



**TE ARA  
AHUNGA ORA**  
Retirement Commission

# New insights into how people think about money

August 2022

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# 2021/22 Research

- Range of new resources / reports available on our website, or soon to be uploaded
  - Many (not all) relate to the current Review of Retirement Income Policies
  - Housing, KiwiSaver, NZ Super, retirement planning, with a focus priority audiences (Māori, Pacific People, women)
- Research to be discussed today:
  - A refresh of our Financial Segmentation
  - Research with Rangatahi



# Segmentation

- Identify distinct groups of New Zealanders on the basis of their attitudes towards finances.
  - 10-minute online survey conducted on a 'always on' basis: ~ 1000 per quarter
  - Segmentation used data from Feb-Sept 2021, totalling 2491 responses.
- Segmentation is Needs-based rather than derived from demographics: Groups people according to their attitudes
  - Basis of the segmentation used 20 attitudinal statements
  - Behaviours and demographics overlaid to provide further depth and allow for easier identification
  - Examples of statements: I am a spender rather than a saver; I tend to live for today and let tomorrow take care of itself; I'm worried about the level of debt I'm in; I am generous when it comes to koha / gifting money to others



## In difficulty

### Policy Focus

NZ Super, KiwiSaver, Saving



Daily  
Distressed

**12%**

National  
Strategy  
Partners

## Exposed



Social  
Spender

**11%**



Active  
Budgeters

**21%**



Aspirational  
Acquirers

**10%**

Sorted Focus

## Secure

### Policy Focus

Saving, Decumulation,  
Retirement Villages



Steady  
Squirrelers

**37%**



Comfortable  
Maintainers

**9%**

Sector Collaboration - National Strategy for Financial Capability





- Middle aged
- NZ European
- Unemployed or very low incomes
- 34% contributing KiwiSaver members
- Renters
- More likely to have debt products
- Lower financial inclusion

#### **Knowledge & Skills**

- Limited knowledge or skills beyond budgeting
- Unable to create surplus funds

- Limited confidence, motivation and belief in the future
- Lacks financial (or other) resources

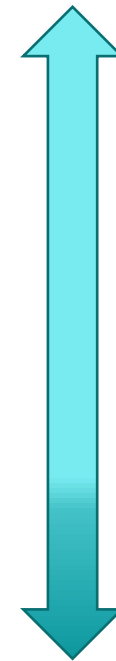
#### **Attitudes, Beliefs & Norms**

- Feel hopeless and sinking badly
- Embarrassed
- May feel isolated

- Impacting other areas of life and inclusion e.g. physical & mental health, social isolation

#### **Intentions**

- Thinking about money is too stressful, retirement is cause for anxiety
- Unable to plan: focused on day-day
- Long term risk of vulnerability



**Flying ahead**

**Swimming happily**

**Starting to swim**

**Just treading water**

**Sinking a bit**

**Sinking badly**





- Under 45s
- Māori / Pacific skew
- Unemployed (but looking) or on low incomes
- May live at home with parents, or rent
- Low financial inclusion,
- More BNPL or loans
- 46% contributing KiwiSaver members

### Knowledge & Skills

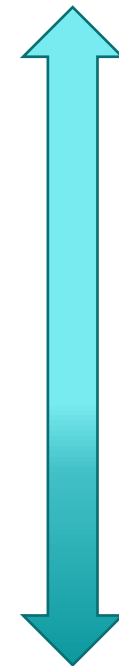
- May lack experience, skills and financial knowledge.
- Don't know where to start,
- overwhelmed
- Low confidence and locus of control
- Higher responsibility for others

### Attitudes, Beliefs & Norms

- Enjoy giving to others
- Money is there to be spent
- Embarrassed –can't stop spending
- Finances in the 'too hard basket'
- Borrowing to help / gift to others
- Family is important
- Generosity & collective commitment

### Intentions

- Spontaneous spending beyond their means
- Smaller items: clothes, festival tickets, cultural events
- Willing to borrow to access these
- Cost of behaviour change feels too big



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# Active Budgeters

## 21%

- Middle aged
- More likely to be female
- Low to mid incomes
- Parttime, or stay at home parents
- Don't own their home, less financial inclusion
- 51% KiwiSaver contributors

### Knowledge & Skills

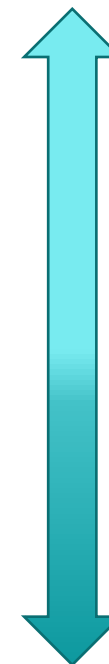
- Good day-day money management skills.
- Needs to move past budgeting to long-term thinking / asset acquisition
- Overwhelmed by financial language & technical info
- Moderate and/or developing internal locus of control
- Unsure of where to go to get information
- May lack financial resources to save

### Attitudes, Beliefs & Norms

- Conscientious about spending, puts effort in
- Risk aversion both positive and negative.
- 'I'm not an investor'. 'I don't have time'
- Control over cashflow
- Family is important but saving styles may clash
- Saving is better than spending
- Control + Caution = Protection

### Intentions

- Open to information sources and tools
- May have some key steps missing
- e.g. emergency fund; will, insurances, active KiwiSaver choice).
- Home ownership feels out of reach/a burden



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## Aspirational Acquirers 10%

- Younger male skew
- Skew to living with their spouse / partner;
- Māori skew
- Full or part-time, highish household income
- Fewer financial products (other than a home mortgage), but open to cryptocurrency
- 60% KiwiSaver contributors

### Knowledge & Skills

- Some skills but still developing
- Tolerant to risk but may not think through the details.
- Aware they could improve their knowledge
- Information from a range of sources
- Moderate confidence, locus of control
- Increasing access to financial resources

### Attitudes, Beliefs & Norms

- Status / success / pride (but not 'showy')
- Enjoy spending money, a means to an end;
- Long term will look after itself: 'she'll be right'
- 'Quality of Life' vs 'Standard of living'
- Spend on bigger ticket items – overburden?
- Focus is peers and broader community
- OK to spend money on self

### Intentions

- Into more 'exciting' areas and magpie nuggets of info e.g. crypto
- Not ready to commit to major changes - is ok & enjoying having a little bit extra



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- Mid-older age group
- Slight Asian skew (but bulk are NZ European)
- Most likely to have a freehold home
- Highest levels of financial inclusion
- Empty nesters / retired
- 68% KiwiSaver contributors

#### Knowledge & Skills

- Older, experienced with money management
- Own expertise or engages professionals to build knowledge
- Prepared for retirement
- Confident, high locus of control
- Good financial resources = more choice

#### Attitudes, Beliefs & Norms

- Cautious and conscientious with money
- Forward thinking
- Saving is better than spending
- Look out for future generations
- Take responsibility for your own finances
- It's ok to talk money with others
- Confidence + Motivation

#### Intentions

- Priorities are asset management, retirement
- Information seeking driven by need for future proofing
- Optimise assets/ investments for the future and avoid stress



Flying ahead

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Sinking badly





## Comfortable Maintainers

# 9%

- Typically NZ Europeans in the older age groups
- Retired
- Personal savings & fewer unproductive financial products
- 51% KiwiSaver contributors

### Knowledge & Skills

- Older, experienced with money management,
- Only moderate interest in the details of finance
- Conservative investors, mainly savings products
- Some access to financial resources

### Attitudes, Beliefs & Norms

- Future focused
- Comfortable with current financial situation
- Financial maintenance rather than growth
- Be careful with money
- Be satisfied with what you've got
- I've worked hard and now I want to enjoy life
- =Achievement / Reward

### Intentions

- May not be optimising their financial position, but not be of great importance assuming they can live the life they want

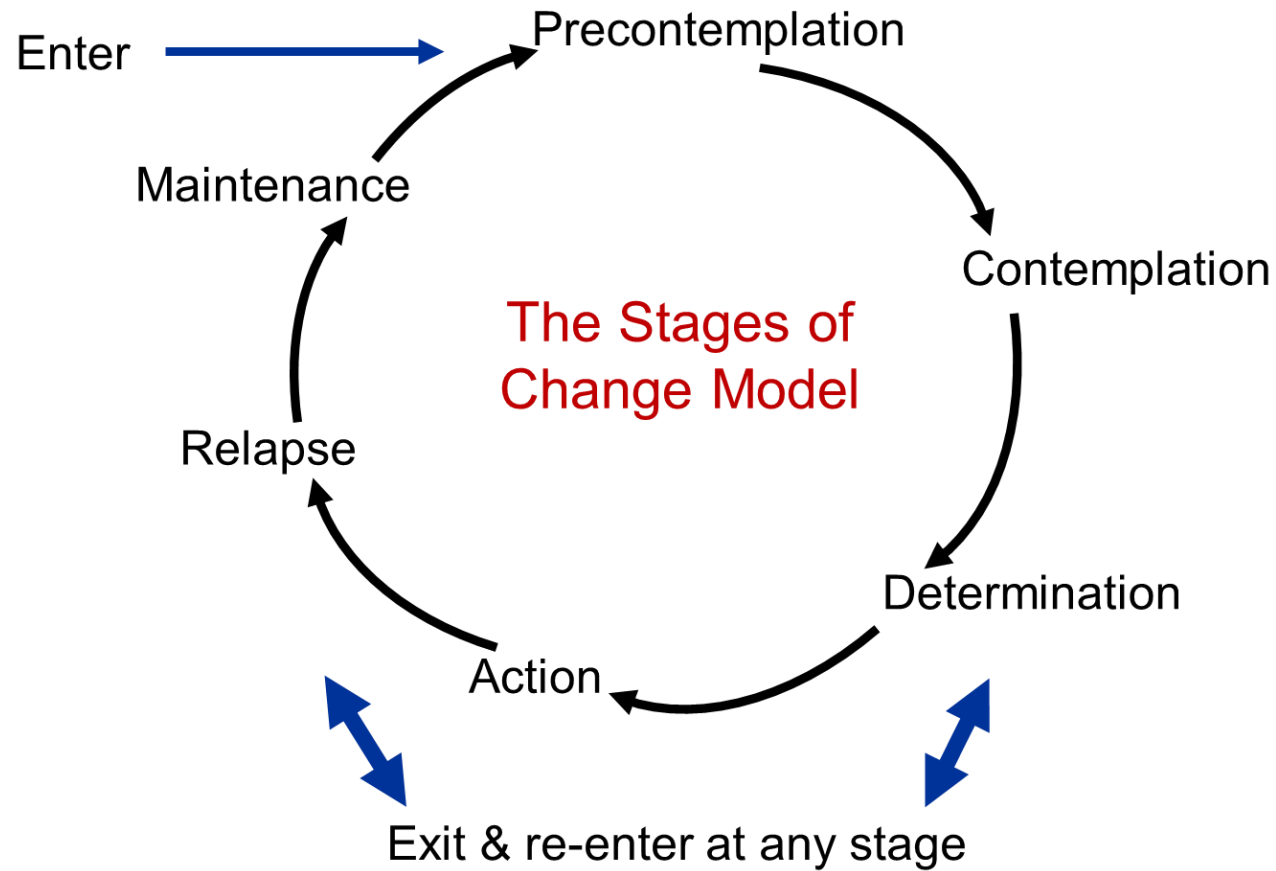




# Empowering the people of Aotearoa on their journeys to better retirement



# Transtheoretical model: NUDGING NEEDS STATES



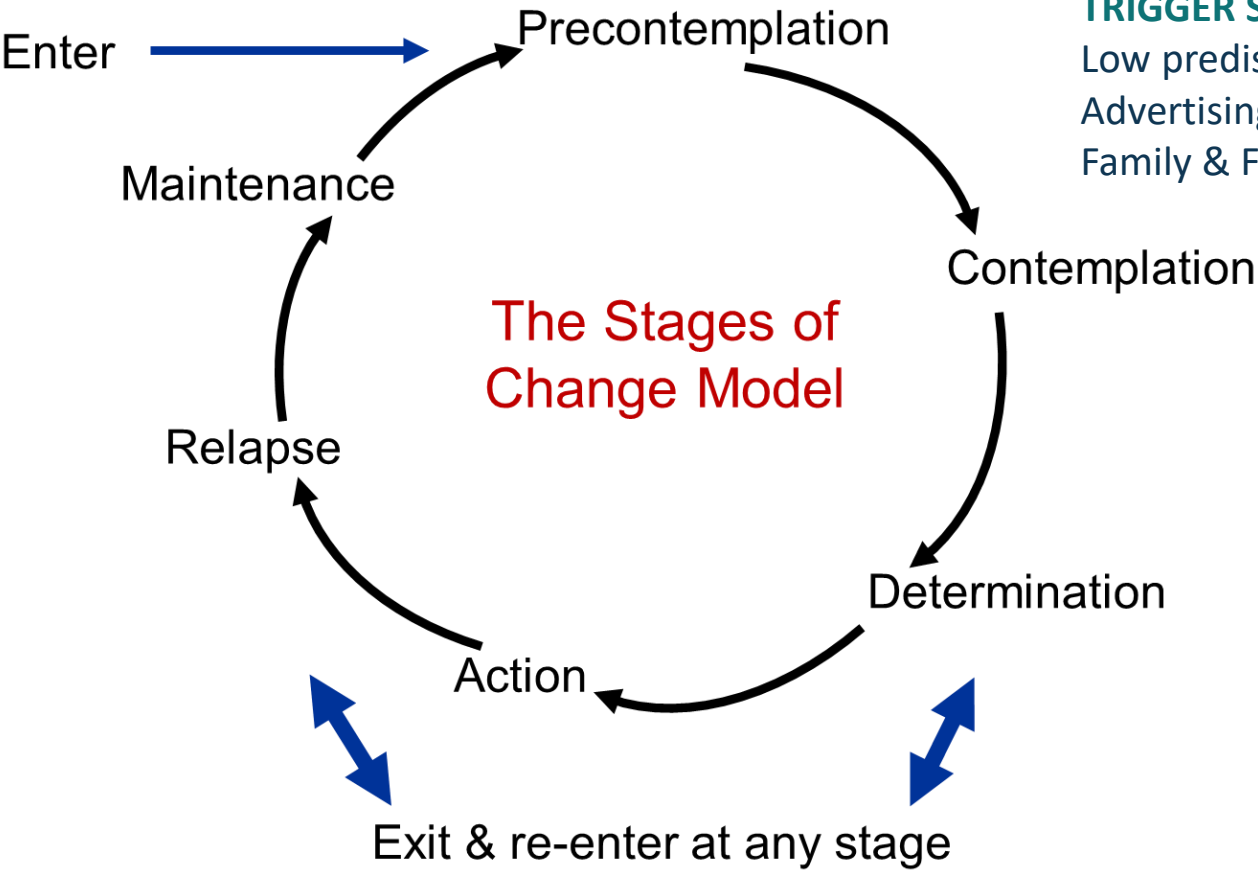


# Transtheoretical model: NUDGING NEEDS STATES



## TRIGGER SELF AWARENESS

Low predisposition  
Advertising – emotional  
Family & Friends



*\*Prochaska, James O.; DiClemente, Carlo C. (2005). "The transtheoretical approach".*



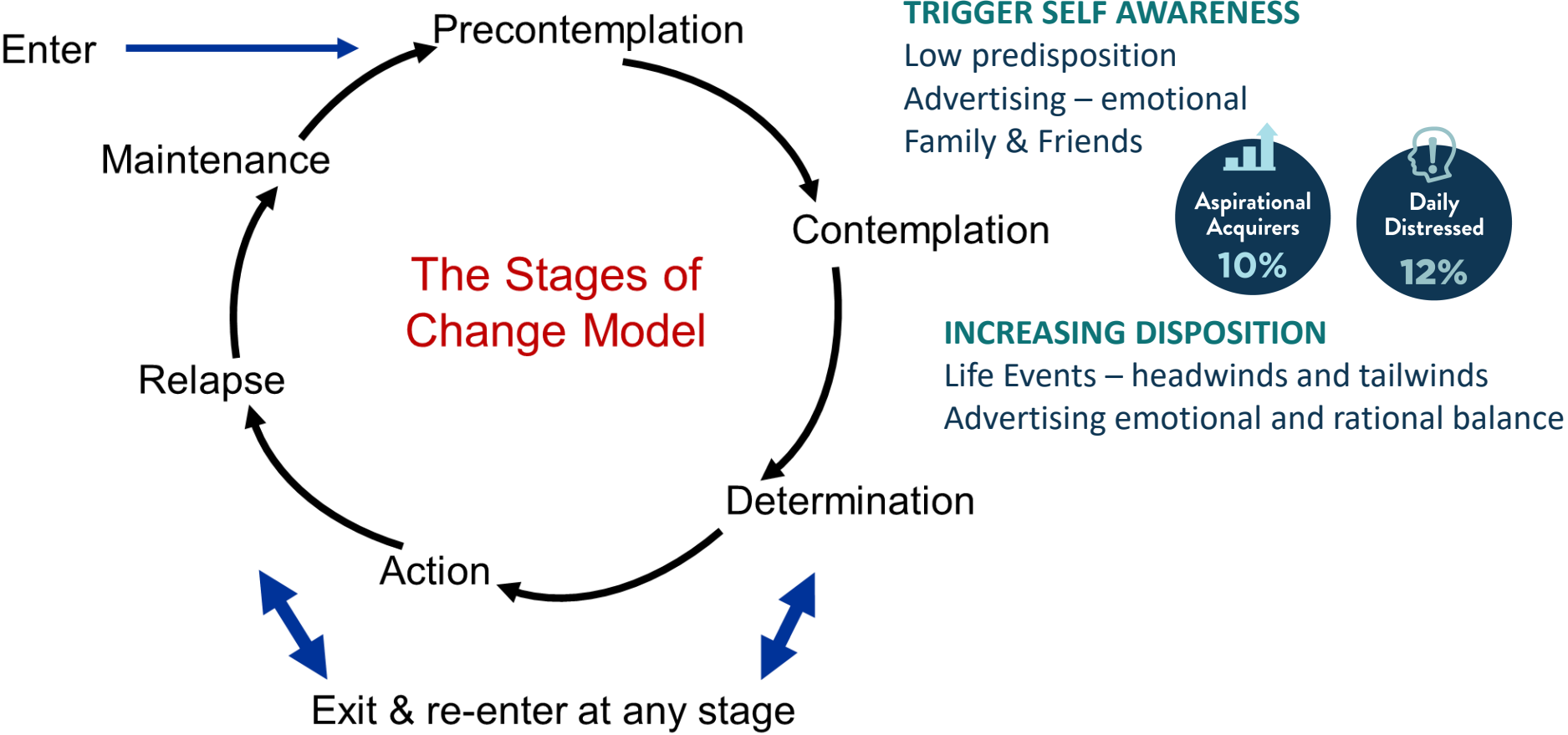
# Social Spenders



- **Triggers to change:** Debt collection; Goals / life events; Peer influence; 1<sup>st</sup> job
- **Issues to consider:** Unengaged, distracted; bite-sized & short-term focused, immediate payback; collective wealth
- **Removing Barriers:** Loss aversion tactics; Develop FOMO strategy via money plan, social proof e.g. compound interest
- **Key Connections:** Social channels; influencers; video content, clubs / groups; Workplace engagement; ITO / Uni
- **Steps / Content:** Debt reduction / BNPL dangers; Home ownership a lure into KiwiSaver engagement; 6-steps; budgeting in koha
- **Messaging:** Do this, get this now (e.g. govt contribution to KiwiSaver/ 'free money'); 'A budget is just a spending plan'; Debt watch outs; Benefit to self and others
- **Policy:** KiwiSaver as a first home deposit; CCCFA; Savings products (automation, apps), a collective wealth aspect



# Transtheoretical model: NUDGING NEEDS STATES



*\*Prochaska, James O.; DiClemente, Carlo C. (2005). "The transtheoretical approach".*



# Daily Distressed



- **Triggers to change:** Desperation, Debt collection, having to go without
- **Issues to consider:** Lack of financial / emotional / social resources
- **Removing Barriers:** Small steps; External assistance; Advocacy
- **Key Connections:** Financial / social assistance agencies / churches / community groups
- **Steps / Content:** Access to key resources, websites, free courses (goal setting, debt reduction, emergency fund)
- **Messaging:** There are people who can help you, there is hope
- **Policy:** CCCFA; adequacy of (and access to) main benefits; Adequacy of NZ Super especially for renters /mortgage holders





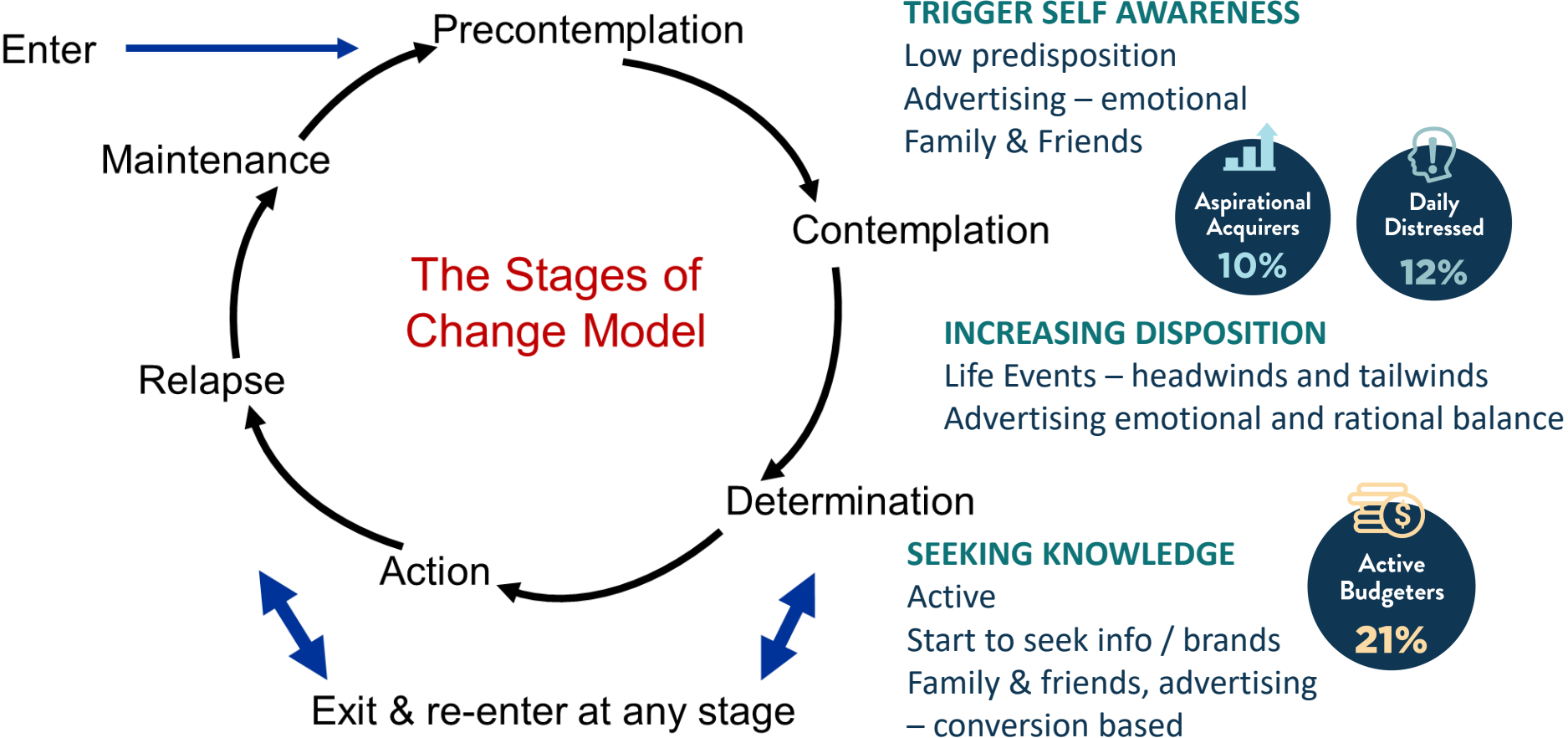
# Aspirational Acquirers



- **Triggers to change:** Goals / life events; Peer influence; Emerging responsibilities
- **Issues to consider:** Pride; Desire to progress; the need to achieve but near-term focus
- **Removing Barriers:** Active intervention; Result and possibilities; Control & autonomy
- **Key Connections:** Sorted at Work; Active engagement with KiwiSaver providers; banks; DIY investment platforms; Reddit /Twitter
- **Steps / Content:** Action! Grow your future; tracking; watch-outs, how to assess risk; Day-trading and DIY platforms/apps used successfully
- **Messaging:** Put your money to work; Get there quicker; maximise your wins
- **Policy:** KiwiSaver vs managed funds (especially for self-employed / contractors); Tech (automation / apps), pathways to homeownership



# Transtheoretical model: NUDGING NEEDS STATES



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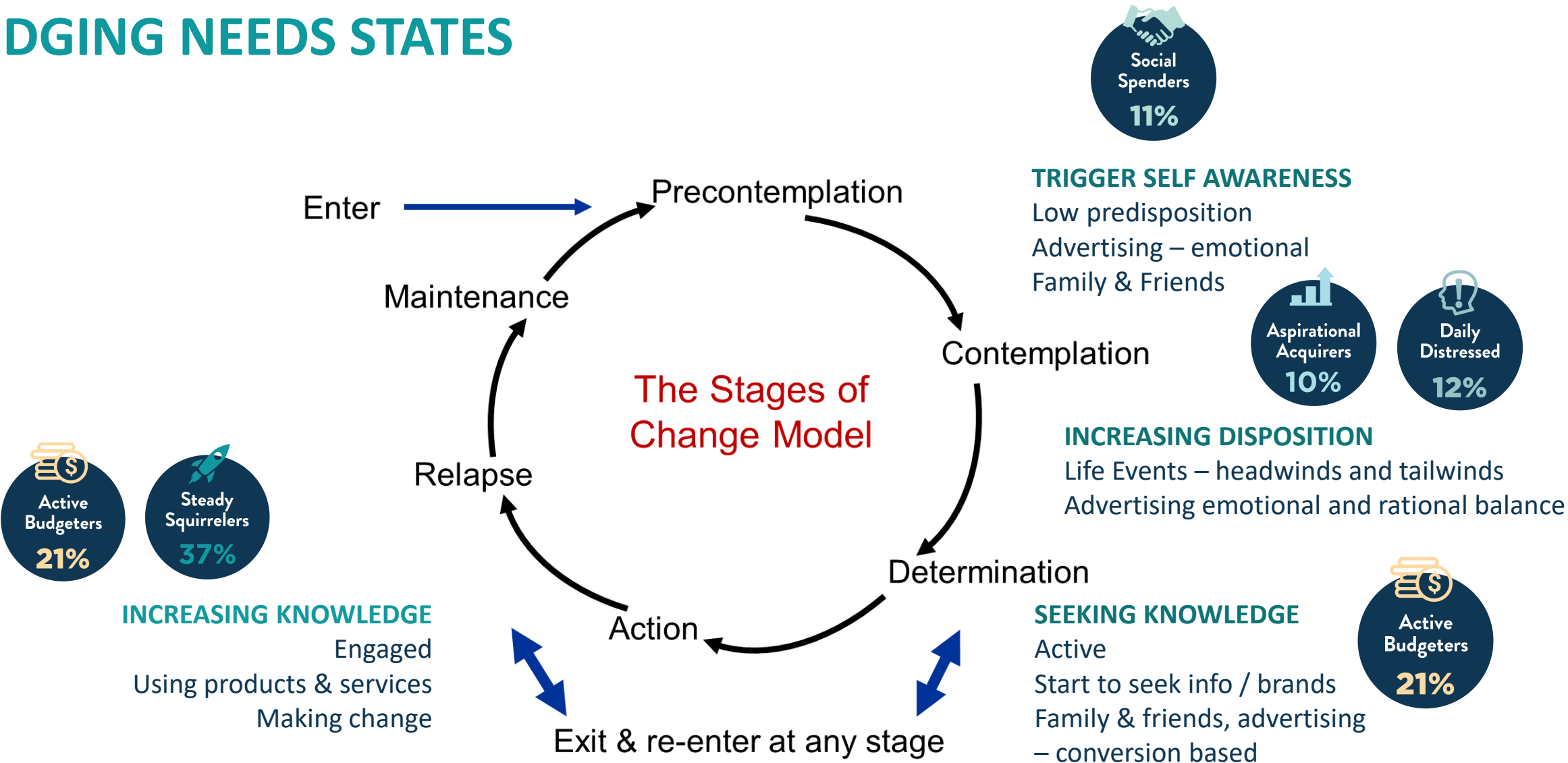
# Active Budgeter



- **Triggers to change:** Betterment of self / family; Family responsibilities; Conflict with family
- **Issues to consider:** High interest but demotivated by day-to-day; Risk of becoming distressed if no emergency fund
- **Removing Barriers:** Create can-do moments; track progression; control; affordable & accessible advice
- **Key Connections:** Budgeting services; Sorted Community programmes; Sorted at Work; banks; churches & community groups
- **Steps / Content:** Tools to feel in control – actively reviewing options; 6-steps; how to assess risk
- **Messaging:** It is possible...You've got this; Validation – success stories; build on your skills to get ahead
- **Policy:** Make it easy for someone else contribute to their KiwiSaver account; Products for people in part-time or interrupted working lives, employer contributions during paid leave



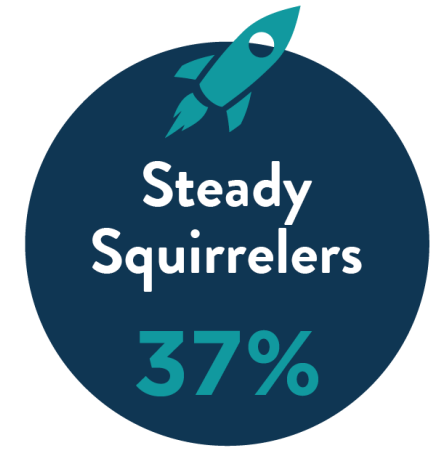
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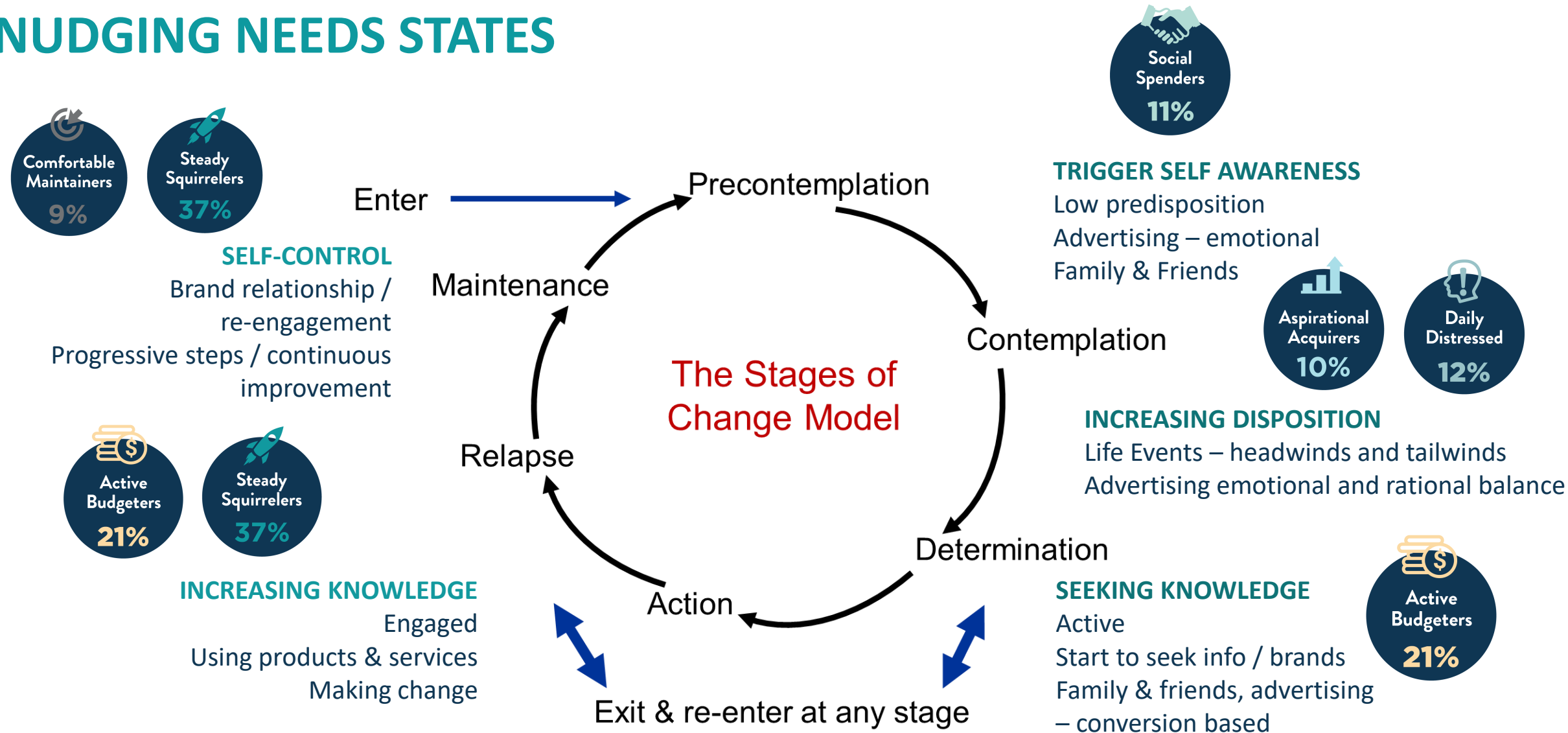
# Steady Squirrels



- **Triggers to change:** Lifestyle; Life events; transition to retirement, support children vs independence
- **Issues to consider:** Move to financial advisers; security of estate and fraud awareness
- **Removing Barriers:** Continual learning; focus on growth; looking for collaboration
- **Key Connections:** Financial advisers (e.g. legacy and estate planning, insurance advisers); legal advisers
- **Steps / Content:** Intervention at life stage moment; Drawdown planning; Investments and property (passive income); Long-term decision-making tools; Wills & Trusts; changing risk profile; future housing intentions
- **Messaging:** You control your retirement, we'll work with you; Passing on your knowledge and how to help your kids
- **Policy:** Encourage contribution to children's KiwiSaver accounts (looking after children's future); drawdown products



# Transtheoretical model: NUDGING NEEDS STATES



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# Comfortable Maintainers



- **Triggers to change:** Retirement; Children leaving home; Lifestyle; Life events
- **Issues to consider:** Complacency; fraud awareness; Unclear how to transition to retirement; Concern about longevity risk
- **Removing Barriers:** Reminders of key milestones
- **Key Connections:** Financial service providers, estate planners, financial advisers
- **Steps / Content:** Intervention at life stage moments; keeping Wills up-to-date; RV content; drawdown decisions (calculators); cost-of-living vs poor savings performance; NZ Super and other benefits; Equity release products
- **Messaging:** Supporting you to ride the peaks and troughs; optimize your KiwiSaver (for those with it); are you getting all the benefits you are entitled to?
- **Policy:** Drawdown products; Reassess cut-offs for supplementary allowances/benefit levels







# Focus on Rangatahi





# Recent research with Rangatahi

- Two-stage qualitative project: pre-task followed by online co-creation groups
  - Explored the needs, motivations and drivers of rangatahi and examine how money fits into their lives and aspirations.
  - Recruited Māori aged 18-29 who fit into the Social Spender, Aspirational Acquirer (Primary) and Active budgeter (Secondary) segments.
- Respect for whānau was most important: outlook and values were passed on through generations.
  - Their drive and motivation to improve themselves and support their loved ones is strong, they are curious and keen on learning

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*“I’m a proud wahine  
Māori, I care about the  
earth and the planet and  
the environment. And I  
really care about people.”*

*(Social Spender)*

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# Recent research with Rangatahi

- Money is seen as a functional part of life, rather than something to lift status/power
  - Money is an enabler of other things that are more widely valued
  - Rangatahi are used to sacrifice and going without when they need to 'tighten it up'
  - Money has more than an individual role and value (e.g. supporting the whanau/marae; planning for parents' retirement, Māori homeownership)
- Even though retirement is not front of mind for rangatahi, retirement is framed by lower life expectancy.
  - Their goal is to support their entire whanaunga themselves, and earlier

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*"We didn't have much money growing up, so I was a little entrepreneur. We had fruit trees in our backyard, oranges, lemons, walnuts - selling those bags and stuff."*

*(Aspirational Acquirer)*

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*"It's more what I can use to achieve goals in life and to do the things that I love."*

*(Active Budgeter)*

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*"Because of our inequities, we're less likely to make it to 65. I don't think I'm gonna make it to 65. So I'm not looking to invest for my retirement, I'm looking to buy a house."*

*(Active Budgeter)*

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# Recent research with Rangatahi

- A deficit mindset to the money management will not engage:
  - Participants believe they have good knowledge and interest
  - Parents as role models (positive behaviours and/or when things haven't gone as well);
  - Life experience like doing chores/pocket money; formal education via school
- High independent drive to find the right information themselves,
- But when they do search for support and advice they're not always convinced by the mainstream sources:
  - a feeling that mainstream models are selling them things rather than giving sound advice with their best interest at heart.

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*"We went to our parents for advice. Both have some complexes about trusting the system. Going directly to banks for help, and advice, kind of felt like they just wanted our money...It was just business to them. We ended up finding a Māori financial advisor and he made all the difference to our journey getting on the property ladder."*

*(Active Budgeter)*

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# Recent research with Rangatahi

- Whakamarama (where you are from) is essential for credibility of information – who is the author, what is their experience, and why can they write about this?
- Trust comes from those they know or those who are like-minded
  - They seek advice from whānau and friends and through recommendations from their community rather than through mainstream sources.
- It's not enough to be in te reo - whakaaro of te ao Māori and kaupapa Māori must be baked in and embedded
- Whatever the style of the content and the information that is served, it must be by Māori for Māori



# Upcoming research

- Projects planned to:
  - Explore individuals' preferences over a number of aspects of retirement policy, resulting in a ranking of policy options
  - Determine prevalence of Total Remuneration packages
  - Analyse additional aspects of KiwiSaver data by MJW
- Special topic tbc: options include people with disabilities, and/or financial impact of separations





# Thank you!

For more information visit:  
**[www.retirement.govt.nz](http://www.retirement.govt.nz)**



# Appendix 1: Statements used

- Statements used in the Latent Class analysis (5 point Likert scale, 1=completely disagree; 5=completely agree):\*

- Before I buy something I carefully consider whether I can afford it
- I am a spender rather than a saver
- I am actively saving for my retirement
- I am confident I will be able to have a financially comfortable retirement
- I am generous when it comes to koha / gifting money to others
- I feel / we feel very optimistic and confident about my / our future right now
- I find it more satisfying to spend money than to save it for the long term
- I give money to others when I can't afford to and I don't know how to stop
- I keep a close personal watch on my financial affairs
- I pay my bills on time
- I set long term financial goals and strive to achieve them
- I talk about managing and saving money with my family
- I talk about managing and saving money with my friends
- I tend to live for today and let tomorrow take care of itself
- If an unexpected expense comes up I can easily find money to cover it
- I'm worried about my finances from pay to pay
- I'm worried about the level of debt I'm in
- Money is there to be spent
- School is a good place for young people to learn about managing money
- When making a big purchase like a car or a holiday I save for it first

\*Two statements excluded as not relevant to everyone: 'my partner and I find it easy to agree on how we save or spend our money'; 'I talk to my children about managing or saving money'





# 2021/22 Research

- Currently available on our website:
  - Older People's voices (Qualitative: June 2022)
    - [TAAO-Older-Peoples-Voices-Research.pdf \(retirement.govt.nz\)](#)
  - Insights Tracker (two deep-dives: Oct 21 and Apr 22): understand NZs financial confidence and behaviour
    - [Te-Ara-Ahunga-Ora-debrief-Q3-Oct-2021-for-public.pptx \(live.com\)](#)
    - [Te-Ara-Ahunga-Ora-debrief-June-2022-public.pdf \(retirement.govt.nz\)](#)
  - New Zealand Financial Capability deep-dives (Māori, Pacific People, women and KiwiSaver non-contributors)
    - [Financial Capability Research | Retirement Commission Te Ara Ahunga Ora](#)
- Soon to be uploaded
  - A number of projects for the RRIP including 'What does 'retirement' look like for: (Māori; Pacific Peoples); Housing intentions of people aged 45-64 (2 x surveys: 'General' and Pacific Peoples)

