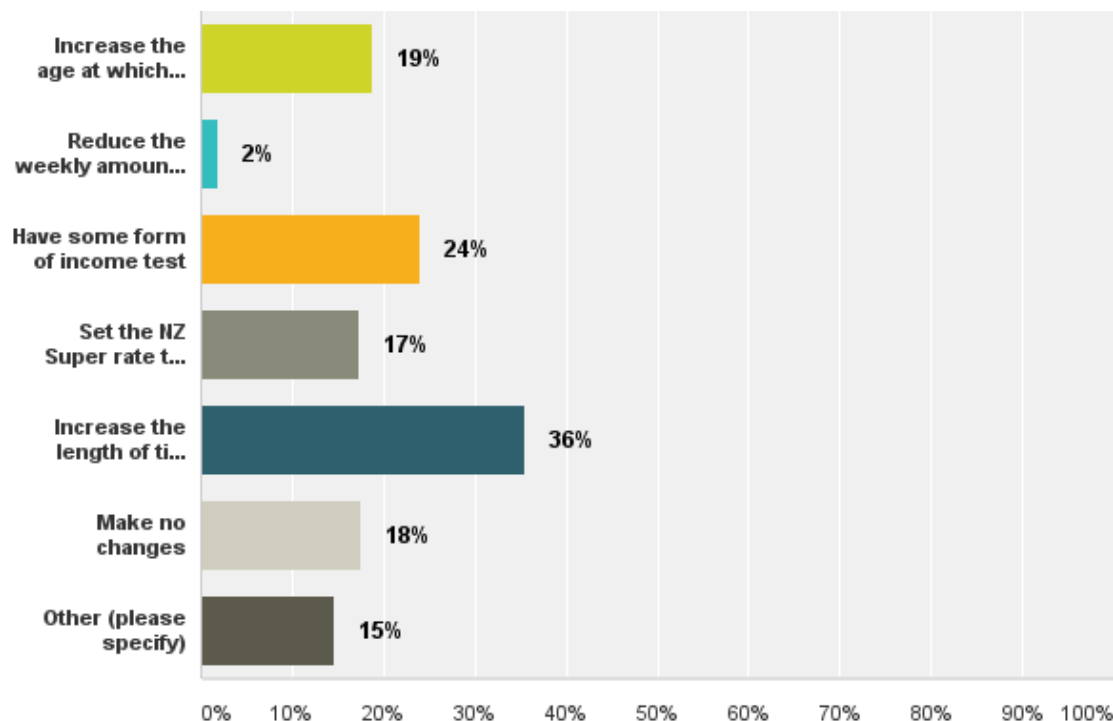


Other changes to reduce the future cost of NZ Super

Q8: What other changes would you make to reduce the future cost of NZ Super?

Answered: 2,278

| | |
|---------------------------------------------------------------------------------|-----|
| Increase the age at which people get NZ Super i.e. raise the age of eligibility | 19% |
| Reduce the weekly amount of NZ Super | 2% |
| Have some form of income test | 24% |
| Set the NZ Super rate to price rises (CPI) | 17% |
| Increase the length of time a person needs to have lived in NZ | 36% |
| Make no changes | 18% |
| Other (please specify) | 15% |



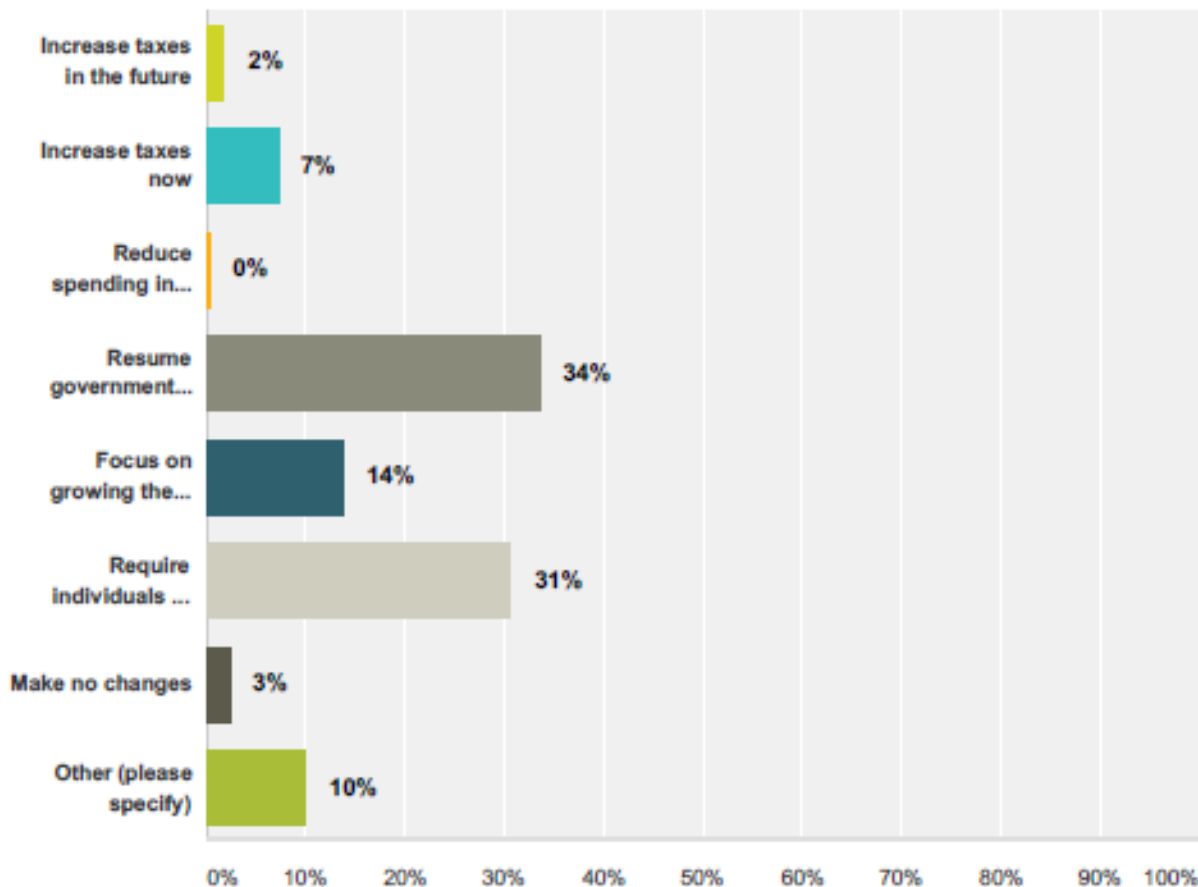
Response % exceeds 100% as respondents could select more than one answer

Main change to pay for the future cost of NZ Super

Q10: To pay for the future cost of NZ Super, what would be the main change you would make?

Answered: 2,067

| | |
|-------------------------------------------------------------|-----|
| Increase taxes in future | 2% |
| Increase taxes now | 7% |
| Reduce spending in other areas such as education and health | 0% |
| Resume government contributions to the NZ Super fund | 34% |
| Focus on growing the economy | 14% |
| Require individuals to save more e.g. KiwiSaver compulsory | 31% |
| Make no changes | 3% |
| Other (please specify) | 10% |

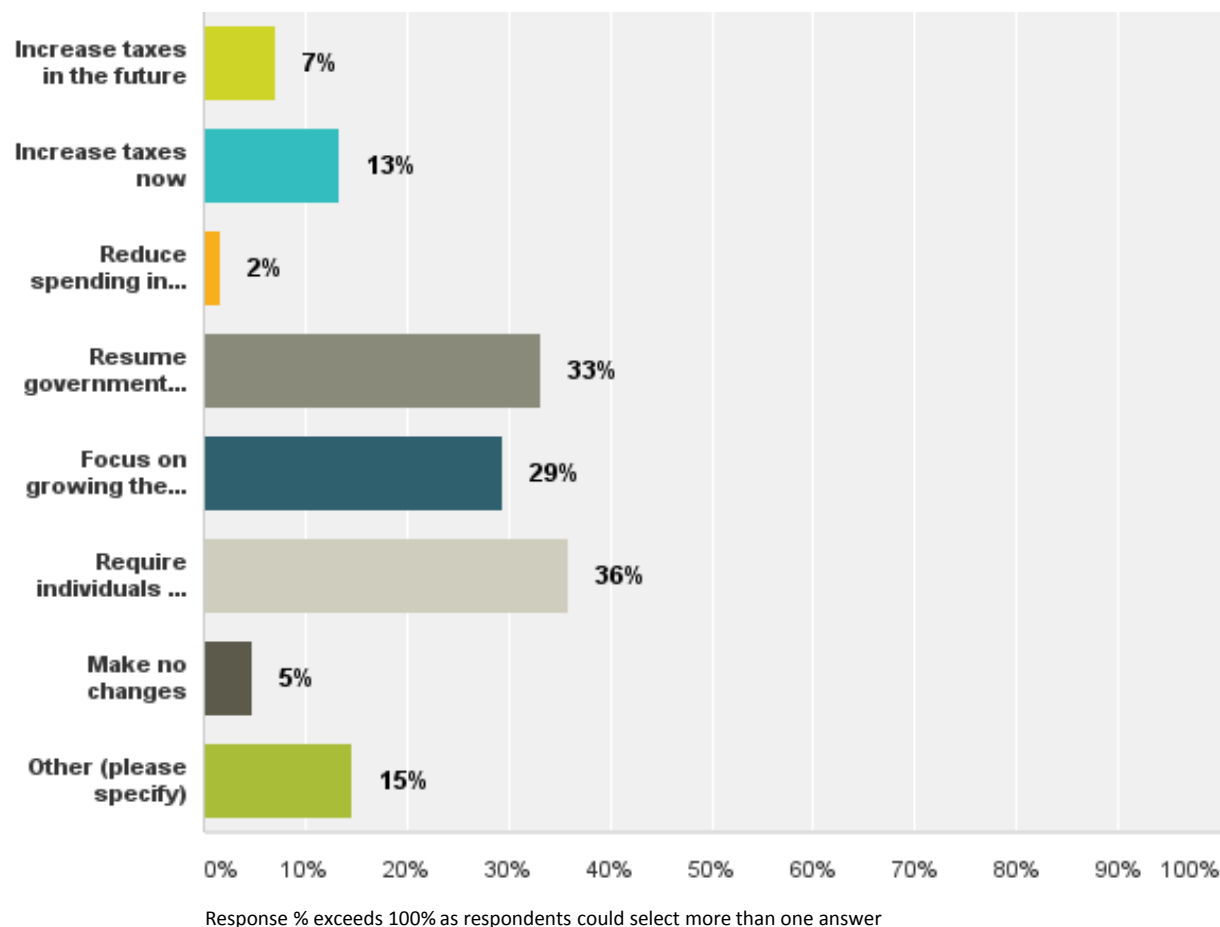


Other changes to pay for the future cost of NZ Super

Q11: What other changes would you make to pay for the future cost of NZ super?

Answered: 2,098

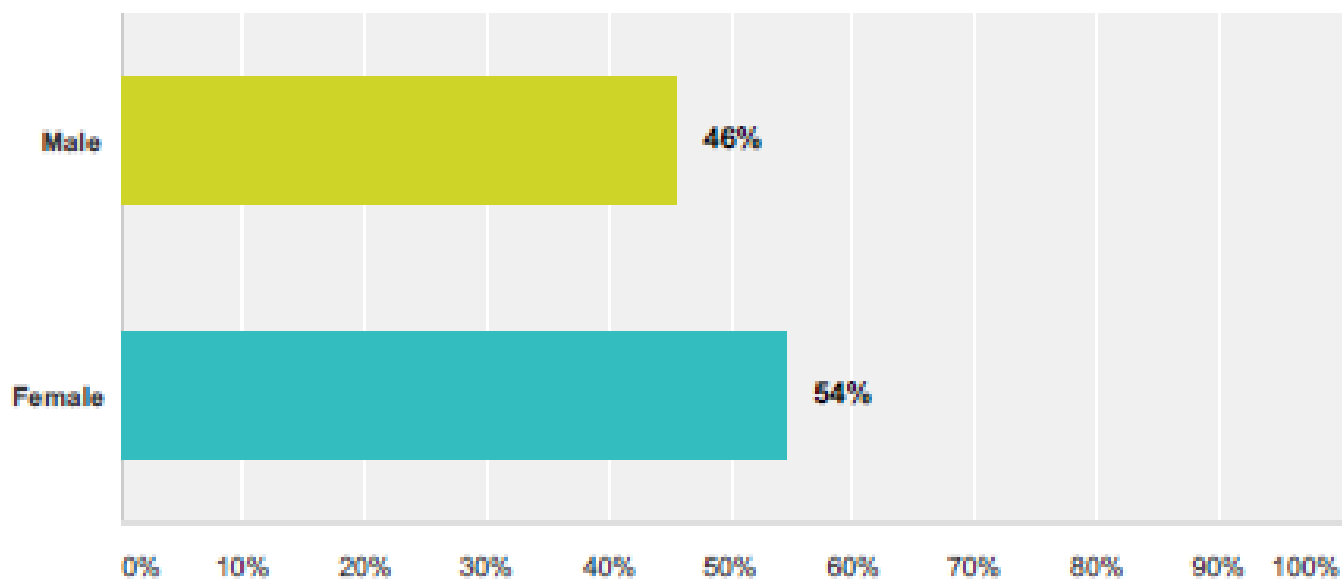
| | |
|-------------------------------------------------------------|-----|
| Increase taxes in future | 7% |
| Increase taxes now | 13% |
| Reduce spending in other areas such as education and health | 2% |
| Resume government contributions to the NZ Super fund | 33% |
| Focus on growing the economy | 29% |
| Require individuals to save more e.g. KiwiSaver compulsory | 36% |
| Make no changes | 5% |
| Other (please specify) | 15% |



Gender

Q13: Are you...?

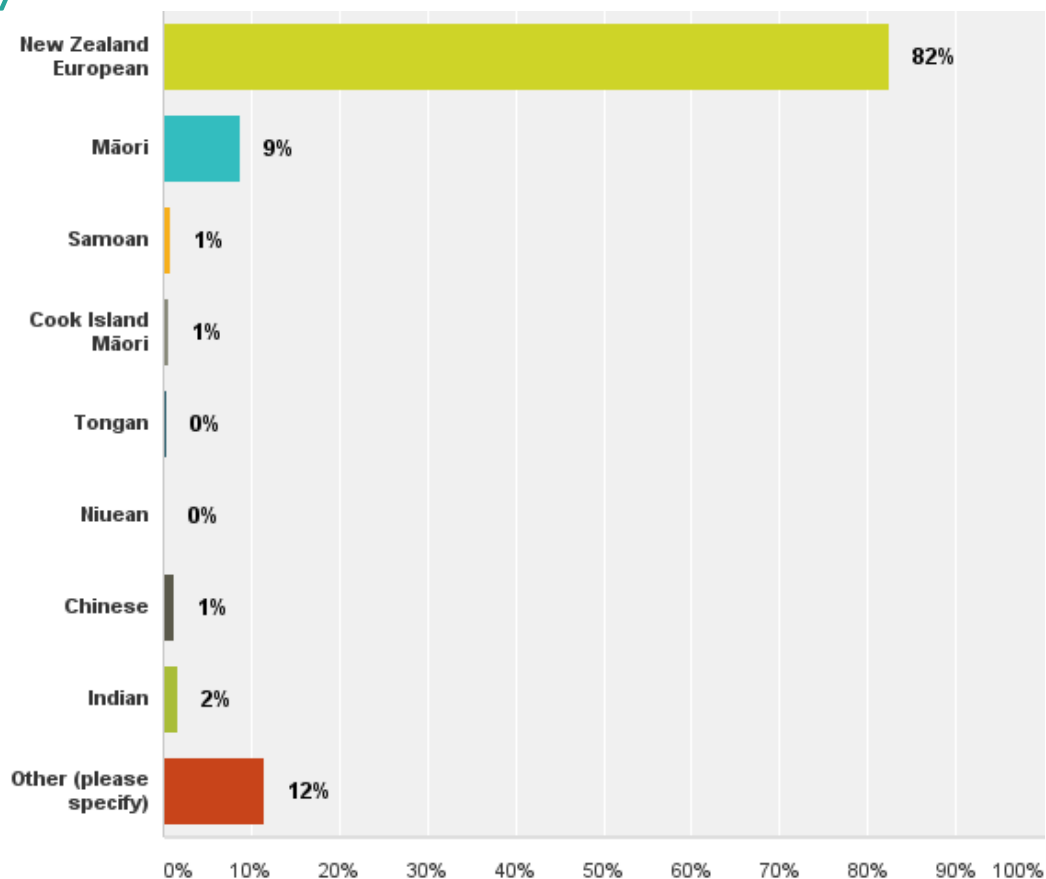
Answered: 2,062



Ethnicity

Q14: What is your ethnicity? Please select all that apply

Answered: 2,177

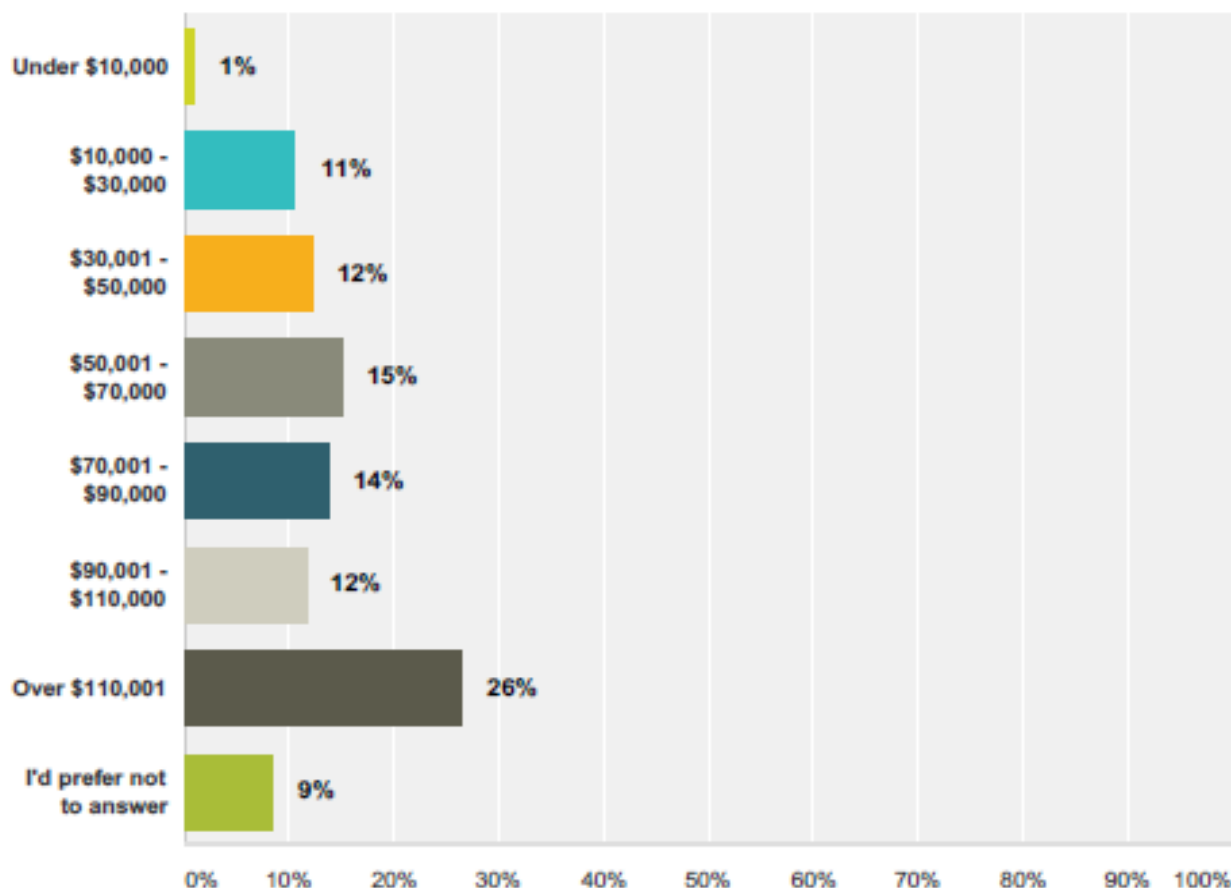


Response % exceeds 100% as respondents could select more than one answer

Household income (before tax)

Q15: Which of the following best describes your household income before tax?

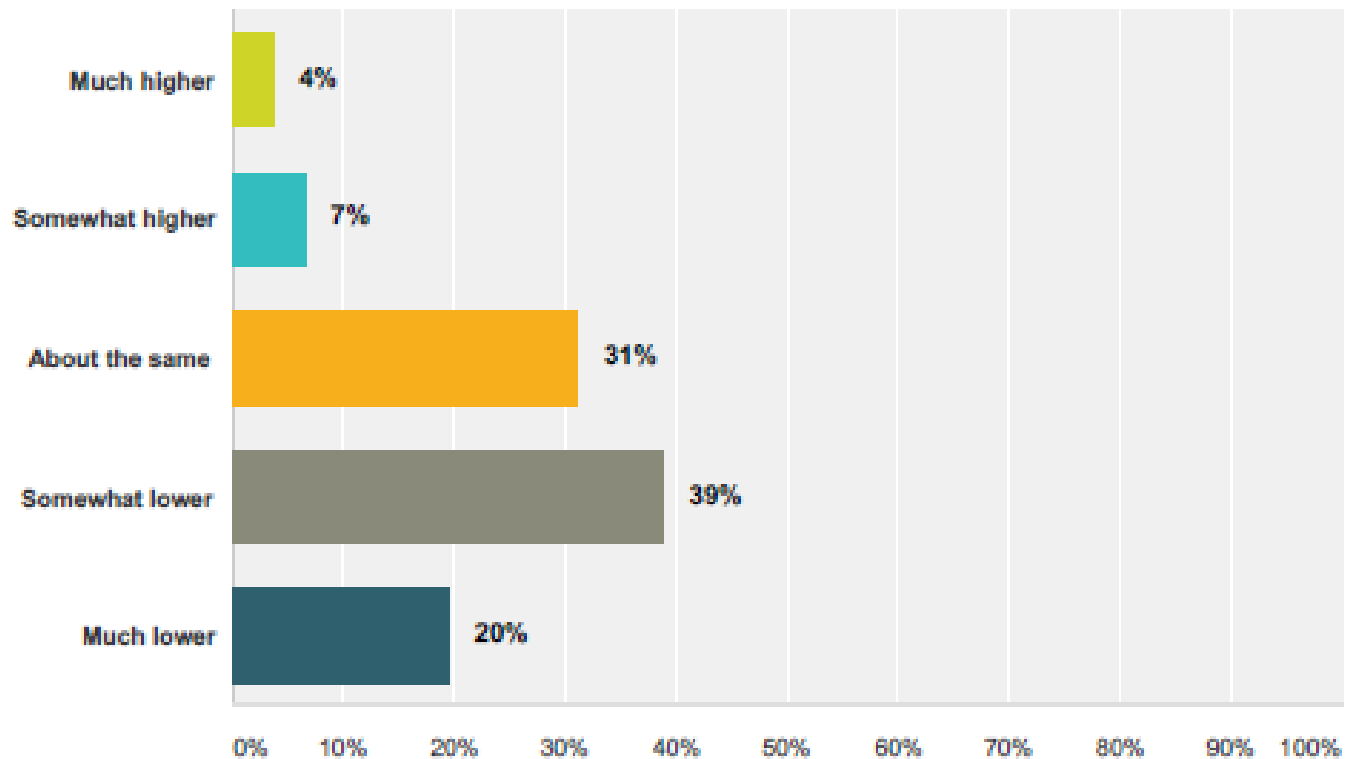
Answered: 2,108



Standard of living

Q16: Compared to now, do you think that your retirement standard of living will be higher, lower, or about the same?

Answered: 2,139





Who gets what? September 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 September the theme for the month was who gets what?
 - SurveyMonkey self-directed 16 -question online survey included options for comments
 - The survey ran from August to November 2016
 - These are the emerging themes from (5,303) comments
 - Verbatim comments are used to illustrate the findings.

At what age should a person get NZ Super?

- “One age for all” does not take into account
 - That some workers make the **choice** and/or have the **ability to work** past ‘retirement age’.
 - That some workers (manual workers, physical jobs, tradespeople) are **less able** to work past retirement age compared to others.
 - That some people do not have the same **life expectancy or health outcomes** as others (e.g. Māori, Pacific people).
- NZ Super should be based on
 - The length of time a person is a resident of New Zealand.
 - Tax contributions over a life time.
 - How much a person has earned and/or saved over their lifetime.

Verbatim comments

I would like to see the current age remain for those who need it and for those who delay payments to receive a proportionally higher rate.

It should depend upon a person's health. If they are capable to keep working until 65 fine, but some aren't and it should be 60 for them.

More than the current 65, possibly 70, but with exceptions for people who cannot be expected to continue working i.e. qualified in a trade/job unsuitable for 65+ (due to physicality of role).

People 'wear out' at different ages.

65 if the person needs income. 70 or older if they have independent income.

Increasing the retirement age should be phased in... for example one month per year over a 12 year period so it is not a sudden shock for those approaching the retirement age.

The age should be reflective of life expectancy and cost of provision.

How long does a person need to live in New Zealand to get NZ Super?

- NZ Super should be based on a **proportional / pro rata system**, based on:
 - The amount of time a person has lived in New Zealand.
 - Tax contributions over a person's life time; and/or
 - The amount they have contributed to KiwiSaver over their lifetime.
- NZ Super should only be made available to people who have **lived and worked** in New Zealand for an extended period of time (at least 20+yrs).
- All New Zealand citizens should be **automatically entitled** to NZ Super.
- New Zealanders who have worked overseas and/or migrants with overseas pensions should be able to bring their state pension(s) with them.

Verbatim comments

The amount you get [should be] scaled according to how long you have lived and worked here.

What is the role of NZ Super? Is it a reward for paying taxes or is it a benefit to reduce old age poverty? If it is the latter, it should not have a residency requirement.

They should have had to contribute to the tax system, not just lived here.

Everyone should get Super, however the amount should be in proportion to how long you've lived here. i.e. if you've lived here for 65 years you get 100% of Super amount, but if lived here 10 years then get for example 50%,

Do you agree or disagree that NZ Super should be income-tested?

Agree 31%

- Should cover a minimal but comfortable lifestyle.
- Too many wealthy people receive it that do not need it.
- Better distribution across vulnerable groups.
- It would encourage more people to be “financially wise” throughout their life.

Disagree 60%/not sure 10%

- Should be *asset*-tested as opposed to means-tested.
- Means-testing would be costly to administer.
- It is a return on paying taxes.
- It is not a benefit, it is an earned right.
- The universal system is simple and equitable.

Verbatim comments

You shouldn't penalise those who worked hard, paid their taxes all their working life by not giving them anything in old age.

The greatest strength of NZ Super is it's universality and equality.

To punish workers is counterproductive.

I have paid tax with the expectation it would fund Super.

We all (working people) pay our taxes, part of those taxes goes towards our Super, so regardless of whether you are a millionaire or an every day Joe you should be entitled to the same. If a richer person decides not to claim their Super rights then that is their choice.

It is wrong to give welfare to the rich .

At what income level should income-testing begin?

- NZ Super has been contributed to over a life time so income-testing would be unfair.
- The tax paid throughout your life is yours for NZ Super.
- Income-testing would punish those that have worked hard.
- A universal system is easier to administer compared to means-testing.
- Income and assets should be considered – there are a lot of asset rich people with very low incomes.

Verbatim comments

There are some extremely well-off individuals who could forgo the Super, but the vast majority of Kiwi's fall outside of this bracket.

[Income-testing should be for the] top tax bracket. That would make it simple to determine.

Asset-testing would be a better test.

Don't go there, it would be too complicated and costly to monitor.

It should depend on individual circumstances i.e. number of dependants, personal disabilities etc.

I believe it should remain universal.

NZ Super is an entitlement, not a benefit while it remains funded from taxes paid in advance by recipients.

To reduce the future cost of NZ Super, what would be the main change you would make?

- Reconsider the amount a 65+yr old receives if they are still working (full or part time).
- Means / income / asset test.
- Restart government contributions to NZ Super Fund.
- Compulsory KiwiSaver, Super and/or retirement saving.
- Introduce a universal income for all.
- Increase financial capability / ownership over financial future .
- Address 'who qualifies' for NZ Super e.g. recent immigrants, those who have not contributed taxes, partners under 65yrs.

Verbatim comments

Focus on educating young people about financial wellbeing and habits to save for retirement... let's learn to save and to invest and grow our own retirement funds .

Reduce the amount for those who choose to work beyond 65 – they shouldn't expect to receive the full benefit whilst in work. This will bring it into line with all other benefits.

KiwiSaver (or similar) should be expanded and [with] more incentives to contribute.

Choose – work or Super – not both!

People who are still working shouldn't receive Super unless they are on a very low income.

Remember we have already paid for our future, now its time for retired people to get it back. It's their turn as it will be for future generations.

Make it contribution-based... pay in, receive.

People who weren't born in NZ should not receive the same Super as those who have worked and lived here all their life.

What other changes would you make to reduce the future cost of NZ Super?

- Reconsider the amount a 65+yr old receives if they are still working (full or part time).
- Increase financial capability / ownership over financial future.
- Means / income / asset test.
- Compulsory KiwiSaver, Super and/or retirement saving.
- Restart government contributions to Super Fund.
- Introduce a universal income for all.

Verbatim comments

Link the Super payment to the proportion paid over the working life with a sliding scale for those who have never contributed.

Create a 'total entitlement' which can be paid from any time from 60. If you start at 60 the weekly amount would be lower than if you start at 70 .

[Receive] Super in relation to the taxes you have paid.

Ensure that recipients have contributed to the system during their time living in New Zealand.

Help us understand why you have selected the answers to the question about `changes to reduce the future cost of NZ Super?'

Equity *I don't feel that it is fair that...*

- People can move to New Zealand and access NZ Super without contributing to the economy/tax system.
- Older workers are taking jobs of young New Zealanders/qualified people.
- People work hard to save for retirement and make sacrifices throughout their life to have a fulfilling retirement and others do not.
- Workers over the age of 65+ years are collecting Super as well as their salaries/wages.

Affordability

- The current system will be unsustainable when the baby boomers reach retirement age.
- We should be making changes based on longevity (people living longer).
- We have a lower age compared to many other countries.
- We need to make superannuation and/or KiwiSaver compulsory.
- NZ Super is a welfare benefit, not an entitlement, and should only be paid to people who need it.

Verbatim comments

I work very hard for my savings and make sacrifices so that I can have a comfortable retirement. I should not be punished by means testing for my work and sacrifice.

NZ Super is a significant 'gift' that should be reserved for people that have contributed to NZ tax base over a long period of time.

We can't afford what we have and it should be on a needs basis not universal .

People should be rewarded for working in NZ and helping this country grow.

I strongly feel that people who have not lived in NZ for long (i.e. less than 15 years) should benefit off the full allowance of NZ Super when they haven't contributed as a tax payer for this time.

Those with enough income need not receive a full benefit.

Part of the tax people pay is to fund superannuation, as we all pay tax then we should all be entitled to the Super.

Verbatim comments

The current system is simple and fair. We only need to make the changes which reflect the increase in longevity of people.

After working in New Zealand for 35 years I feel I have paid for my pension within my taxes. Some have not but still get given it. That is not fair.

Retired persons should be respected. They have raised the next generation and have paid taxes all their working lives. Don't hit them when they need the Super to live on. Respect, love and nurture the elderly.

I don't understand why people can 'double dip' e.g. have a job and get Super. It doesn't seem to align with the policy intent of supporting those who can't work. I'm also worried that so many of the current boomer generation are taking the Super they don't need, that it will be totally gone by the time I retire.

When [Super was] originally introduced, there was a 50/50 chance you would get it as life expectancy was 65 years. Now that life expectancy is closer to 80 years, it is too generous/expensive to hand out Super at 65.

To pay for the future cost of NZ super, what would be the main change you would make?

- Reconsider current government immigration policies.
- Increase the age of entitlement (incrementally, over time).
- Make NZ Superannuation/KiwiSaver compulsory for all New Zealanders.
- Reconsider current government tax system/policies, particularly for large business and high income earners.
- Identify new revenue sources for the government .
- Means / asset test NZ Super.
- Reinstate contributions to NZ Super Fund.

What other changes would you make to pay for the future cost of NZ Super?

- Build the financial capability of younger New Zealanders so that they are financially prepared for their future.
- Increase immigration.
- Focus on growing the economy so that the current system is affordable.
- Reconsider the government's contribution to aid/overseas spending.
- Introduce a capital gains tax.
- Identify new revenue sources for the government.
- Introduce a universal basic income for all New Zealanders.

Verbatim comments

I am in favour of increasing taxes but only focused on the top 10% of the population. There should be no tax increases for the majority.

Make individuals be responsible for their own outcomes.

KiwiSaver should be compulsory as should businesses contributing to KiwiSaver. Businesses need to step up and take more of a community responsibility.

Let people save for themselves in a tax favourable way.

If you have paid taxes towards your pension you should be entitled to it.

Educate people about saving money and planning for their retirement.

I don't think you should be picking on hard-working people that have worked very hard their lives. Now they finally get to relax and spend time with their friends and families you want to cut their Super. Try taxing more from the wealthy, leave the rest of us alone!

Help us understand why you have selected the answers to the question about 'changes to pay for the future cost of NZ Super?'

Individual

- Everyone should take ownership over their own financial future.
- KiwiSaver or other forms of saving for retirement should be compulsory.
- NZ Super is a welfare benefit, not an entitlement, and should only be paid to people who need it.
- The current system seems inequitable across generations.

Government

- The government should be contributing to the NZ Super Fund.
- Politicians need to be brave and start making some hard choices around retirement.
- The government should look for innovative ways to grow and strengthen the economy.

Verbatim comments

Why should I pay for the retirements of others, when my generation are expected to self fund! I'd rather have tax dollars going to advance the lot of the next generation, not the last generation.

As a Generation X person, I'm annoyed that the Baby Boomers who have benefited in many ways throughout their lives, including from the housing price boom, should expect future generations to pay for their retirement .

It should be a personal responsibility of every New Zealander to put a percentage of salary away.

It is clear that those who have voluntarily joined KiwiSaver have been able to save so much more than if it had been set aside themselves and therefore compulsory saving would be a huge benefit.

Having sufficient money for retirement should be the main responsibility of the individual, not the government. Empowering people and encouraging a savings culture will make the biggest impact.

I think it is a government and personal responsibility. Superannuation is a privilege.



**Commission for
Financial Capability**

Building wealthy lives