

STATEMENT OF INTENT TAUĀKĪ WHAKAMAUNGA ATU 2021-2024

FOREWORD FROM THE RETIREMENT COMMISSIONER

KUPU WHAKATAKI NĀ TE MANA AHUNGARUA

He iti te matakahi, pakaru rikiriki te tōtara.

A wedge may be small but it can fragment the tōtara.
A small effort properly applied can achieve success.

How a country treats its older citizens is a mark of its own maturity. How a country equips its people to approach their later years with positivity and confidence is another marker. And how a country assists its people in hardship is another.

These are the types of issues that impact on the work of the Commission for Financial Capability (CFFC), a Crown entity that I am privileged to lead. There are many entities and individuals whose work impacts on the journey to and through retirement. The CFFC is the government's conduit for discussion and debate on the complex and sometimes divisive approaches to retirement. We bring focus, connections, and in-depth knowledge which we intend to build on over the next four years.

It's crucial that debate is informed and widespread. I'm particularly interested in improving the discussion around intergenerational matters - the artificial 'boomers versus millennials' divide so beloved by media headline writers is an unproductive lens on an ecosystem that involves us all.

Our three-yearly **Review of Retirement Income Policies 2019** provided an in-depth look at the current environment and issues facing New Zealand in the future. We know that New Zealand Superannuation is affordable for the moment and delivers a material lift in standards of living for those in material hardship.

We also know that pre-retirement issues are becoming harder. A relatively comfortable retirement has most often been attained by having achieved a mortgage-free home. The historically very low interest environment affects both current and future retirees. The need and desire for New Zealanders to work longer has implications for workforce planning. KiwiSaver has become a crucial tool yet is focused only on employees. The COVID19 pandemic in 2020 will set savers back for some time yet.

The diagram overleaf provides a useful snapshot of what New Zealand looks like in 2020 from a retirement lens.

In a fast-changing world the best outcome that can be secured for New Zealanders is a stable, intelligent policy environment and focused support for financial capability so people can make the best decisions for themselves.

The **Review** discussed the need for a purpose statement for retirement income and I agree this is an important step to clarify and focus debate. Our research shows New Zealanders mostly think that the purpose of NZ Superannuation is about matters such as dignity, poverty prevention, care, and a citizen dividend for working hard and paying taxes. I believe that if a purpose statement was agreed and formally adopted, this could significantly help focus

discussion and debate on determining the right settings in the future. The CFFC will work on securing this agreement.

Over the next four years the CFFC will restructure, refocus, and reinvigorate to face changing opportunities and challenges with a single-minded focus: to help New Zealanders retire with confidence.

And we will continue passionately helping New Zealanders to Live Sorted!



Jane Wrightson
Retirement Commissioner
Mana Ahungarua

5 June 2020

The Retirement Commissioner's role was established under the New Zealand Superannuation and Retirement Income Act 2001. The Retirement Commissioner is appointed by the Minister of Commerce and Consumer Affairs and is an Autonomous Crown Entity under the Crown Entities Act 2004.

This Statement of Intent sets out the Commission for Financial Capability's intentions and undertakings for the medium-term period 2021 - 2024.





OUR STRATEGIC AND PERFORMANCE FRAMEWORK TĀ MĀTOU ANGA RAUTAKI ANGA WHAKATUTUKI MAHI



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

- Trustworthy 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

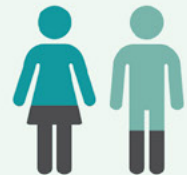
What we will do: Promote the importance of long-term thinking

- 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



Only 14-18% of employers are actively planning for an ageing workforce

Source: CFFC Ageing Workforce Survey 2018



26% of men and **41% of women** under 65 say they have no idea how much money they need for a comfortable retirement

Source: CFFC Financial Capability Barometer 2019



Among those reaching NZ Superannuation age in the next ten years, the rate of owner occupation is likely to be around **30% lower** than their predecessors

Source: CRESA report for the Review of Retirement Income Policies 2019



Kiwisaver withdrawals for financial hardship totalled \$107.9m in 2019, **up 7%** from the year before

Source: FMA



1 in 4 New Zealanders will be 65 or older in 2063

Source: Statistics New Zealand

1 in 4 people aged 65+ are in paid employment

Source: Statistics New Zealand

The median lifespan in New Zealand:



78 years for **males**, up from 75 in 1999 and 67 in 1949

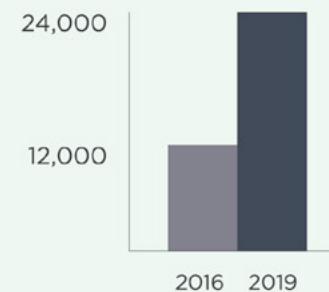


83 years for **females**, up from 81 in 1999 and 69 in 1949



80.5 years for **all people**, up from 77 in 1999 and 68 in 1949

Source: Statistics New Zealand, 2020 data



Special needs grants for food for clients 65+ increased from **10,859** in 2016 to **23,335** in 2019.

Source: MSD



WHAT WE DO Ā MĀTOU MAHI

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

We focus on three areas; Retirement Policies, Retirement Villages and Financial Capability. As part of our role we advise Government on the policies that will enhance retirement outcomes for New Zealanders. We also help support individuals to better prepare for retirement, and we contribute to better understanding of what retirement means in the 21st century. Times are changing.

HOW OUR WORK CONTRIBUTES TO SECTOR OUTCOMES NGĀ PAINGA O Ā MĀTOU MAHI KI NGĀ PUTANGA O TE RĀNGAI

Our mandate is broad yet we are a small organisation. To maximise the impact of our work, we focus on collaboration, connecting with and informing many different agencies that impact on retirement-related outcomes in various ways.

In short, we connect the dots in three ways:

We champion pan-sector cooperation to help align effort and investment

Ka kōkiri mātou i te mahi ngātahi a te rāngai kia rere hāngai ai ngā mahi me ngā haumitanga

As a country, we are faced with an ageing population and we need the right policies in place across all of government to support each of us as we age. The Office for Seniors' **Better Later Life**¹ strategy outlines key areas of action that are needed to help ensure New Zealand is a great place to age. MBIE's **Employment Strategy**² sets out a vision for the labour market and will present a further action plan to improve outcomes for older workers.

There are also many New Zealanders stuck in a cycle of unsustainable debt, making it impossible for them to plan ahead for retirement. The Government's **Safer Credit and Financial Inclusion Strategy**³ is focused on supporting New Zealanders to meet their needs and achieve their aspirations, free from problem debt.

The CFFC can play a key role in supporting these strategies: we have a holistic lens that considers what retirement means in the 21st century, how we can track and report trends, and how retirement policies can support the best outcomes for New Zealanders.

And we team up with other organisations, both government and non-government, to support more New Zealanders on the path to a confident retirement, carefully aligning our work to avoid unnecessary duplication and maximise effectiveness.

¹ superseniors.msd.govt.nz/documents/better-later-life/better-later-life-strategy.pdf

² mbie.govt.nz/dmsdocument/6614-our-employment-strategy-everyone-working-to-deliver-a-productive-sustainable-and-inclusive-new-zealand

³ msd.govt.nz/documents/what-we-can-do/providers/building-financial-capability/safer-credit-and-financial-inclusion/safer-credit-and-financial-inclusion-strategy-summary.pdf

We align with the Living Standards Framework to contribute to government outcomes

E haere hāngai ana mātou ki te Anga Paerewa Oranga kia whai wāhi ai ki ngā putanga kāwanatanga

Our work clearly aligns with three of the four capitals in the Treasury's **Living Standards Framework**.⁴

Financial and physical capital: Our work is deeply connected to the material living standards of New Zealanders. Our advice on retirement policies contributes to the wellbeing of retirees. By monitoring the Retirement Villages Act we support a system that should fairly balance the needs of retirees and the industry. And our work on financial capability supports New Zealanders with access to information on how to reduce debt and save for their own retirement. The collective impact of creating a nation of savers will be a more resilient economy that is better placed to weather shocks and downturns.

Human capital: Our efforts help New Zealanders to engage in work and social activities. We advocate for a system that supports retirees who want or need to continue working. Our financial capability work helps New Zealanders to get on top of their finances, which increases workplace productivity and prepares them for a more comfortable retirement. Our own research shows that people who are more financially capable tend to make healthier lifestyle choices and are less stressed.

Social capital: Social cohesion is built on fairness. The choices that New Zealand makes about who qualifies for state support, including superannuation, can either enhance or diminish intergenerational equity. Our role is to provide timely, robust and impartial advice to government on the policies, and policy trade-offs, that will deliver the best outcomes. We also promote the importance of financial education because we know that individuals in financial distress also suffer from social isolation and family dysfunction.

We lead the Government's National Strategy for Financial Capability to maximise impact

E ārahi ana mātou i te Rautaki ā-Motu a te Kāwanatanga mō te Āheinga Ahumoni kia mōrahi ai te pāpātanga

The **National Strategy for Financial Capability**⁵ recognises the link between increased financial capability and better outcomes for individuals and families, reduced hardship, increased investment and economic growth for the country. The strategy recognises the need for government, the private sector, non-government organisations and community groups to work together to improve financial capability.

As an autonomous Crown entity we can learn from and leverage these relationships and provide deeply informed advice to Government and its ministries as well as being a useful community and sector conduit.

Through Sorted⁶ we are the primary supplier of independent financial capability information and tools by and for New Zealanders.

⁴ treasury.govt.nz/information-and-services/nz-economy/higher-living-standards/our-living-standards-framework

⁵ cfc.org.nz/about/national-strategy/

⁶ sorted.org.nz

OUR STRATEGIC INTENTIONS

Ā MĀTOU KOROMAKINGA RAUTAKI

Environment

Our work supporting New Zealanders' financial capability began when we first launched the Sorted website 19 years ago. At the time, it was revolutionary: there was nothing else like it for New Zealanders wanting to take control of their money. Then the introduction of KiwiSaver became a gamechanger and easy online accessibility changed the world. There is now a vast array of information on offer, from banks, KiwiSaver providers, registered financial advisors, global pundits, web entrepreneurs, and others.

However, the COVID19 pandemic is a stark reminder that economic shocks can be rapid and far-reaching. In times of great change, people want and need trustworthy financial advice more than ever, and Sorted is a highly trusted brand and a valued source of independent information.

Retirement is changing too. We are living longer, often working well past age 65, and some have a good range of options for where and how they want to live. Others - around 15% - arrive at pension age from a life of material hardship.

As the wealth gap has increased over the past 25 years, the issues around NZ Superannuation have become more complex. Is the pension a benefit or an entitlement? In any case, as discussed in our 2019 **Review of Retirement Income Policies**⁷, there is clear evidence NZ Superannuation is valued by New Zealanders.

Retirement villages have become a growth industry. It has been estimated the industry needs to supply around 1800 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.

And of course retirement policy issues overall are more dynamic as the demography of our country changes rapidly. So there is no shortage of work to do.

⁷ [.cffc.org.nz/reviews-and-reports/2019-review-of-retirement-income-policies/](https://www.cffc.org.nz/reviews-and-reports/2019-review-of-retirement-income-policies/)

What next?

We have looked carefully at the scope of our work, on where we can make the most difference, and are now charting a more focused direction for the next four years.

In short, our independence and research capability is a key strength in terms of providing New Zealanders with **trustworthy information**; we need to bolster our work in providing **informed advocacy** on retirement-related matters; and ensure **effective collaboration** so that current and future retirees are served well.

All this activity is to provide current and future retirees with confidence in a system that supports good retirement outcomes.

Our vision and mission for the next four years is:




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THREE GOALS WHĀINGA E TORU

Our goals focus on three key work streams:

Retirement policies

Kaupapa here ahungarua

Retirement means different things to different people – there’s no set definition. We do know that New Zealand is in the middle of a major demographic change, including changes in our ethnic mix, and a growing proportion of New Zealanders aged 65+. On top of this, we are living longer than ever before. In the midst of such change, the right policy settings are crucial.

How do we know if we’ve got the right policy settings? And if demographic and attitudinal shifts change what it means to be an older worker, or retired, then what policy changes do we need to make?

Our role is to monitor the effectiveness of retirement policies and to encourage collaboration and new thinking in a dynamic environment. We track trends, collate data, and build knowledge year-on-year, which informs the debate on New Zealand’s retirement policy settings. Every three years, we provide Government with a comprehensive report that highlights issues, opportunities and policy recommendations. What we do know for certain is that getting our retirement settings right takes collective responsibility – to plan and act.

Retirement villages

Papakāinga ahungarua

Right now retirement village living is the accommodation choice of 13% of New Zealanders aged 75+, and this figure continues to grow. How should this industry be regulated and monitored? What information should people know before buying into a retirement village?

We have a statutory role to monitor the effects of the Retirement Villages Act (2003), the Regulations and Code of Practice. Our reports and monitoring data form the basis of our advice to Government on current trends and options for change. We also inform and educate New Zealanders to help them make the best decisions about retirement village living, and work with the industry to enhance clear, standardised consumer information.

And when issues cannot be resolved by the industry, we administer a fair and robust disputes process that all retirement village residents can access.⁸

⁸ cfc.org.nz/retirement-villages/complaints-and-disputes/disputes-process/

Financial capability

Āheinga ahumoni

Many organisations - from charities and major corporates to government agencies - focus on helping get New Zealanders out of debt, teach money management, and encourage saving for the future. Are all of these organisations collaborating effectively? Is there a 'best way' to get New Zealanders saving more for retirement? How do we stop vulnerable groups from being left behind?

We really care about this because financial security is a key part of achieving a better later life for all New Zealanders. That's why the CFFC plays a key role as a hub of this complex ecosystem, so together we can achieve more than any organisation could do alone.

To do this we lead the **National Strategy for Financial Capability**, the Government's initiative to help all New Zealanders get ahead financially. Over the next year we intend to refresh this strategy and confirm a range of active partners to deliver it, drive improved outcomes, and measure progress in outyears. Our coordination is crucial to minimise unnecessary duplication and maximise impact.

As well, New Zealanders need to be able to access unbiased, impartial consumer information, to help them make financial

decisions with confidence. CFFC's own range of resources - under the Sorted brand - target key gaps within the sector. Beyond providing the information, we also play a role in motivating New Zealanders to access and use these resources.



THREE OBJECTIVES ARONGA E TORU

To guide our strategic direction, we have three core objectives that apply to each of the three goals - retirement policies, retirement villages, and financial capability.



Trusted information

Pārongo e whakaponohia ana

We provide advice and information that the government and the public can rely on.

We support the Government by making evidence-based recommendations about the impact of policies on retirement-related matters. Using sources such as in-house research, commissioned industry monitoring reports, complaints data, academic research, and government statistics, we build a clear picture of how policies impact on the lives of New Zealand retirees.

Our educational resources for the public provide trustworthy information that is accurate, impartial, and easy to understand. We also help to motivate New Zealanders to find and use our resources so they can make the best decisions for their own future.



Informed advocacy

Taunaki i runga i te mātau

We promote informed debate about policies that affect retirees, and what it takes to get New Zealanders financially ready for retirement. We support residents living in retirement villages with regular analysis of complaints data and ensure a robust and fair disputes process is available to them.

We will take a stand when we need to, but our advocacy is always anchored in quality evidence.

 **Effective collaboration****Mahi tahi whai tikanga**

As a small organisation, we get better results by collaborating with others. We focus on positive relationships and building consensus - whether we are working with the retirement village industry or residents, other government agencies, community groups, non-government organisations, or the private sector.

The **National Strategy for Financial Capability** is essentially a prescription for collaboration. Our role is to support the many organisations that focus on key aspects of financial capability to work together for the good of New Zealanders. We make sure we have a joined up approach when we lead initiatives in the sector.



STRATEGY SUMMARY

WHAKARĀPOPOTONGA RAUTAKI

Our strategic actions come together as follows. Detailed annual operating measures are set out each year in our Statement of Performance Expectations.






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Retirement Policies

What we will do

Provide robust evidence to help future-proof retirement policy and support current and future retirees.

How will we measure impact

The number of recommendations accepted by Government or which attract widespread industry or public support.

An annual dashboard and six-monthly data summaries that monitor the impact of retirement policies will be accepted as valuable data.

How we will do it

Trusted information

Produce a substantial three-yearly report to Government highlighting progress, issues and key themes, distilling information into policy recommendations.

Research and produce other relevant data insights, unavailable elsewhere, to inform public and community understanding of issues and trends.

Informed advocacy

Promote constructive debate around retirement issues.

Effective collaboration

Ensure information and data relating to later life and retirement matters is collected, available, and shared with organisations that need it.

Retirement Villages

What we will do

Maintain a competent and independent regulatory regime.

How will we measure impact

An annual report, drawing on quality data and monitoring trends in the retirement villages sector, will provide insights that lead to constructive debate and change where required.

How we will do it

Trusted information

Produce and encourage quality information and education about retirement villages.

Informed advocacy

Ensure government and interested parties are aware of trends in the retirement villages sector.

Ensure village residents can access an independent, robust disputes process.

Effective collaboration

Collaborate with sector stakeholders to help maintain a robust and respected regulatory framework for retirement villages.

Financial Capability

What we will do

Provide trusted and independent information about retirement-related matters to help New Zealanders retire with confidence.

How will we measure impact

The National Strategy for Financial Capability has active partners working collaboratively and reports successful progress annually.

Sorted remains the market leader for independent information and is widely used.

CFFC senior team members are recognised subject experts and are consulted regularly.

How we will do it

Trusted information

Ensure the Sorted suite of products remains fit for purpose and an information leader.

Informed advocacy

Provide independent, robust information that assists partner initiatives and contributes to government policy.

Effective collaboration

Lead the National Strategy for Financial Capability and foster collaboration to achieve its goals.

ORGANISATIONAL HEALTH AND CAPABILITY

TE HAUORA ME NGĀ ĀHEINGA O TE WHAKAHAERE

We recognise that success is only achieved through the collective input of our talented and multidisciplinary workforce. We promote and support workplace diversity, a positive team culture, and development opportunities for our people, who ultimately drive the capability of our organisation to deliver and help New Zealanders retire with confidence.

We want the CFFC to be a great place to work at, and with.

Maintaining best practice health and safety systems, and incorporating equal employment opportunity principles into selection and management, are ingrained in everything we do.

We have formal good employer and people policies and a commitment to equal employment opportunities. We do not tolerate harassment or discrimination of any type, and as an organisation we remain committed to continuous improvement and learning opportunities.

We have five core goals:

- A safe and healthy workplace for all staff
- A high performing, engaged team aligned with our vision and mission
- A collaborative culture where everyone's contribution is valued, and each team member is empowered to do a great job
- Strengthened individual, leadership and organisational capability through career progression and professional development opportunities
- Recruitment, training and remuneration policies and practices support us to attract and retain skilled, flexible and adaptable team players

The measures we use to assess organisational health and capability are set out in our annual Statement of Performance Expectations.

Core principle	In action in our organisation
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Trusted

We encourage open and transparent communication and trust and rely on each other's expertise



Informed

A continuously learning organisation, sharing our knowledge, expertise and resources to achieve the best outcomes



Effective

Effective systems and practices drive collaboration and empower our people



OUR SYSTEMS **Ā MĀTOU PŪNAHA**

Information technology is a critical component in supporting our work. Our websites are a key component in how we communicate with our stakeholders, as well as how we receive and process key information. A rolling review of our systems means we can ensure best practice in our outsourcing, cloud hosting, IT and data management, and ensure both a high level of public trust in our systems and processes and that our team has appropriate work tools, systems and processes.

