

**August 2022**

Dr Jo Gamble

# New Zealand Financial Capability **KiwiSaver non-contributors**



**TE ARA  
AHUNGA ORA**  
Retirement Commission

**Te Kāwanatanga o Aotearoa**  
New Zealand Government



# Introduction

In February and March 2021, a comprehensive survey exploring financial wellbeing was distributed throughout New Zealand, with the aim of contributing to the National Strategy for Financial Capability. The National Strategy provides a framework for collaboration, communication and knowledge sharing across the Financial Capability community. The community includes government, industry, iwi and non-profit organisations, all working independently toward helping people gain the skills they need to be able to achieve their goals and, ultimately, retire with confidence.

The New Zealand Financial Capability Survey main report was released in July 2021 and can be found [here](#). The survey involved 3027 adult New Zealanders and measured a range of financial capabilities and outcomes using the financial wellbeing model designed by Prof. Elaine Kempson (2018). The framework for the model is derived from interviews and focus groups in several countries, and contains 21 components of financial capability which are each scored on a scale of 0 to 100 .



---

<sup>1</sup> Each of the components is measured using a set of questions. The technical report accompanying this report explains the methodology of constructing the scores [here](#)



# Executive summary and implications

1. KiwiSaver membership is similar across gender and ethnicity but declines slightly with age.
2. Being a contributing member of KiwiSaver is less common among women, Māori and Pacific People, with some groups, such as women aged 35-54 and Māori 55-64 particularly underrepresented.
3. Comparing contributor and non-contributor characteristics reveals the two groups are distinct in terms of gender, ethnicity, employment status and main source of income.
4. Reasons for non-contribution differ according to age, gender and employment status.
5. Non-contribution has three main underlying reasons: parenting (23%); being unemployed for another reason (34%); or saving suspensions (17%). A fourth, less common reason is due to self-employment (9%)
6. Regression analysis shows key influencing factors of membership and non-contribution are consistent with KiwiSaver being closely associated with the labour market. Employment status (that is, working a minimum of 30 hours/week) is significantly, positively associated with membership and contribution (the latter also associated with personal incomes over \$30,000pa). Those who are unemployed and not looking for work (such as stay-at-home parents or students) are highly unlikely to be either members or contributors.

The lack of significant association of non-contribution with ethnicity is consistent with recent findings (2021) relating to financial wellbeing overall. Encouraging greater uptake and contribution to KiwiSaver would need to address the broader socio-economic environment, particularly in terms of being in the workforce, and earning a sufficient wage.

Finally, the results show that when all else is held equal, women are more likely to be a KiwiSaver member than men. In addition, when employment status and income are taken into consideration (along with age, presence of children under 18, and health issues), the differences in contribution behaviour between men and women disappear (that is, women are no more or less likely to be KiwiSaver non-contributors). This is consistent with the recent findings of the MJW/ Te Ara Ahunga Ora Retirement Commission (2022<sup>2</sup>) report on KiwiSaver balances and adds to evidence that factors in addition to gender pay gaps (such as fragmented working life and the ability to work full-time) are important in explaining the difference in contribution behaviour.

From the perspective of finance service providers there are several areas to consider:

- For customers taking savings suspensions (particularly younger members) encourage them to at least make the minimum contribution to receive the government contribution. Given savings suspensions are applied for via Inland Revenue, there is an opportunity for Inland Revenue messaging at this stage. Providers could also provide messages when they notice a lack of contributions.
- Education and access to financial assistance

Specific themes for future consideration from a policy perspective are:

- For stay-at-home parents, the option of increasing the ease of making payments into a partner's KiwiSaver (such as automatic deductions by employers), the payment of KiwiSaver contributions by employers for staff on parental leave, or care credits for parents (as recommended in the 2019 RRIP) could reduce the risk of insufficient retirement savings.
- Better education and information may lift the contribution rate of those in self-employment and those stay-at-home parents who have a working partner, for example, if they don't know how to make contributions themselves, do not remember to make contributions, do not prioritise them, or are not aware of the difference such voluntary contributions could make to their wellbeing in retirement.

---

<sup>2</sup> Melville Jessup Weaver (2022) KiwiSaver Demographic Study: KiwiSaver Demographic Study (amazonaws.com)

# Findings in Detail

## 1. KiwiSaver membership is consistent across gender and ethnicity, but declines with age

This report uses data collected from participants aged 18-64 (2421). Of these participants, 1947 were members of KiwiSaver. According to the survey, the coverage of KiwiSaver in the traditional working age population (18-64) is 80.5%, which is close to the 80% reported by the OECD (2019)<sup>3</sup>.

- No differences in membership are apparent between men and women.
- Membership declines with age, where 84% of those aged 18-34 are members, while only 75% of those aged 55-64 are. This may reflect the fact that KiwiSaver is only 14 years old.
- Ethnicity has no impact on KiwiSaver membership.

## 2. KiwiSaver contribution is less common among women, Māori and Pacific People, with some age groups particularly underrepresented.

Out of the 1947 survey respondents who were in KiwiSaver, 1445 were making contributions. This means that 26% of KiwiSaver members aged 18-64 were not contributing (Table 1). (This percentage of non-contributors is lower than that reported by the FMA for the entire KiwiSaver membership<sup>4</sup> because Te Ara Ahunga Ora Retirement Commission's sample of KiwiSaver members excludes those under 18, those 65 and over, and those residing overseas, who are included in the FMA base and who are likely to have high levels of non-contributors due to low levels of New Zealand-based employment).

**Table 1**  
KiwiSaver status

	base: 18-64 (n=2421)
In KiwiSaver and making contributions	60%
In KiwiSaver but not currently making any contributions	21% (26% of KiwiSaver Members)
Total in KiwiSaver	81%
Not in KiwiSaver	17%
Don't know	2%
Total	100%

Women are less likely to contribute to KiwiSaver, despite the lack of difference in KiwiSaver membership levels between men and women overall; 24% of all women aged 18-64 are non-contributing KiwiSaver members (Figure 1). Of note, a significant gap between men and women is apparent in the 35-54 year age band, where 66% of men are contributing members, compared to 53% of women – the difference is due to either not contributing (8% gap between women and men), or not being a member at all (5% gap between women and men).

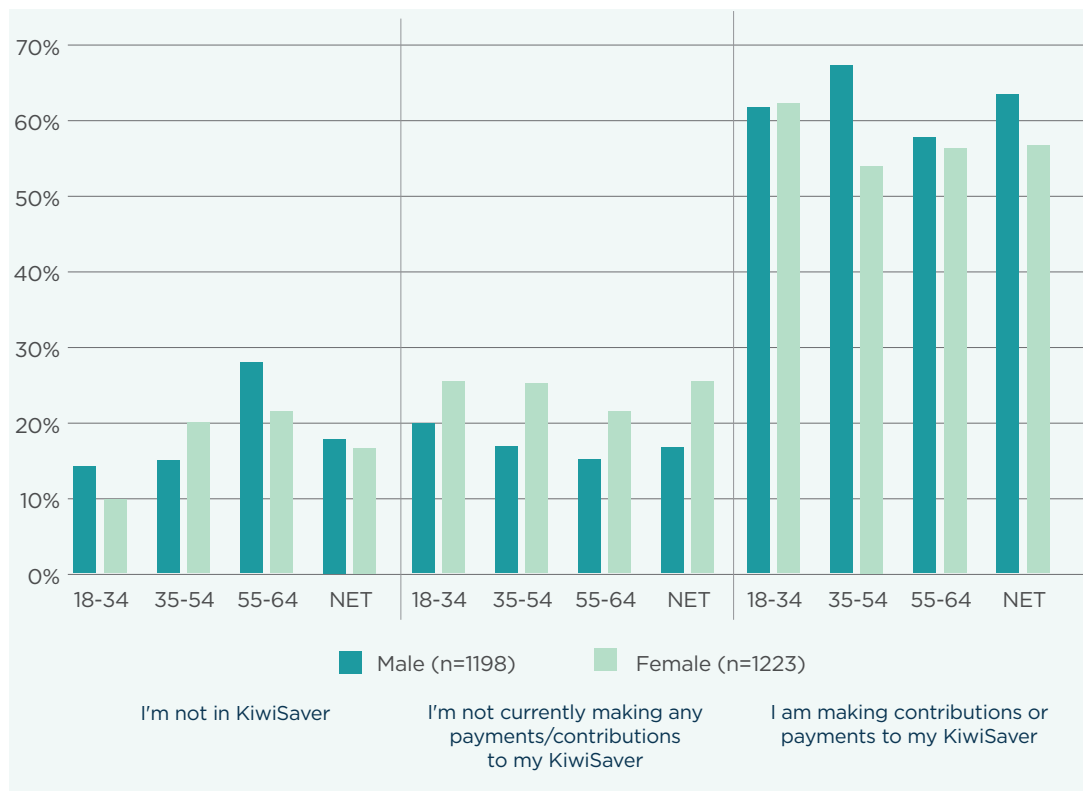
Significant differences in contribution behaviour for Māori and Pacific People are also apparent (Fig 2). A particular concern is the low levels of contribution among Māori aged 55-64 (due largely to not being KiwiSaver members at all in this age group).

<sup>3</sup> OECD, (Pensions at a glance 2019, country profiles - New Zealand, <https://www.oecd.org/els/public-pensions/PAG2019-country-profile-New-Zealand.pdf>)

<sup>4</sup> FMA, KiwiSaver Annual Report 2020, <https://www.fma.govt.nz/assets/Reports/Kiwisaver-Annual-Report-2020.pdf>

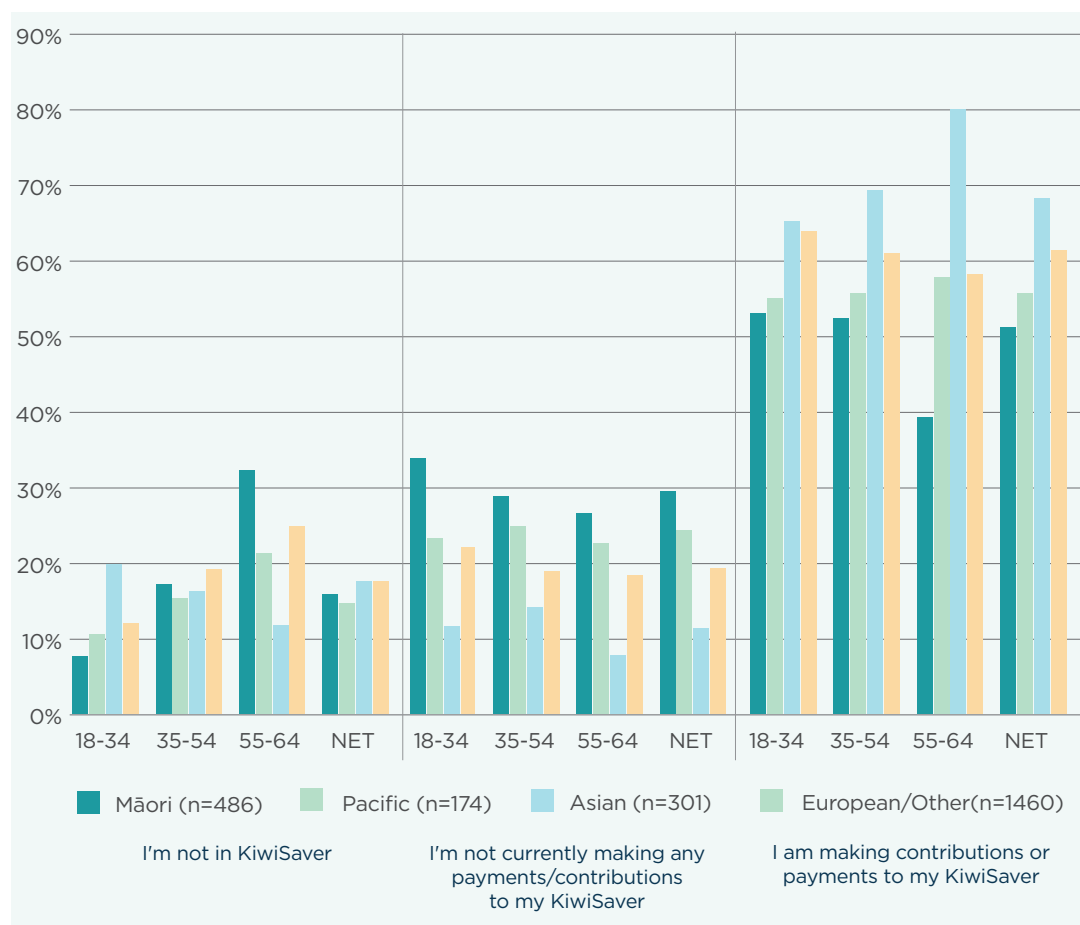
**Figure 1**

KiwiSaver membership by age and gender



**Figure 2**

KiwiSaver membership by age and ethnicity



### 3. Comparing contributors and non-contributors reveals the two groups are distinct in terms of gender, ethnicity, employment status and main source of income.

Consistent with contribution behaviour, women, Māori and beneficiaries are over-represented among the non-contributor group (in relation to their proportion among KiwiSaver members aged 18-64) (Table 2).

Just over a third (36%) of non-contributors get their main income from a government benefit or allowance, compared to only 8% of contributors who stated government payments as their main source of income (Table 2).

Comparison by employment status (Table 3) shows that more than 2 in 3 contributors (68%) are in full-time employment, compared to only 22% of non-contributors.

Non-contributors are more likely than contributors to say that their financial situation is quite bad or very bad (33% of non-contributors, compared to 12% of contributors; Table 4), and almost half of non-contributors have an annual income under \$30,000 (Table 5).

**Table 2**

**Composition of Contributor and Non-Contributor groups.**

	non-contributors	contributors	Total KiwiSaver members (aged 18-64)
Female	59%	48%	51%
Māori	28%	17%	20%
Pacific Peoples	10%	8%	8%
Main source of income: Wages or salary	49%	81%	73%
Main source of income: Government benefit or allowance (including ACC, Student Allowance, Work and Income payments etc.)	36%	8%	15%

**Table 3**

**Employment status of Contributor and Non-Contributor groups**

	non-contributors	contributors	Total KiwiSaver members (aged 18-64)
Employed full-time (more than 30 hours per week in paid employment)	22%	68%	56%
Employed part-time (less than 30 hours per week in paid employment)	15%	16%	16%
Self-employed/ contractor/ running your own business	11%	5%	7%
Not employed and not looking for work (for example, stay at home parent, full time student)	28%	5%	11%
Unemployed and looking for work	20%	4%	8%
Retired	3%	2%	2%
Total	100%	100%	100%



**Table 4**

Financial situation of Contributor and Non-Contributor groups

	non-contributors	contributors	Total KiwiSaver members (aged 18-64)
Very bad	8%	3%	5%
Quite bad	25%	9%	13%
Neither good nor bad	39%	35%	36%
Quite good	23%	37%	33%
Very good	5%	16%	13%
Don't know	1%	0%	0%
	100%	100%	100%

**Table 5**

Personal income distribution of Contributor and Non-Contributor groups

	non-contributors	contributors	Total (KiwiSaver members aged 18-64)
Under \$30,000	49%	17%	26%
\$30,000 - \$49,999	10%	16%	14%
\$50,000 - \$69,999	8%	22%	18%
\$70,000 - \$89,999	5%	13%	11%
\$90,000 - \$99,999	5%	7%	7%
\$100,000 - \$119,000	2%	6%	5%
\$120,000 - \$149,000	2%	3%	3%
\$150,000 or more	2%	5%	4%
I'd prefer not to answer	7%	7%	7%
I'm not sure	11%	4%	6%
Total	100%	100%	100%

#### 4. Reasons for non-contribution differ according to age, gender and employment status

The main reasons why KiwiSaver members are not contributing are indicated in Table 6. These include:

- 1) **being a stay-at-home parent** (23%): women aged 18-54 are over-represented in this category (Fig 3), as are Māori and Pacific participants (Fig 4)
- 2) **a savings suspension** (17%): the use of this option increases with household income (Fig 5) and is more common among men (23%) and those aged 18-34 (30% of men at this age) (Fig 3).
- 3) **self-employment** (9%): a low-level reason but slightly more prevalent among men aged 55-64 (15%) (Fig 3).





**Table 6****Reasons for not contributing**

	Total
I am employed but I applied for a savings suspension	17%
I am not in paid employment because I am a stay-at-home parent	23%
I am not in paid employment because I am a student	9%
I am not in paid employment for another reason	34%
I am self-employed	9%
Other - please write in	8%
Base = 502 (aged under 65)	100%

4) **being a student** (9%): more common among those aged 18-34 regardless of gender (Fig 3).

5) **unemployment for 'other' reasons** (34%): most prevalent among participants aged 55-64 (Fig 3), regardless of age, and is likely to relate to receiving government benefits or allowances, inability to find employment etc.

6) **Other reasons** (8%, which we asked respondents to write in) include:

- **employer-related reasons** ("Employer just recently applied for the KiwiSaver scheme"; "I am employed but was not talked to about KiwiSaver/ I do not get paid a constant amount")

- **unsuccessful opt-outs** ("I was put on KiwiSaver strictly against my request when I chose to opt out and my employer ignored it, so I am on holiday which I keep activating as can save fine by myself")

- **procrastination/forgetting** ("Before I started working I was given the option to opt in or out of KiwiSaver coz I was only on a 3 month trial but 5yrs later I am still there and I just keep forgetting to look into it again..."; "Forget to transfer the money or set up automatic payments").<sup>5</sup>



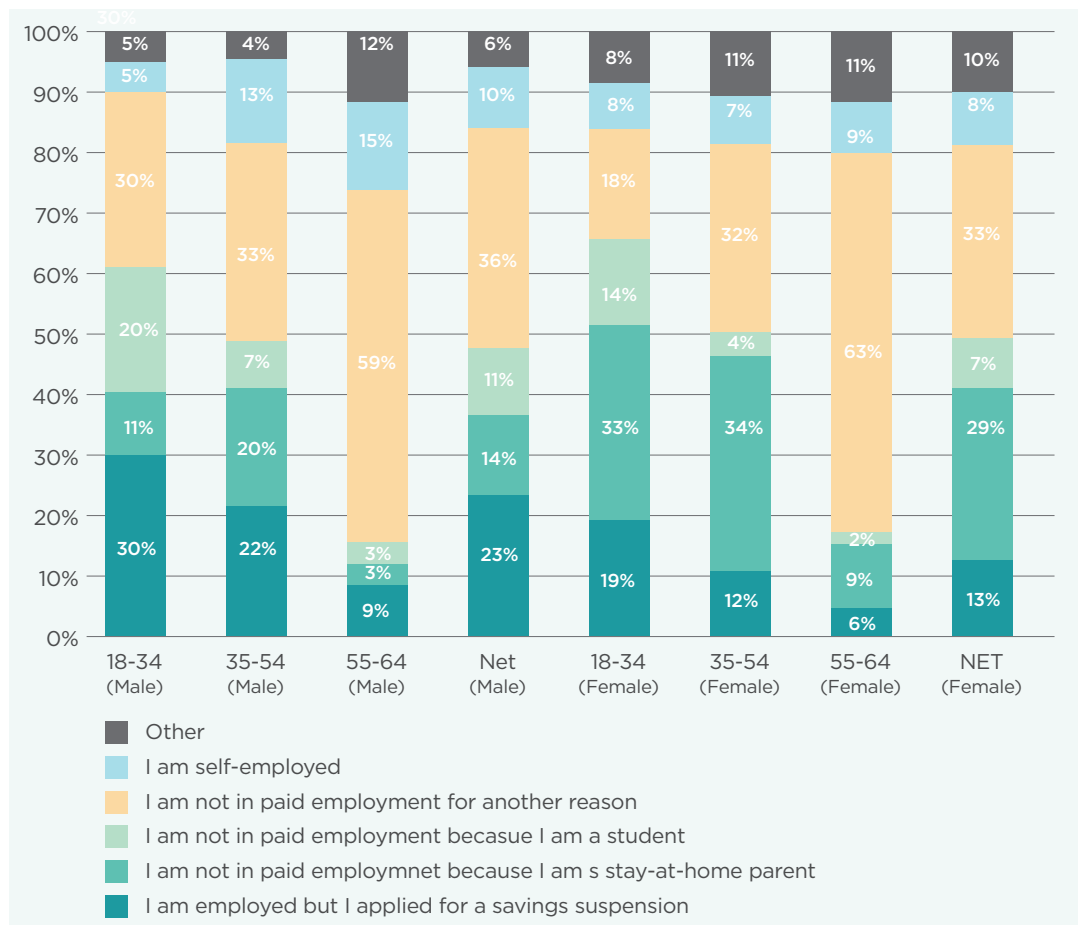
<sup>5</sup> These are reasons for non-contributing by existing KiwiSaver members. Reasons for not enrolling into KiwiSaver will be discussed in another report.





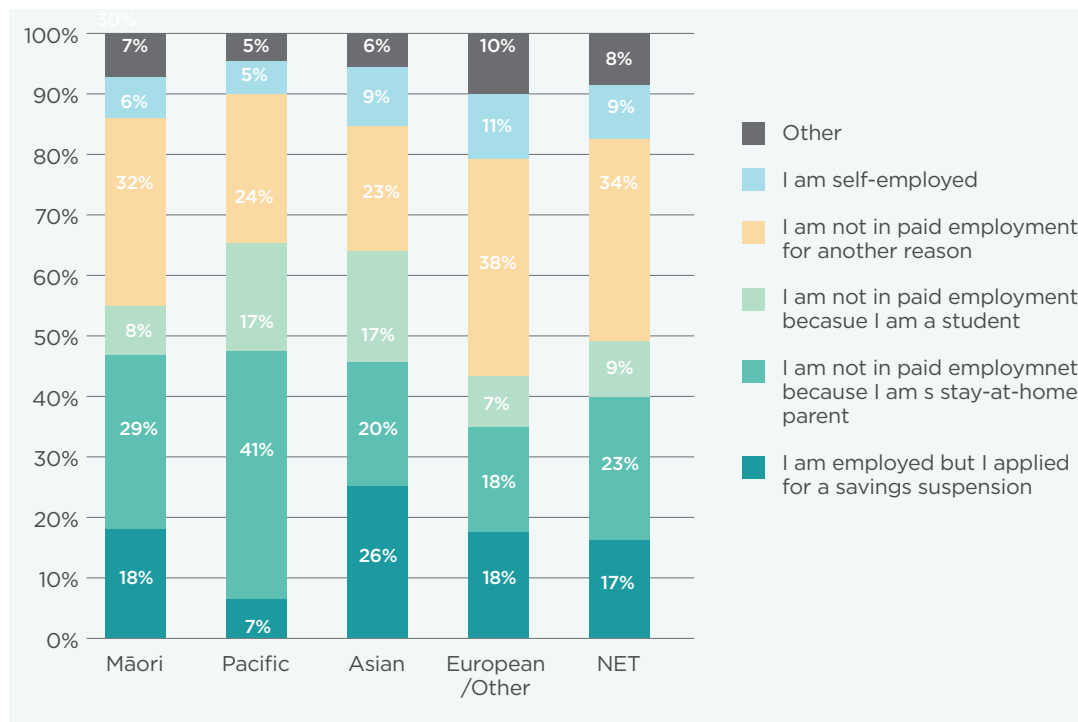
**Figure 3**

Reason for non-contribution by age and gender



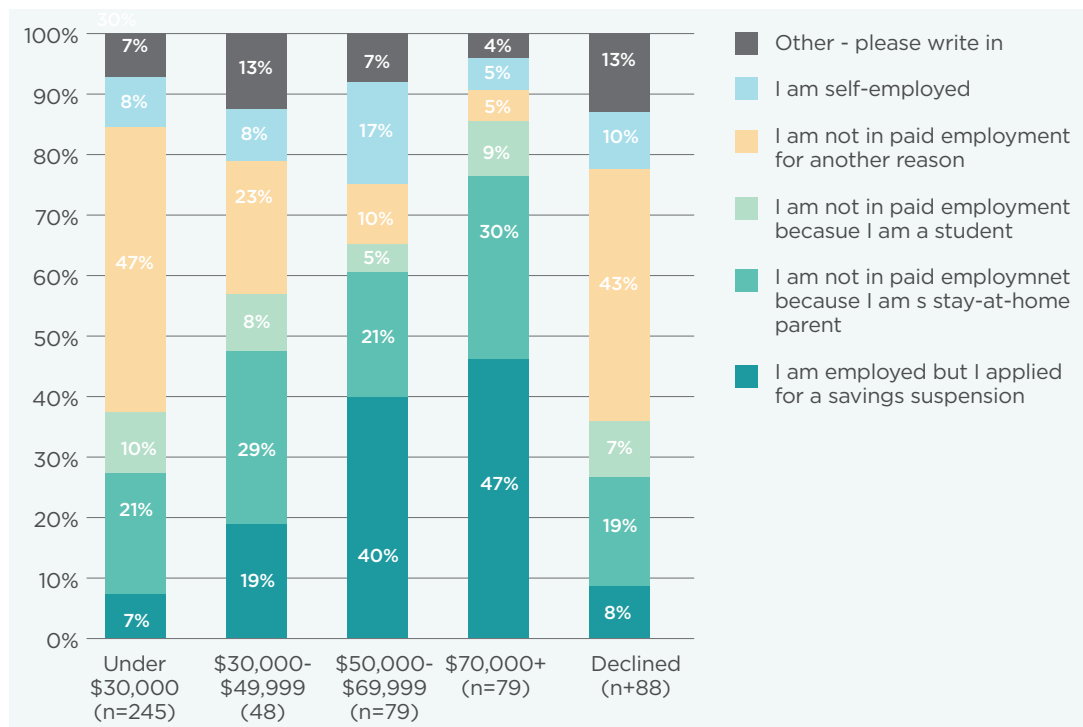
**Figure 4**

Reason for non-contribution by Ethnicity



**Figure 5**

**Reason for non-contribution by personal income**



## 5. Regression analysis reveals key factors of association are consistent with KiwiSaver being a workplace scheme: employment status is the primary determinant of both membership and contribution.

The results show socio-economic factors are important in understanding non-contribution of KiwiSaver members. Regression analysis provides further insight into which factors are of most significance.

The first regression (Table 7) looks at whether a person is a KiwiSaver member (contributing or non-contributing) or not. Employment status (full-time), being born in NZ, and being female are strongly associated with membership. For instance, those who are employed part-time are nearly 1.5 times less likely to be a KiwiSaver member than those working full-time (everything else being equal), as are those who were not born in New Zealand. Women are 1.4 times more likely than men to be a member (everything else being equal). Education (Bachelor's or higher are 1.6 times more likely than those without a qualification), house tenure (own home without a mortgage), presence of children aged under 18, and age (18-34), also contribute significantly to understanding membership. Ethnicity does not play a significant independent role.



**Table 7.**

KiwiSaver Membership

	B	S.E.	Wald	df	Significance.	Exp(B) <sup>6</sup>
Children under18 (no)	-0.270	0.135	3.995	1	0.046	0.763
Income change in last 12 months (increase/stay same)	-0.351	0.138	6.480	1	0.011	0.704
Expenditure change in last 12 months (decrease/stay same)	-0.333	0.176	3.554	1	0.059	0.717
18-34 (ref)			6.138	2	0.046	
35-54	-0.340	0.140	5.889	1	0.015	0.712
55-64	-0.162	0.192	0.712	1	0.399	0.850
No qualification (ref)			10.473	3	0.015	
School qualification	-0.030	0.202	0.022	1	0.882	0.970
Tertiary diploma / certificate	0.145	0.203	0.509	1	0.475	1.156
Bachelor's degree or higher	0.489	0.225	4.740	1	0.029	1.630
Personal income Under \$30,000 (ref)			7.769	4	0.100	
\$30,000-\$49,999	0.119	0.185	0.416	1	0.519	1.127
\$50,000-\$69,999	0.569	0.228	6.229	1	0.013	1.767
\$70,000 and over	0.309	0.208	2.207	1	0.137	1.362
Declined to answer	-0.042	0.165	0.064	1	0.800	0.959
Gender (female)	0.343	0.118	8.503	1	0.004	1.409
Health condition (no)	0.248	0.129	3.716	1	0.054	1.281
Financial help from friends/family (yes)	-0.218	0.115	3.604	1	0.058	0.804
Full time (30 hours or more per week) (ref)			41.322	5	0.000	
Parttime (less than 30hrs per week)	-0.462	0.193	5.729	1	0.017	0.630
Self-employed/contractor/running own business	-0.468	0.271	2.989	1	0.084	0.626
Not employed not looking	-1.095	0.220	24.732	1	0.000	0.334
unemployed and looking	-1.354	0.227	35.642	1	0.000	0.258
retired	-1.341	0.324	17.098	1	0.000	0.262
wages/salary (ref)			6.956	4	0.138	
self-employed or proceeds from business	-0.060	0.241	0.062	1	0.803	0.942
Govt benefit or allowance	0.129	0.177	0.530	1	0.467	1.138
self-funded retirement	-0.170	0.398	0.183	1	0.669	0.844
don't know	-0.766	0.352	4.724	1	0.030	0.465
Were you born in New Zealand? (no)	-0.492	0.154	10.172	1	0.001	0.611
Own home without mortgage (ref)			12.747	4	0.013	
Own home with mortgage	0.377	0.183	4.233	1	0.040	1.458
live in rented home/flat	-0.095	0.174	0.297	1	0.586	0.909
rent-free with parents/guardians/family	0.133	0.267	0.246	1	0.620	1.142

<sup>6</sup> When Exp(B) is less than 1, increasing values of the variable correspond to decreasing odds (likelihood) of the event's occurrence. When Exp(B) is greater than 1, increasing values of the variable correspond to increasing odds of the event's (being a contributing KS member) occurrence



Other	-0.511	0.322	2.525	1	0.112	0.600
NZ European/Other (ref)			6.639	3	0.084	
Māori	0.089	0.154	0.332	1	0.565	1.093
Pacific Peoples	0.311	0.230	1.829	1	0.176	1.365
Asian	-0.373	0.200	3.484	1	0.062	0.689
Married/civil partnership (ref)			6.601	5	0.252	
Living together	0.161	0.187	0.738	1	0.390	1.174
Single - never married	-0.145	0.160	0.818	1	0.366	0.865
Single - divorced	0.080	0.257	0.097	1	0.756	1.083
Single - widowed	-0.626	0.383	2.675	1	0.102	0.535
Single - separated	-0.298	0.268	1.236	1	0.266	0.742
Constant	2.912	0.442	43.406	1	0.000	18.396
Cox & Snell R-square=0.250						
Nagelkerke R-square=0.368						

The second regression (Table 8) looks at KiwiSaver members only, to determine what is associated with contribution vs non-contribution of members. Again, it is not surprising to see that employment situation (full-time) is strongly associated with contribution. Personal income also plays a significant role with those earning between \$30,000 and \$70,000 more than twice as likely to be contributing than those earning less than \$30,000. Additional significant factors include being aged 55-64, the absence of children aged under 18, ability to obtain financial help from family/friends, and the absence of a health condition. However, being female, a homeowner or Bachelor's educated is not important for understanding contribution status. Neither does ethnicity play a significant role.

**Table 8.**

**KiwiSaver Contributors vs KiwiSaver Non-Contributors (members only)**

	B	S.E.	Wald	df	Sig.	Exp(B) <sup>7</sup>
Children under 18 (no)	0.450	0.153	8.663	1	0.003	1.568
Income change in last 12 months (increase/stay same)	-0.226	0.146	2.404	1	0.121	0.798
Expenditure change in last 12 months (decrease/stay same)	0.080	0.179	0.200	1	0.654	1.084
18-34 (ref)			6.231	2	0.044	
35-54	0.142	0.149	0.901	1	0.342	1.152
55-64	0.557	0.224	6.195	1	0.013	1.745
No qualification (ref)			5.735	3	0.125	
School qualification	0.027	0.253	0.012	1	0.914	1.028
Tertiary diploma / certificate	-0.019	0.251	0.006	1	0.941	0.982
Bachelor's degree or higher	0.351	0.265	1.754	1	0.185	1.421
Personal income Under \$30,000 (ref)			18.323	4	0.001	
\$30,000-\$49,999	0.769	0.218	12.475	1	0.000	2.157
\$50,000-\$69,999	0.813	0.235	11.918	1	0.001	2.254
\$70,000 and over	0.445	0.218	4.173	1	0.041	1.560

<sup>7</sup> When Exp(B) is less than 1, increasing values of the variable correspond to decreasing odds (likelihood) of the event's occurrence. When Exp(B) is greater than 1, increasing values of the variable correspond to increasing odds of the event's (being a contributing KS member) occurrence



Declined to answer	0.196	0.196	1.003	1	0.317	1.216
Gender (female)	0.018	0.136	0.018	1	0.894	1.018
Health condition (no)	0.353	0.142	6.208	1	0.013	1.424
Married/civil partnership (ref)			5.698	5	0.337	
Living together	-0.142	0.189	0.563	1	0.453	0.868
Single - never married	-0.141	0.186	0.576	1	0.448	0.868
Single - divorced	-0.378	0.285	1.762	1	0.184	0.685
Single - widowed	0.255	0.569	0.201	1	0.654	1.291
Single - separated	0.522	0.363	2.061	1	0.151	1.685
Financial help from friends/family (yes)	-0.261	0.132	3.900	1	0.048	0.770
Full time (30 hours or more per week) (ref)			111.951	5	0.000	
Parttime (less than 30hrs per week)	-0.534	0.206	6.733	1	0.009	0.587
Self-employed/contractor/running own business	-1.595	0.258	38.079	1	0.000	0.203
Not employed not looking	-2.115	0.241	76.960	1	0.000	0.121
unemployed and looking	-1.993	0.268	55.443	1	0.000	0.136
retired	-1.116	0.430	6.730	1	0.009	0.328
wages/salary (ref)			7.073	4	0.132	
self-employed or proceeds from business	-0.121	0.235	0.265	1	0.606	0.886
Govt benefit or allowance	-0.483	0.197	6.023	1	0.014	0.617
self-funded retirement	-0.199	0.532	0.140	1	0.708	0.819
don't know	0.325	0.560	0.336	1	0.562	1.384
Were you born in New Zealand? (no)	0.301	0.189	2.553	1	0.110	1.352
Own home without mortgage (ref)			8.039	4	0.090	
Own home with mortgage	0.276	0.193	2.052	1	0.152	1.318
live in rented home/flat	-0.126	0.195	0.417	1	0.518	0.882
rent-free with parents/guardians/family	0.214	0.299	0.512	1	0.474	1.239
Other	0.476	0.443	1.155	1	0.283	1.610
NZ European/Other (ref)			3.935	3	0.269	
Māori	-0.191	0.160	1.411	1	0.235	0.826
Pacific Peoples	0.318	0.252	1.591	1	0.207	1.374
Asian	-0.039	0.250	0.024	1	0.877	0.962
Constant	0.653	0.429	2.319	1	0.128	1.921
Cox & Snell R-square=0.121						
Nagelkerke R-square=0.193						



Combined, the results are consistent with the fact that KiwiSaver is closely associated with the labour market. Both membership in general, and contribution specifically, are most strongly associated with being in full-time paid work. However, income is only associated with contribution, not membership.

Once other socio-economic factors are controlled for, ethnicity is no longer associated with membership or contribution. In addition, women become more likely to be KiwiSaver members (while gender is not associated with contribution).

Recent analysis by Te Ara Ahunga Ora Retirement Commission, using data provided by MJW (2022<sup>8</sup>) shows that, on average, women have lower KiwiSaver balances than men. The gap is present for under 18s and steadily increases over time. By the age of 55, the gap is on average \$13,400. However, the analysis concluded that the gap could only be partially attributed to a gender pay gap. This current research on non-contributors adds to our understanding of what other factors may be influencing lower KiwiSaver balances for women, namely childcare responsibilities, and working part-time.



8 Melville Jessup Weaver (2022) KiwiSaver Demographic Study: KiwiSaver Demographic Study (amazonaws.com)

