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Te Ara Ahunga Ora | Commission for Financial Capability

# BRIEFING TO THE INCOMING MINISTER OF COMMERCE & CONSUMER AFFAIRS

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NOVEMBER 2020



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# OUR STRATEGY AT A GLANCE

In 2020 we introduced this plan-on-a page summary of the CFFC's work.

## OUR VISION | TĀ MĀTOU WHAKAKITENGA

New Zealanders retire with confidence

## OUR MISSION | TĀ MĀTOU KAUPAPA MĀTĀMUA

To help improve retirement outcomes for New Zealanders, with trusted information, informed advocacy and effective collaboration

## OUR OBJECTIVES | TĀ MĀTOU ARONGA



Trusted information



Informed advocacy







Effective collaboration

## THREE GOALS | WHĀINGA E TORU

### Retirement Policies

**What we will do:** Advocate for a system that serves the diversity of New Zealanders




**How we will do it:**

-  Conduct a three-yearly review for government
-  Uncover emerging issues and call for action
-  Promote debate on retirement challenges
-  Drive shared evidence to measure the impact of policy changes

### Retirement Villages

**What we will do:** Oversee a fair regulatory framework




**How we will do it:**

-  Flag issues and report on sector trends
-  Support dispute resolution
-  Tackle issues through sector collaboration

### Financial Capability

**What we will do:** Promote the importance of long-term thinking

**How we will do it:**

-  Lead the National Strategy for Financial Capability
-  Supply trusted, independent information through Sorted
-  Equip stakeholders with insights that add value

# EXECUTIVE SUMMARY

Te Ara Ahunga Ora, the Commission for Financial Capability, is a small organisation that does a big job. Our aim is to help New Zealanders retire with confidence.

We do this through advice, influence, and advocacy: a three-yearly review of retirement policies presented to Government and related policy work; leading the National Strategy for Financial Capability; by supplying trusted, independent information through the Sorted suite of services; and by monitoring the regulatory framework for retirement villages.

Our lead role in redeveloping the National Strategy for Financial Capability involves stakeholders across the country, from community, industry, and government, who are working with us to align financial capability messages and services to help New Zealanders in many different circumstances. This is especially important as the country deals with the economic impact of COVID-19.

## **We will be asking you to launch and support the National Strategy in 2021**

While our statutory focus is retirement income our job is much more in the eyes of the public. This starts with Sorted in Schools, and continues through Sorted at Work and Sorted in Communities, all underpinned by New Zealand's leading independent financial website [sorted.org.nz](https://sorted.org.nz) which has been highly effective in helping New Zealanders review their financial situation during the COVID-19 disruption.

## **Additional website resource would improve our capacity to continue providing New Zealanders with the best one-stop shop for trusted, impartial financial capability self-help**

We are playing a key role supporting agencies who also have a role in the financial capability space. Currently we are working with the Ministry of Social Development, who provide 'Building Financial Capability' services to beneficiaries, and with the Ministry for Pacific Peoples. Both have received additional funds to support New Zealanders during the pandemic and the CFFC is helping with resources and

expertise. It is important that these agencies, and others, utilise the CFFC's skills and experience (especially Sorted) rather than investing in new and unproven approaches to the complex process of building financial capability.

## **We are looking for better cross-government coordination in financial capability funding**

In the coming year we are increasing focus on making general retirement policy settings more understandable. This includes the two core government planks - NZ Superannuation and KiwiSaver. We also want to increase focus on introducing a cross-government coordinated approach to retirement issues, one of the recommendations in the Review of Retirement Income Policies 2019.

## **We need to establish a DCE group, with your support, to help the Retirement Commissioner improve cross-government coordination around retirement policies**

## **And later in 2021 we will be mooted with you some possible approaches to the Review of Retirement Income Policies 2022**

The Prime Minister and recent Labour party election manifesto have raised the idea of an Aged Care Commissioner. Older people and their families looking for independent guidance often contact the CFFC, some about disputes within retirement villages but also with wider problems. The CFFC is not mandated to provide a disputes resolution service but we assist by providing information and guidance and by listening. If an Aged Care Commissioner function is being contemplated, some aged care support could be easily incorporated into the CFFC and the role of the Retirement Commissioner expanded to include older people generally.

## **We are offering a cost-effective solution if this idea progresses**

Our key reference and accountability documents are on our website here:

[cffc.govt.nz/reviews-and-reports/corporate-reports/](https://cffc.govt.nz/reviews-and-reports/corporate-reports/)



# Calendar

TIMING	DESCRIPTION	MINISTER
November 2020	Annual Report released	Minister for Commerce & Consumer Affairs to table in House (FYI Associate Minister for Housing)
	Retirement Villages white paper released	Associate Minister for Housing
	Second COVID-19 financial capability impact study released: how NZers are faring	Minister for Commerce & Consumer Affairs
	Q1 operating report provided to MBIE	Minister for Commerce & Consumer Affairs
December 2020	First quarterly meetings between Ministers and Retirement Commissioner (Q3 substantive topics – National Strategy for Financial Capability, and Retirement Villages Framework Discussion Paper)	Both Ministers (separately or together)
February 2021	Second quarterly meeting between Ministers and Retirement Commissioner (Q4 substantive topic – update on the CFFC’s Expert Advisory Group next project)	Both Ministers (separately or together)
	Q2 operating report provided to MBIE	Minister for Commerce & Consumer Affairs
March 2021	Launch of National Strategy for Financial Capability (Ministerial attendance is invited)	Minister for Commerce & Consumer Affairs
	Draft Statement of Performance Expectations submitted	Minister for Commerce & Consumer Affairs



# PART ONE: ABOUT US

## Who we are

We are Te Ara Ahunga Ora, the Commission for Financial Capability. We have recently been on a journey to find a name that speaks to who we are as organisation. After discussions with the Retirement Commissioner and Te Taura Whiri, we consulted Professor Pou Temara who gifted us the name Te Ara Ahunga Ora, which reflects an individual's journey towards retirement wellbeing.

We still use CFFC as a working abbreviation and refer to ourselves as such in this document.

The CFFC aims to help New Zealanders to retire with confidence. Retiring with confidence means New Zealanders feel secure that they will have resources to live and the know-how to make ends meet.

To achieve this a stable and secure retirement income system is needed so New Zealanders can plan. We contribute accessible policy thinking on key issues.

We also work to ensure the retirees of today and tomorrow are equipped with the financial knowledge, skills and confidence to make responsible financial decisions at every stage of their lives.

Greater financial resilience and capability enables New Zealanders to better manage debt, accumulate savings, realise home ownership aspirations, weather shocks, and so reduce the government's long-term liabilities associated with an ageing population. The financial resilience playing field is not level, so a range of interventions is necessary.

We are an autonomous Crown entity headed by the Retirement Commissioner, Jane Wrightson, who took up her position in February 2020. The CFFC leadership team is detailed at Appendix 1. Our appropriation is just over \$8.6m and we have recently completed a substantial restructure and strategy reset. Our small team of 37 is primarily based in Auckland and we have a satellite Wellington team.

The CFFC has three core responsibilities:

### Retirement Policies

**We advocate for a system that serves the diversity of New Zealanders** by conducting a three-yearly review for government, uncovering emerging issues and calling for action, promoting debate on retirement challenges, and driving shared evidence to measure the impact of policy changes.

### Retirement Villages

**We oversee a fair regulatory framework** by flagging issues and reporting on sector trends, supporting dispute resolution and tackling issues through sector collaboration.

### Financial Capability

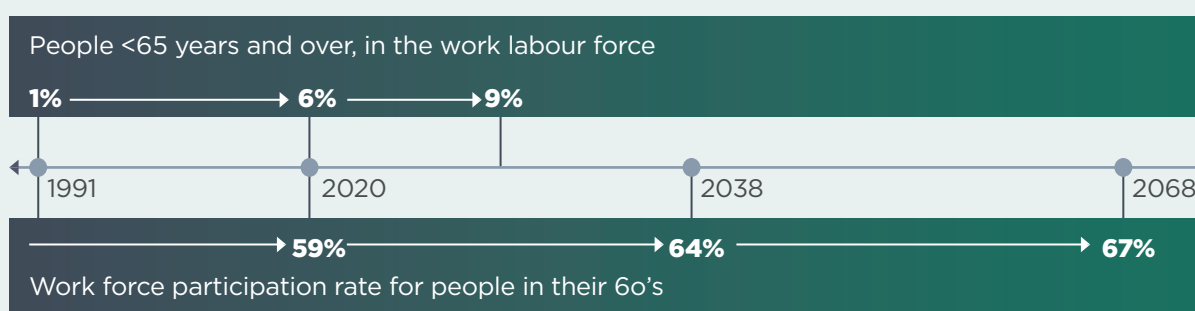
**We promote the importance of long-term thinking** by leading the Strategy for Financial Capability, supplying trusted, independent information through Sorted, and equipping stakeholders with insights that add value.

# A snapshot of the future

## Retirement is changing

We are living longer, often remaining in paid work past age 65: some voluntarily, others because they need the income. Some people have a good range of options for where and how they want to live. Others - around 15% - arrive at pension age with few other resources from a life of material hardship. Yet others, for instance Māori men, have a higher risk of not reaching pension age at all.

We are continuing to grow as a multi-cultural country. As we approach the 200th anniversary of the signing of Te Tiriti o Waitangi in 2040, our Māori population is growing at a higher rate than Pākehā, and New Zealanders of Asian ethnicities are forecast to exceed the Māori population. Different ethnicities have different approaches to retirement and financial capability.



As the wealth gap has increased over the past 25 years, the issues around NZ Superannuation have become more complex. Working with her Expert Advisory Group, the Retirement Commissioner has recently defined the first Retirement Income Purpose Statement, intended to improve clarity around discussion of future retirement policy. Retirement policy issues overall are more dynamic as the demography of our country changes rapidly.

Retirement villages have become a growth industry. It has been estimated the industry needs to supply around 1,800 new units per annum to meet demand over the next 20 years. The current model relies on peoples' ability to release equity from accumulated assets: the clear trend toward lower home ownership, and increased mortgage debt at retirement, may impact the current business model.

There has been recent discussion about possibly creating an Aged Care Commissioner, the discussion generally originating from health and disability issues. There is a danger of duplication and role confusion between the CFFC, the Office for Seniors, the Health and Disability Commissioner, and the Human Rights Commission. Currently the CFFC serves an unmet need for informal disputes advice and support for retirement village and rest home residents, and fields regular enquiries from older New Zealanders about pension issues, older workers, and other problems encountered.

The Retirement Commissioner's role could be formally expanded to include additional responsibilities to support retired people and the ageing workforce more generally, but we believe health care matters should stay as a specialist field.

# Response to the COVID-19 pandemic

## Financial capability is now more important than ever

The COVID-19 pandemic has confirmed resilience as essential. Economic shocks can be rapid and far-reaching, and individuals must be ready and able to respond.

We have helped New Zealanders enhance their financial capability for nearly 20 years. Sorted continues to be a highly trusted brand and a valued source of information independent of commercial influence. In times of great change, people want and need the trusted, independent financial information that the CFFC provides.

We will intensify our financial capability activities under the Sorted brand in schools, communities, workplaces, and online.

The pandemic has presented many people with financial challenges already and its impact is unlikely to have finished. More people may lose their jobs, with the related risks of wage scarring and skills deterioration that unemployment brings, and older workers may be at particular risk. More generally, economic insecurity may impact people's desire and ability to save, and the low interest rate and low investment return environment presents challenges for those depending on savings and investments for their income.

The COVID-19 pandemic has also taught us important lessons about current financial capability. During the Level 4 lockdown, our survey data revealed that 34% of households were in difficulty and 40% were at risk of tipping into hardship, with Māori, Pasifika, and young people the worst affected.

Sorted website use also revealed New Zealanders are more concerned about their financial situation. Between March and June 2020 -

- new users of the Sorted website were up 18% year on year
- April saw a four-year record in user numbers - more than 150,000 people accessed the website for the first time since lockdown
- social media channels also saw a sharp rise in engagement. The main areas of enquiry were KiwiSaver hardship applications and how KiwiSaver works with the mortgage calculator and budgeting tool also experiencing high use.

Many people switched their KiwiSaver fund to one that was more conservative without taking advice. This locked in their losses and will have long-term implications for their retirement savings.

We also discovered further demographic differences. Our Financial Capability Barometer survey interviewed 500 people a month over six months, then aggregated the 3,000 responses into two-month blocks to detect if attitudes and knowledge around money were changing. Overall, people were more informed about their KiwiSaver funds, were able to save more, and more agreed with their partner on how to spend or save money. However, those aged 18-30 exhibited the opposite behaviour, with fewer keeping a close eye on their financial affairs. There was also a significant increase in this younger cohort thinking that money was there to be spent (from 29% in March-April to 42% in May-June, compared to 27% of the total sample).

Further ramping up the CFFC's activity in building financial capability will be crucial in helping New Zealanders navigate challenging economic times during the next few years. There is a great deal of information out there but the CFFC's resources are among the few where the primary aim is behaviour change, not promoting a product or service.

We will lead the sector through the refresh of the **National Strategy for Financial Capability**. The 2015 strategy is currently being reworked, with wide sector consultation, for rollout around late March 2021 (see Part Two below for more information). The 2021 National Strategy will set a shared direction for financial capability and provide a practical framework for how sector stakeholders can work together to achieve the greatest impact by strategic alignment and effective coordination across government, industry, and community.

One of the areas that the National Strategy will consider is resilience. Financial capability is a skill that helps people become financially and economically resilient. This helps individuals and their whānau and communities, and ultimately the whole country. In the economic rebuild after COVID-19, and in the context of supporting individual wellbeing, financial capability will be a key requisite for the future.



# Government's priority areas

## Recovery Plan

The Government has outlined five key principles in its recovery plan for New Zealand: investing in our people, jobs, preparing for the future, supporting our small businesses, and positioning New Zealand globally.

The CFFC has a key role to play in preparing for the future as our role is to improve retirement outcomes for New Zealanders. This is best achieved through long-term financial decisions, such as personal savings (often through KiwiSaver), and home ownership.

We will support the Government to help New Zealanders prepare for their future by:



growing the financial capability of individuals to build their resilience



providing policy advice to government on pre-retirement savings and retirement income policy



providing policy advice to government on housing, including the use of KiwiSaver to fund the purchase of a first home, and the need for housing options for older people



carefully monitoring the effects of the Retirement Villages Act 2003, its Regulations, and the Retirement Villages Code of Practice 2008

## Government funding for financial capability

In the wake of COVID-19 the Government provided additional funding for financial capability to the Ministry of Social Development (MSD). MSD provides its clients with access to Building Financial Capability (BFC). Among other things, BFC funding includes the nationwide budget advice services that help people, families and whānau experiencing hardship to build their financial capability and resilience.

Traditionally this 'in difficulty' segment has been relatively separate from the CFFC's work as we focused on different cohorts. See the Sorted Product Map diagram in Part 2 below. **However, COVID-19 has muddied these waters and different segments are emerging.**

In Budget 2020, the Government announced \$39.2 million investment over four years for MSD's BFC services, to address cost pressures on services, and as part of the response and recovery from COVID-19. This investment recognises the critical importance of building financial capability and resilience, and addressing problem debt, particularly during the expected economic downturn of COVID-19. MSD is in the process of determining its future role and pathway to deliver these services and we are discussing how best to align our work, particularly focusing on people newly facing hardship.

Similarly, the Ministry for Pacific Peoples (MPP) received a Pacific housing package of up to \$41.3 million in Budget 2020 funding, to improve housing for Pacific families and their communities. This includes a component on building financial capability, part of which will be delivered as a combined project with the CFFC that recognises our expertise in this area. MPP will fund personal finance training services to provide Pacific people with the financial tools they need to help them successfully manage their finances, during and after economic shocks such as COVID-19, and to support savings towards home ownership.

There is also the potential for other agencies such as Te Puni Kōkiri, the Ministry for Women, and the Ministry for Primary Industries to identify the need for financial capability within their cohorts.

However, **none of these initiatives based around financial capability are joined up across government** and we worry money may be wasted. Directly engaging the CFFC (including funding) either to advise on, or to provide training or other services, is an efficient way for Ministries to serve clients while ensuring an informed, cohesive and whole-of-government response.

Individual investments in various aspects of financial capability, without similar investment in Sorted through the CFFC, result in narrow policy interventions. And, as our triennial Review of Retirement Income Policies 2019 discussed, better alignment with MSD work will be important. As the economic effects of the COVID-19 pandemic become more apparent, a larger group of New Zealanders is likely to require assistance, whether or not they become MSD clients.

The ability of the CFFC to provide tailored service offerings to this emerging and growing group of newly financially vulnerable people will be compromised without further investment (the CFFC has not received a general increase in baseline funding in the last decade). A bid for additional funding can be expected in an upcoming Budget round.

## Our partners

We collaborate with a range of community, government, industry, and NGO stakeholders to strengthen joint efforts towards raising financial capability across New Zealand.

The CFFC leads the National Strategy for Financial Capability which sets a shared direction for financial capability. The strategy provides a practical framework to guide and encourage stakeholders to work together. This will help achieve the greatest impact by strategic alignment and effective coordination across government. We will be working closely with the FMA, among others, to align our investor relations work, with the Financial Capability Trust (FinCap) and others to align our community work, and MBIE and MHUD to ensure they are aware of our work and of emerging issues.

Internationally, the CFFC actively participates in the work of the OECD International Network for Financial Education, and in the development of policy and measurement tools for financial capability.

The CFFC also monitors the effects of the Retirement Villages Act 2003, its Regulations, and the Retirement Villages Code of Practice 2008. We work with retirement village operators and residents.

# PART TWO: 2020-21 PRIORITIES

Our priorities focus on the CFFC's three core strategic objectives of trusted information, informed advocacy, and effective collaboration.

## Trusted information

This covers both the financial capability information we provide to New Zealanders and the research and data we compile to inform this work and to share with interested parties.

### Live Sorted: financial capability is more than money

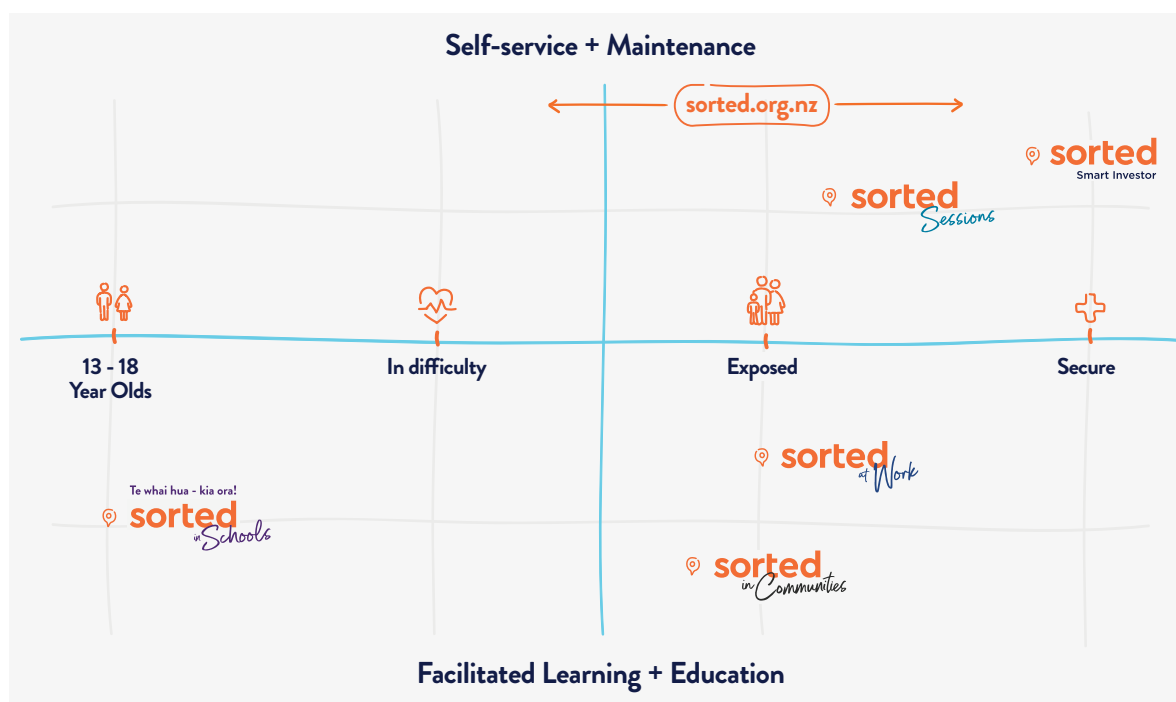
Financial capability goes deeper than what people know about money. It's feeling confident to make wise judgements about how we use and manage our money in ways that

benefit us now and in the future. Becoming financially capable is crucial to securing an adequate retirement: the earlier people start on that journey the better.

Our work covers financial education in schools, in workplaces, and in the community. Sorted activity mostly targets the 'exposed' and 'secure' segments. As noted above, the 'in difficulty' segment has traditionally been in the MSD space, but the segments are changing and broader alignment is now needed.

## Sorted Product Map

Live  
sorted



**Sorted in Schools, Te whai hua – kia ora** is a free financial education programme with a vision to equip all young New Zealanders for their financial future. Available for students in Years 9-13, it is aligned with the curriculum and available in both English and te reo Māori. It is taught by teachers as part of day-to-day

classes in diverse subjects, educating students about money management, saving, debt, goal setting, KiwiSaver, insurance, investing and retirement. By developing financial capability at a young age, this generation, and those who come after them, will be better prepared to reach their life goals and retire in good financial shape.

**Sorted in Communities** is primarily focused on both Māori and Pasifika cohorts using an holistic lens focused on housing. We deliver face to face courses in partnership with agencies such as Te Puni Kōkiri and the Ministry for Pacific Peoples. Culturally appropriate, and relevant to each group's needs, we've celebrated many case studies of families shedding crippling debt, meeting savings goals for their children's future, and even gaining home ownership.

**Sorted at Work and Sorted Sessions** are a collection of face to face courses, seminars, and webinars. Our research shows that financial stress impacts attendance and productivity. Employees who take part in our courses report relief at realising they are not alone in their financial problems, and at having newfound knowledge and tools with which to improve their situation.

Our flagship activity is of course the public good **Sorted website**. Since 2001 Sorted has become a trusted source of free, impartial and independent financial information and resources for the 1+million New Zealanders who use it every year. We steer users to information, guides, and tools using ongoing marketing and communications in news media and digital channels. The website has a long-term goal of remaining the leader for financial information for New Zealanders.

### Consumer research

Another important part of our work is providing accessible, useful data to inform government and the wider sector. We are now increasing the number and range of published reports. Two projects are particularly important:

#### New annual Financial Capability and Wellbeing Survey

Our Financial Capability Barometer has been an ongoing survey of New Zealanders on their financial behaviours, attitudes and experiences. This is the only such ongoing study in New Zealand.

The survey's primary goal was to better understand and target the audiences of the CFFC's financial capability initiatives. The data has provided valuable insights into the state of New Zealanders' personal finances, including KiwiSaver engagement and knowledge, retirement planning, savings and debt.

Before the COVID-19 pandemic the Barometer revealed three main themes:

- Few New Zealanders plan for the long-term
- Home ownership (with or without a mortgage) is strongly linked to good financial outcomes and financially capable behaviours compared to those who do not own a house
- Subjective factors, not all of them related to money, play an important role in self-assessed financial wellbeing and confidence.

The survey is being redesigned to improve focus, methodology, and to enable data to be shared. From 2021 it will be replaced by an annual Financial Capability and Wellbeing Survey which we will share widely.

We have also begun publishing regular reports to provide fresh insights. These are found here: [cffc.govt.nz/reviews-and-reports/research-and-reports/](https://cffc.govt.nz/reviews-and-reports/research-and-reports/)

#### COVID-19 financial impact survey

We also commissioned a new survey this year to specifically examine the changes in incomes and financial situation of households since March 2020 and the start of the COVID-19 pandemic.

The first wave of the COVID-19 financial impact survey was undertaken in April 2020 and the results are on our website.<sup>1</sup> They included:

- At 28 April 2020 an estimated 232,500 households (13%) had lost one third or more of their income because of the COVID-19 crisis
- One in four households was in arrears on at least one payment. One in ten had missed a rent or mortgage payment
- 26% of households appeared secure; 40% were exposed to financial shocks; 34% were in financial difficulty.

Results of the second wave of the survey being assessed now will provide important insights into how people's lives have been further impacted by COVID-19. We expect to release the report in November and will update you at our first meeting if you wish.

<sup>1</sup> CFFC (2020). Impact of COVID-19 on financial wellbeing. Author - Dr Celestyna Galicki.



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## Informed advocacy

The CFFC is an informed advocate in helping New Zealanders prepare well for retirement and for various important aspects of older people's lives.

### Retirement Income Purpose Statement

The Retirement Commissioner, working with her Expert Advisory Group, has recently launched the first purpose statement that will operate as a foundation to evaluate and discuss New Zealand's two-tier retirement income framework, and to inform public understanding.

As well as acting as a guide for the CFFC's policy work, it is expected the purpose statement will be of use to other government departments, and non-government organisations working in areas affecting retirement.

#### NZ RETIREMENT INCOME PURPOSE STATEMENT

A stable retirement income framework enables trust and confidence that older New Zealand residents can live with dignity and mana, participate in and contribute to society, and enjoy a high level of belonging and connection to their whānau, community and country.

To help current and future retirees to achieve this, a sustainable retirement income framework's purpose is twofold:

1. To provide **NZ Superannuation** to ensure an adequate standard of living for New Zealanders of eligible age. NZ Super is the Government's primary contribution to financial security for the remainder of a person's life.
2. To actively support New Zealanders to build and manage **independent savings** that contribute to their ability to maintain their own relative standard of living.

The retirement income system sits within the broader government provision of infrastructure also needed to enable older New Zealanders to live well, such as health care, housing, and transport.

### NZ Superannuation policy settings

NZ Super is the Government's primary contribution to financial security for a person's later life. It ensures an adequate standard of living for New Zealanders of eligible age.

NZ Super is a high-profile policy with the public. The age of eligibility continues to be debated in some quarters, and the range of policy settings needs to be understood better.

To facilitate informed debate and advocate for future retirees, the CFFC will be releasing a series of policy papers discussing various

policy settings that are currently in place and some that could be introduced. The policy settings include the impact of means-testing of income and assets, residency requirements, and evaluating the age of eligibility. The impact of the policy settings on tangata whenua and women will be included. Other policy papers will discuss wider issues such as the changing demography of New Zealand and how this might impact retirement policy in the future. Although our population is ageing, birth rates vary across ethnic groups, meaning a higher proportion of the workforce will be Māori and Pasifika in the future.

## KiwiSaver policy settings

KiwiSaver is a voluntary savings scheme set up by the government to help New Zealanders save for their retirement.

With almost 3 million members, KiwiSaver appears to be a popular scheme. However, **growth in member numbers has been declining in recent years and over 1.2 million members were not contributing to their funds in 2018<sup>2</sup>.**

A total of \$731.2 million of funds were withdrawn from KiwiSaver funds in 2018 by those aged 65 or over, which was almost the same as the \$723.3 million withdrawn to fund first home purchases. \$101.1 million was withdrawn for significant financial hardship<sup>3</sup>.

In a similar manner as for NZ Super, the CFFC will also be releasing a series of policy papers on the KiwiSaver policy settings currently in place, and some that could be introduced. These will include savings suspensions (formal via an application, and informal due to an employment break), sidecar savings (considered in our 2019 Review of Retirement Income Policies), government contributions, and decumulation.

## Retirement Villages: a new white paper

A key deliverable for our informed advocacy work to monitor the retirement villages legislative framework is a new white paper. Called **Retirement Villages Legislative Framework: Assessment and Options for Change** it will shortly be released to the public for comment. The paper assesses the framework and **recommends a full policy review is carried out by MHUD because of the emerging issues identified.**

The paper notes:

- Most current retirement village residents appear content with their choice of living arrangements.
- Most operators provide very good services and care to their residents.
- However, there are issues appearing at the margins, including regulatory structure, that need attention.

The sector structure around retirement villages is complex, involving different regulatory instruments - acts, regulations, and codes - and many different agencies. No agency has full and active pan-sector oversight. Issues range across financial, consumer protection, health care, and regulatory alignment.

Feedback on the white paper will be requested by early 2021.

## Māori development

Since the appointment of the new Retirement Commissioner, we have taken **three key steps to refresh our Māori development journey.**

The first step was to create an Expert Advisory Group, with mixed membership that includes iwi, public sector, business, and academia. A prominent iwi leader, Ngahiwi Tomoana, Chair of Ngāti Kahungunu Inc, is a member of the group.

The second step was consultation with a leading scholar, Professor Pou Temara, to develop a Māori name for the organisation. We are now proudly Te Ara Ahunga Ora. Finally, a new position on the Leadership Team was created, a Kaihautū. This provides a new opportunity to improve our own cultural competency as well as to strengthen Māori engagement and improve our understanding of Māori issues relating to the retirement journey.

We were already progressing Te whai hua - kia ora, the Sorted in Schools Te Reo programme for Kura Māori, which has been in development since October 2018. Te whai hua - kia ora offers free professional learning and development to kura, tumuaki and kaiako, whānau and ākonga. It provides a holistic and distinctive te ao Māori view on collective financial wellness traditions and draws on stories and examples from well-known tipuna. The programme has now reached 60% of kura and we are continuing with a drive to sign up more.

## Triennial reviews of retirement income policies

These are required by statute. The Review of Retirement Policies 2019 was released in January 2020 and the Retirement Commissioner has initiated discussion on some of the recommendations within her ambit: Recommendation 1 (Governance: DCE group, and Expert Advisory Group, discussed above), Recommendation 10 (KiwiSaver hardship hub), Recommendation 11 (KiwiSaver sidecar savings) and Recommendation 14 (retirement income purpose statement, discussed above).

Later in 2021 we will be mooting possible approaches to the Review of Retirement Policies 2022 for which you will need to set the terms of reference.

<sup>2</sup> Financial Markets Authority (2018) KiwiSaver Annual Report Page 6

<sup>3</sup> Financial Markets Authority (2018) KiwiSaver Annual Report Page 19

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## Effective collaboration

We work together with a range of partners as outlined above. We also provide information and coordination across the financial capability sector. A key part of that guidance comes from the National Strategy for Financial Capability.

### National Strategy for Financial Capability 2021

The current National Strategy for Financial Capability was released in 2015 and followed the 2008 and 2012 National Strategies for Financial Literacy. It represents a collection of over 250 organisations engaged in the provision of financial education, support and advice and includes government, corporate, education and non-profit entities.

The current National Strategy lays out five work streams that contribute to a vision of 'everyone getting ahead financially': getting New Zealanders to talk and learn about money, to plan for the future, to be debt-smart and to save and/or invest. The strategy provides a reference point for organisations working in the Financial Capability space and a structure to connect their initiatives in communicating core messages.

But the strategy is not a living document and has not been widely embraced nor supported.

With COVID-19 recovery firmly in mind, and the need for the whole sector to pull together to help New Zealanders, we are now reinvigorating a new National Strategy to set the direction for the next five years. We have active involvement of, and contributions from, a wide range of community, government and industry stakeholders. The new focus is to support stakeholders and partners, to better unite the sector, and to foster collaboration.

The outcomes of the new strategy (still in development) will be focused around:

- Consistent content: developing a shared language across services and ensuring consistent messages between providers
- Shared data: enabling coherent reporting across organisations, identifying and focusing on gaps, understanding 'what works'
- Communication and collaboration: using a Collective Impact model to develop a shared evaluation framework and purpose for stakeholders/partners, and proactively supporting collaboration
- Shifting the dial: deliberately supporting key collaborative projects each year, and sharing the learning, successes and failures

Our original intent was to hold a national hui to workshop the new strategy outcomes, bring stakeholders and partners together, and build relationships across the sector. Since COVID-19 makes this impractical, we are currently running a series of fortnightly online workshops to discuss aspects of the strategy development, to share research data and information, and to facilitate connection and discussion with participants.

The new strategy will be released around late March 2021. It will be a significant milestone for the sector, and we are very keen for Ministerial involvement and leadership in the launch.

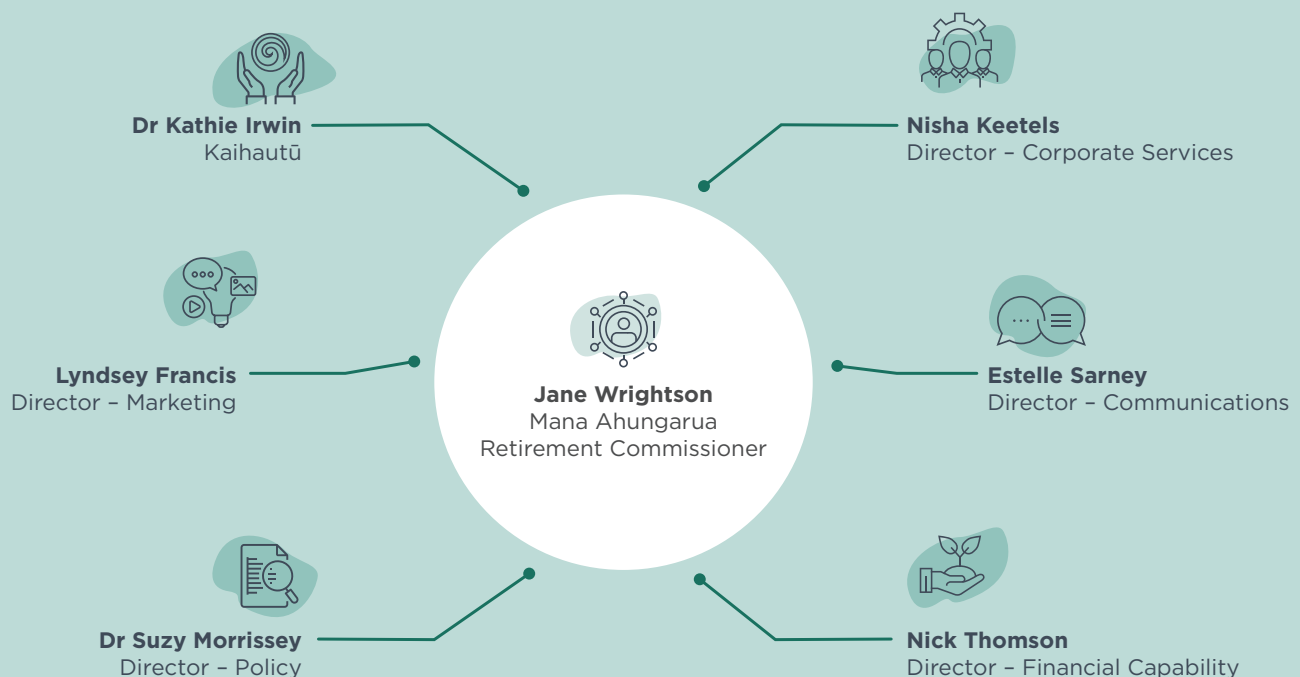
## Organisational development

In 2020 we commenced and completed an organisation restructure to improve flexibility, focus, and to remove siloes. Our team is deeply committed to helping New Zealanders and to working collectively to build a strong organisation. The full CFFC team is listed here:

[cffc.govt.nz/about/our-people/](https://cffc.govt.nz/about/our-people/)

This is our leadership team, which meets weekly to discuss operational matters and monthly to address governance and strategic matters

### CFFC Leadership Team



Peter Cordtz was appointed Acting Retirement Commissioner in December 2018, became Interim Retirement Commissioner in July 2019 and subsequently became Assistant Retirement Commissioner in July 2020. He completes his tenure at the CFFC in December 2020.