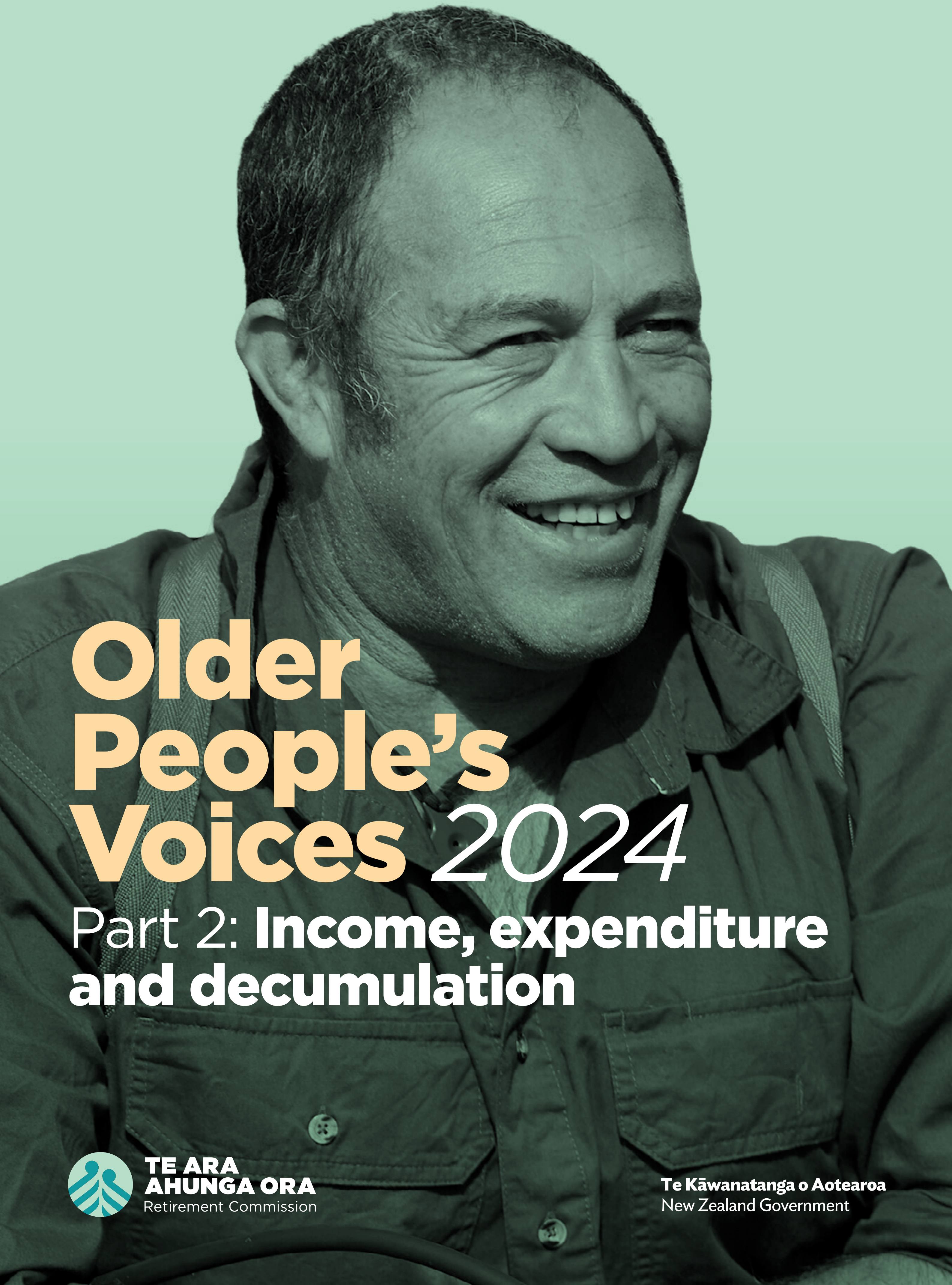

# Older People's Voices 2024

## Part 2: Income, expenditure and decumulation

TE ARA AHUNGA ORA
Retirement Commission

Te Kāwanatanga o Aotearoa
New Zealand Government

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# Contents

# Executive summary

NZ Super forms the cornerstone of financial support for most older New Zealanders, but their financial management varies widely. Understanding the complex interplay of government support, asset management and spending habits is crucial in ensuring the financial wellbeing of older New Zealanders.

In March 2024, Te Ara Ahunga Ora Retirement Commission (the Retirement Commission) began work on a comprehensive qualitative and quantitative analysis of the financial lives of people aged 65 or older. This research also explores how financial situations might have changed since 2022.

In-person and online focus groups and individual interviews were conducted with 36 over-65s throughout New Zealand. A national online survey was also completed by 1420 people aged 65 or older.

This work supports the 2025 Review of Retirement Income Policies (RRIP), which the Retirement Commission undertakes every three years. The purpose of the review is to identify practical policies and interventions that could lead to better retirement outcomes for New Zealanders.

The following report builds on the first report, *Older People's Voices 2024. Part 1: Financial Sentiment*[1].

## Older people's financial management

Almost all older New Zealanders access NZ Super (93%), and over half (57%) supplement this income with money received from financial assets such as KiwiSaver, savings or other investments, while a quarter (24%) derive household income from wages.

In terms of spending, a disparity exists in health and discretionary spending post-retirement depending on housing tenure and income, which signals the need for greater awareness of targeted government support to supplement incomes of mortgage-holders, renters and those on low incomes (a group in which disabled people are overrepresented).

The bulk of older people with assets are reluctant to crack open their nest egg; most choose to only spend returns or continue to grow their investments (71%). The results are consistent with calls in previous Reviews of Retirement Income Policies for tools and advice that assist older people to feel more comfortable moving from a 'saving' mindset pre-retirement to one of 'spending' in retirement. Future research is required to better understand the psychology behind decumulation in a New Zealand context.

1 Older People's Voices: Financial Sentiment

## By the numbers

### Income:

- 57% of over 65s said they receive money from KiwiSaver, savings and/or investments.
- 14% said their main income was from wages, and 24% said wages were one of their sources of household income.
- Men, mortgage-free homeowners, couples, those who had avoided life shocks (such as health issues, redundancy or relationship separation) and non-disabled people accessed more sources of income than others.

### Expenditure:

- Discretionary spending decreased post-retirement, particularly for those with household incomes under $50,000, renters and mortgage-holders, indicating a tendency towards 'doing without'.
- Non-discretionary expenses like insurance, rates and household energy increased across the board, reflecting cost-of-living pressures.
- Health-related expenditure varied according to financial capacity.
- Only 35% of the people who identified as having a disability and/or long-term health condition said they had claimed a disability allowance in the past year, with lack of familiarity of the allowance (56%) the primary reason. However, 37% of those who hadn't claimed said their medical practitioner/specialist hadn't suggested it to them.

### Decumulation:

- 82% of participants held financial assets such as personal savings, investments, KiwiSaver, cryptocurrency or shares in Māori land.
  - Of those who said 'NZ Super provides all of my income', 65% also had these types of financial assets.
- Only 10% of participants with savings/investments/KiwiSaver said they withdrew a regular income from them.
- In contrast, 15% of participants with financial assets were able to reinvest gains, dividends or interest (ie grow their assets).
  - In particular, 19% of men and 24% of people with wages as a source of household income used this approach.
- Just over half of those with financial assets took an asset maintenance approach (56%), either living on the returns or using them only in emergencies.
- Three-quarters (76%) of mortgage-free homeowners were able to sit on their nest eggs (either maintaining or growing their funds) and rely completely on NZ Super.
- In terms of KiwiSaver specifically, 28% of KiwiSaver members were able to grow their funds from the age of eligibility (65).
  - People with wages as a source of income were more likely to grow their KiwiSaver balances (33%) than those without (24%).
  - Maintenance or growth of funds was associated with higher KiwiSaver balances. Almost all of those who had current a KiwiSaver balance over $50,000 had maintained (65%) or grown (30%) it since becoming eligible to withdraw it.

# Introduction

The Retirement Commission regularly conducts research with New Zealanders to understand attitudes and financial behaviour. Every two to three years, research focuses on the financial lives of people aged 65-plus. Recent research with people in this age group has included a series of nationwide in-person and online focus groups (2022[1]), a survey focusing on asset decumulation (drawdown) behaviour and income/expenditure of 2100 people aged 55-plus (2021[2]), and a series of interviews with retirees examining income and expenditure in detail (2021[3]).

In 2024, a two-staged research project was undertaken with the aims of supporting the 2025 RRIP and updating the 2022 qualitative research. Stage one was a repeat of the 2022 qualitative research, and used a mixture of in-person focus groups, online focus groups and individual interviews with 36 New Zealanders aged 65 or older. Stage two involved the use of an online survey self-completed by 1420 people aged 65 or older and living in New Zealand. A total of 1420 completed surveys were received.

The main report resulting from the research explored how older people in New Zealand felt they were faring financially and examined how financial situations might have changed over the intervening two years. It also provided a data-driven segmentation that shed light on the heterogeneity of experience in retirement.

The present report supplements the main report, exploring income in older age, decumulation behaviour and expenditure in more detail. Where appropriate, comparisons are made with the 2021 research.

Data was weighted to approximate New Zealand's 2018 population[4] for gender and ethnicity within age groups, producing an effective sample size of n=1386.

Throughout the report, attention is drawn to statistically significant differences at the $p<0.05$ level of significance. For more detail regarding the methodology of the project, please see the main report.[5]

1 TAAO-Older-Peoples-Voices-Research.pdf
2 TAAO - Retiree-pre-retiree-report
3 TAAO_Retiree-Spend-10-depths-Anonymised_28_2.pdf
4 Stats NZ
5 Older People's Voices: Financial Sentiment

# Findings in detail

## Personal and household income distribution

Just over half of participants estimated their personal income to be under $30,000 per annum before tax (54%) and household incomes to be under $50,000 (57%; see Table 1). For comparison, official figures provided by Stats NZ (for self-employed, wages/salaries and government transfers) show a median personal income of $25,480 (or average of $38,220) per annum before tax[1] for the year ending June 2024.

**Table 1. Distribution of self-estimated personal and household income (per annum before tax), excluding people who declined to answer or didn't know**

| | Personal income (n=1147) | Household income (n=1129) |
|---|---|---|
| $10,000 or under | 2% | 2% |
| $10,001 – $20,000 | 11% | 4% |
| $20,001 – $30,000 | 41% | 18% |
| $30,001 – $50,000 | 25% | 33% |
| $50,001 – $70,000 | 10% | 17% |
| $70,001 – $90,000 | 5% | 8% |
| $90,001 – $110,000 | 3% | 7% |
| $110,001 or more | 4% | 12% |

Also for reference, Table 2 shows the broad NZ Super rates for 1 April 2024 to 31 March 2025 for qualifying superannuants[2].

**Table 2. NZ Superannuation rates for 2024**

| NZ Super 2024 | Per annum (before tax) |
|---|---|
| Single (alone or with dependent child) | $31,547 |
| Single (with others) | $29,032 |
| Couple (both eligible) (per couple) | $47,987 ($23,993 per person) |
| Couple (one person eligible) | $23,993 |

1 Aotearoa Data Explorer • Income by sex, age groups, ethnic groups and income source

2 Benefit rates at 1 April 2024 - Work and Income

Results from the survey indicated participants were more likely to have personal incomes of more than $50,000 per annum before tax if they:

- Did not consider themselves to be 'retired' (69%)
- Lived with their children (30%)
- Were men (29%, compared to 14% of women; see Appendix 1)
- Did not have a disability or long-term health conditions (26%), compared to people with disabilities or long-term health conditions (15%)
- Hadn't experienced life shocks after the age of 50 (25%), compared to people who had experienced them (17%)
- Were aged 65-74 (24%), compared to participants aged 75-plus (18%)
- Owned their home with or without a mortgage (24%) or lived in a retirement village (24%), compared to private renters (15%).

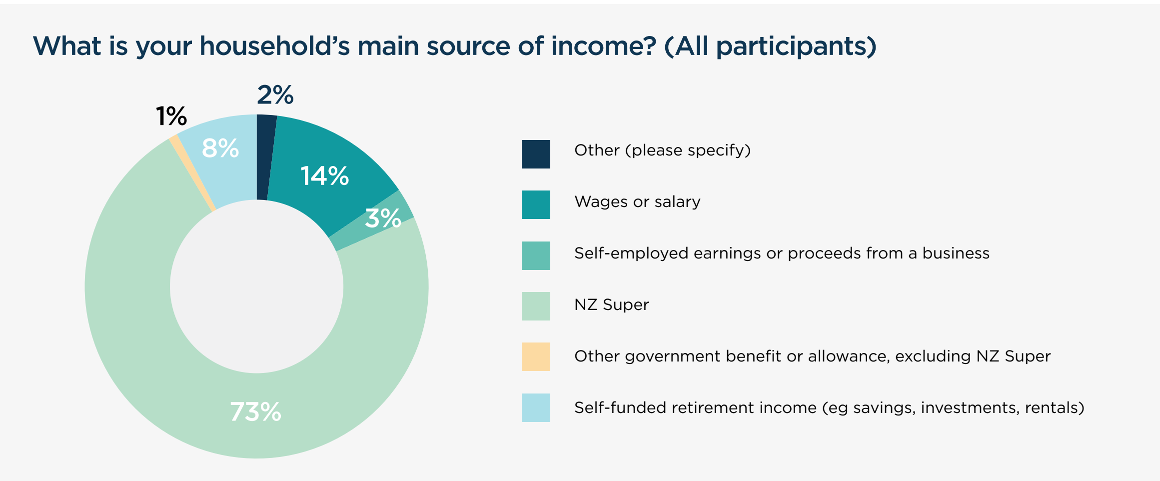
## Main source of household income

NZ Super represented the main source of household income for 74% of participants (Figure 1), while 13% said their main income was from wages, which is relatively consistent with figures recorded in the 2021 research (71% said NZ Super was their main source of income; 14% said the main income was from wages[1]).

Wages as the main source of income was significantly more common among:

- Households in which participants were living with their children (39%)[2]
- Mortgage-holders (22%) and renters (21%), compared to mortgage-free homeowners (11%)
- Participants aged 65–74 years (21%), compared to participants aged 75-plus (4%)
- Men (18%), compared to women (10%)
- People without disabilities and/or long-term health conditions (16%), compared to disabled participants (10%).

### Figure 1. Main source of income for all participants




1 2021 data was reanalysed to align age categories with the current project.

2 Two-thirds of participants who live with children said they (or their spouse/partner) get an income from wages, leaving one-third for whom children's incomes are likely the main source of income for the household.

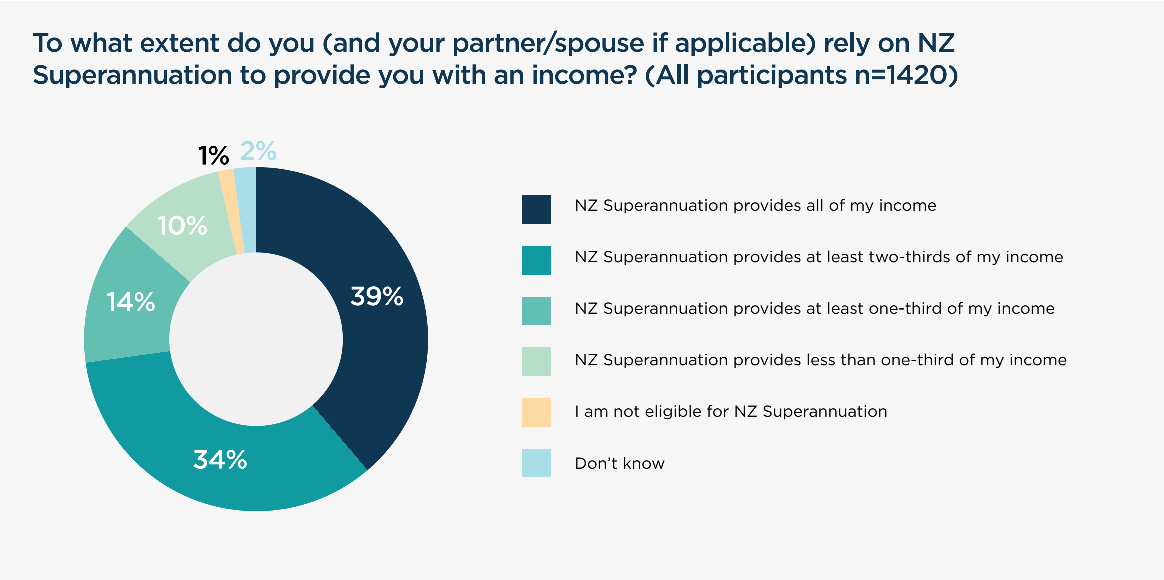
### Reliance on NZ Super for income

As reported in the main report, 39% of participants said they were entirely dependent on NZ Super to provide them with an income, while 10% said it provided less than a third of their income (see Figure 2).

The proportion of participants who said they were completely reliant on NZ Super was significantly higher for:

- Public (82%) or private renters (61%)
- People who live alone (53%) or in 'other' arrangements (50%)
- People who have a disability and/or long-term health condition (49%)
- People who have experienced a life shock after 50 (46%)
- Women (44%, compared to 32% of men)
- People aged 75+ (42%, compared to 36% for people aged 65–74).

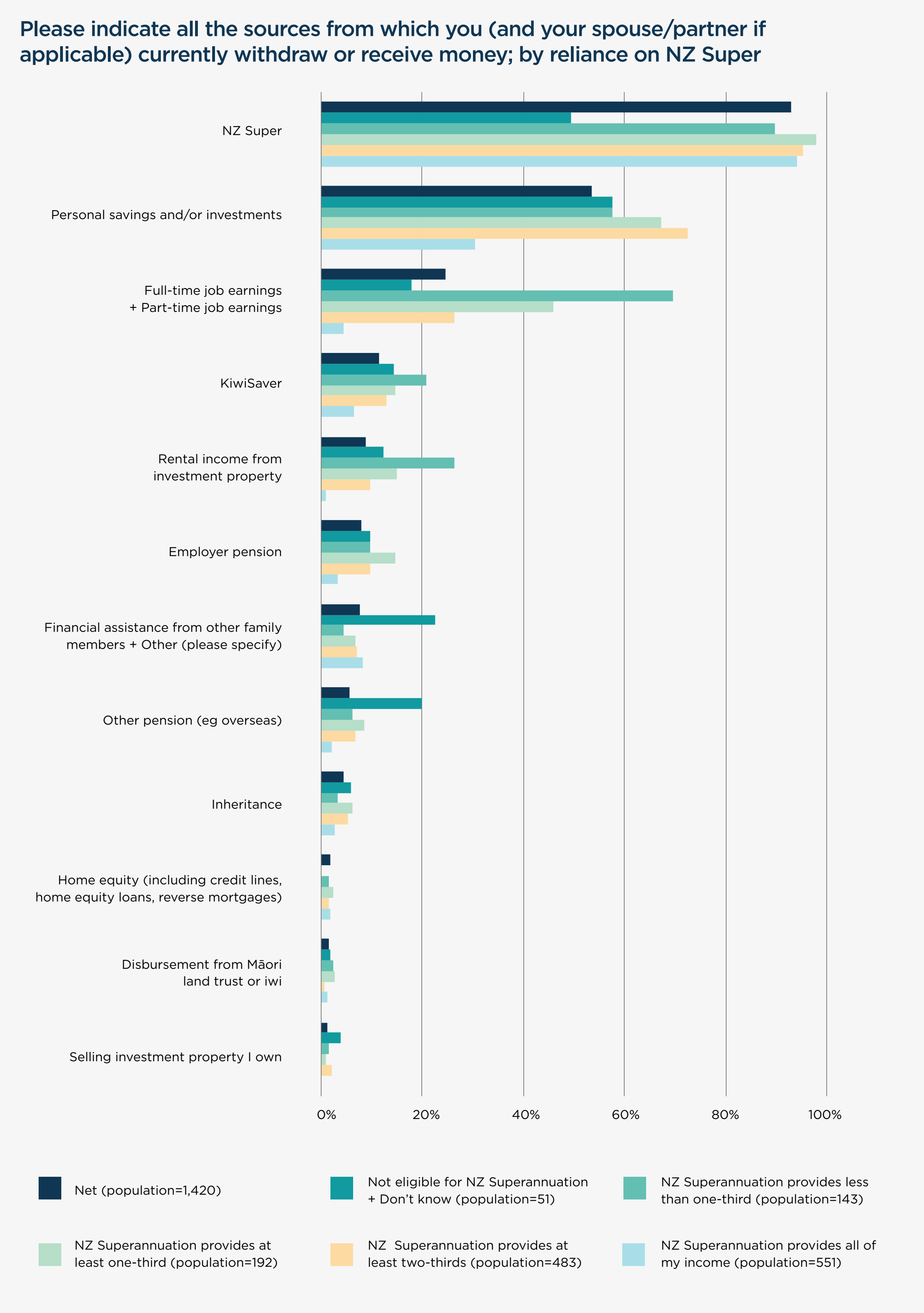
### Figure 2. Extent of reliance of older NZ participants on NZ Super



## All sources of income (non-government)

Participants were asked to select all sources from which they (and their spouse/partner, if applicable) withdrew or received money (see Figure 3). On average, participants selected 2.2 sources of income.

### Figure 3. All sources of income for older New Zealand participants, n=1420



### NZ Super

At 93%, NZ Super was the most common source of income for participants aged 65-plus.

The people more likely to have multiple sources of income were:

- Men (on average 2.4 sources), compared to women (2.1)
- Participants living with spouse/partner (2.4), compared to those living alone (1.9)
- Mortgage-free homeowners (2.4), compared to private renters (1.7) and public renters (1.2)
- Participants who had escaped life shocks after 50 (2.3), compared to those who hadn't (2.1)
- Participants without a disability and/or long-term health condition (2.3), compared to those with them (2.1).

### Wages

A quarter (24%) of participants said they and/or their partner/spouse received income from wages. The figure was significantly higher than that recorded in the 2021 Retirement Commission research, which revealed 16% of over 65s (and/or partners/spouses) received income from wages, but is consistent with Stats NZ figures of 25%[1] .[2]

- 65–74-year-olds were more likely to list part-time (21%) or full-time job earnings (16%) than people aged 75-plus (9% and 3% respectively).
- Mortgage-holders were more likely to work full-time for wages (25%) than mortgage-free homeowners (9%)[3].
- Mortgage-holders who work were significantly more likely to do so primarily because they need to (52%[4]) than mortgage-free homeowners (29% of those who work do so because they need to).

### Personal savings and investments

Overall, 53% of participants withdrew or received money from personal savings/investments, increasing to 57% when KiwiSaver was included (similar to the 2021 Retirement Commission research).

- Personal savings/investment/KiwiSaver incomes were commonly selected as a source of income by mortgage-free homeowners (68%) and those living in retirement homes (73%).
- Participants living alone were less likely to name personal savings/investment/KiwiSaver income (47%), as were participants who had experienced a life shock after 50 (51%) and participants who had a disability and/or long-term health condition (50%).
- Of those who said: 'NZ Super provides all of my income', 30% said they also received or withdrew money from personal savings/investments (increasing to 34% with inclusion of KiwiSaver)[5].

1 More people working later in life

2 2021 data was reanalysed to align age categories with the current project. The low wages incidence in 2021 is likely due to the COVID pandemic and associated lockdown restrictions.

3 However, mortgage-holders also tend to be younger than mortgage-free people, so this may represent an interaction between the *need* to work and *being able* to work.

4 Sample size = 50, so needs to be treated with caution.

5 This is a finding that is consistent with the qualitative research conducted as part of the programme. That is, people don't always count the occasional funds withdrawal as income.

## Additional income from government transfers

Income can also take the form of government rebates, grants and other support payments. Figure 4 shows that just over three-quarters of participants (76%) said they received the Winter Energy Payment in the past 12 months[1], while 19% indicated they did not receive any government assistance in that time frame.

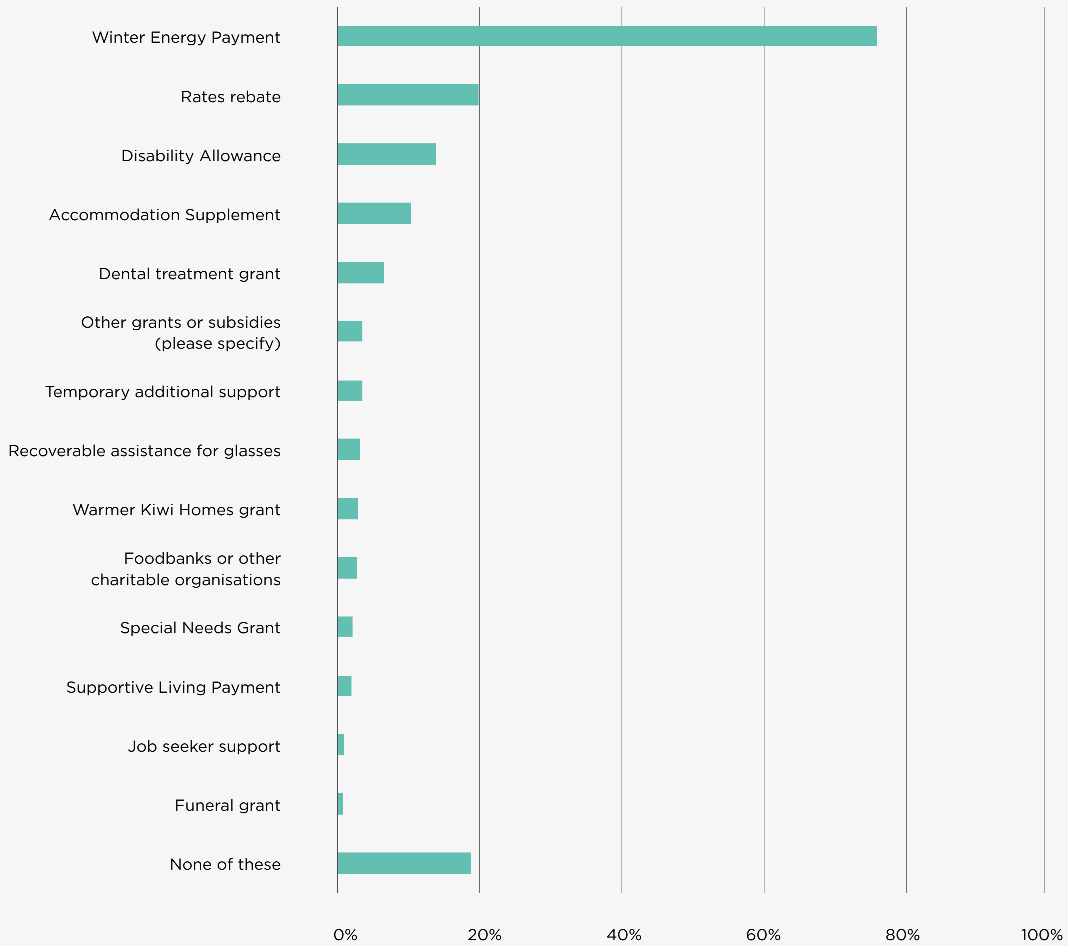
- The average number of government assistance sources accessed (from the list below) is 1.5.

A greater number of government transfer types were selected by:

- Those living alone (1.9), compared to those living with a spouse/partner (1.2)
- Public renters (2.3) and private renters (2.4), compared to mortgage-free homeowners (1.2)
- Those for whom NZ Super provides all their income (2.0), compared to those for whom NZ Super makes up less than one third of income (0.8).

### Figure 4. Potential sources of government assistance accessed by participants aged 65-plus in the past 12 months

**In the past 12 months, which of the following have you (and/or your spouse/partner if applicable) accessed? (All participants, n=1420)**




1 Winter Energy Payment - Work and Income People aged over 65 can't get the Winter Energy Payment if they are receiving the Residential Care Subsidy or Residential Support Subsidy, living overseas or getting an overseas pension and not NZ Super.

Access of transfers differed according to several demographic variables:

- The rates rebate was comparatively more likely to be accessed by participants aged 75+ (23%), women (25%), participants living alone (33%), participants who had experienced a life shock after 50 (24%) and participants with a disability and/or long-term health condition (25%).
- Recoverable assistance for glasses was more common for Māori participants (9%) and participants renting from Kāinga Ora/Council (15%).
- Foodbank or other charitable organisation donations were more common for Māori participants (10%) and participants renting from Kāinga Ora/council (14%).
- Temporary additional support was more likely to be accessed by private renters (19%).
- The dental treatment grant was more likely to be accessed by private renters (15%).

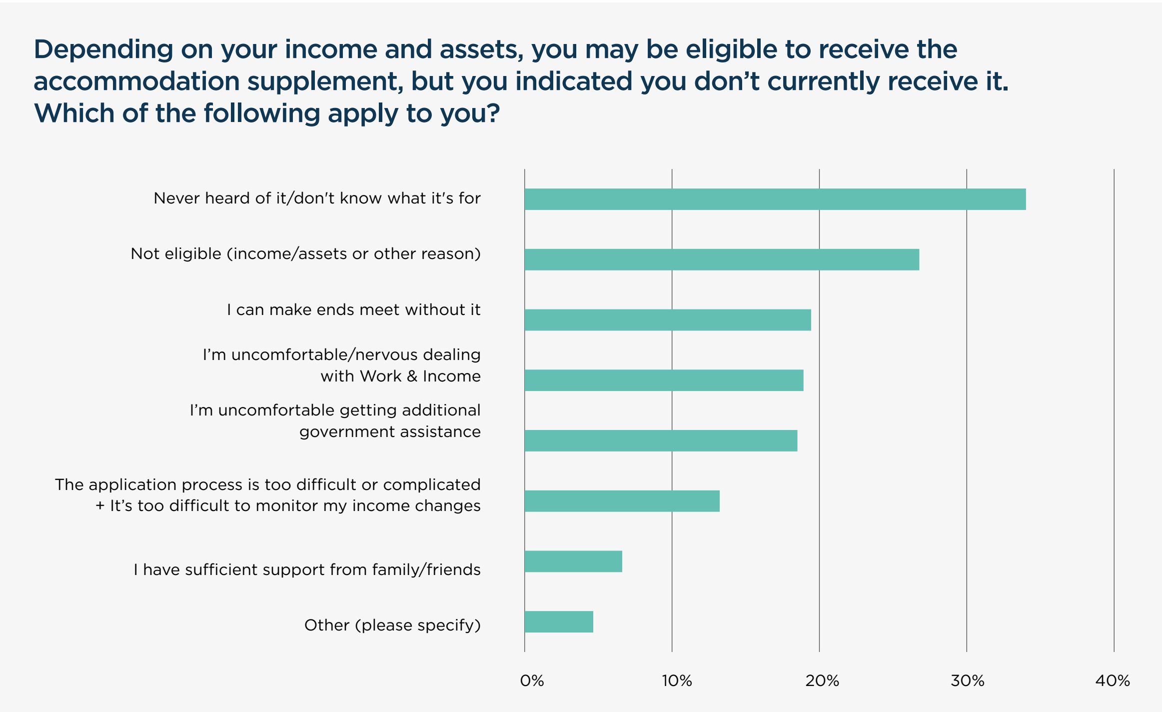
The Accommodation Supplement and Disability Allowance are two transfers focused on in more detail below.

### Accommodation Supplement

The Accommodation Supplement is a weekly payment that helps people with their rent, board or the cost of owning a home[1], but is means and asset tested. Although our survey didn't assess asset value, 12% of our participants lived in accommodation that is likely to have rent, board or homeownership costs (own home without mortgage, own home with mortgage, private renting, marae-based papakāinga, and retirement villages), relied completely on NZ Super and didn't have savings or investments (n=168). Of this subset, 53% said they had not claimed the Accommodation Supplement in the past 12 months.

Reasons given for not claiming the supplement are seen in Figure 5. A third of participants said they are unfamiliar with the supplement, 27% believed they are ineligible, 19% said they feel uncomfortable dealing with WINZ, 18% said they are uncomfortable getting additional government assistance ('and/or' either option = 28%) and 19% said they believe they can do without it.

**Figure 5. Reasons for not claiming the Accommodation Supplement among people who are potentially eligible but don't claim it (completely dependent on NZ Super, no savings/ investments and has home costs, n=86)**




1 Accommodation Supplement - Work and Income

### Disability Allowance

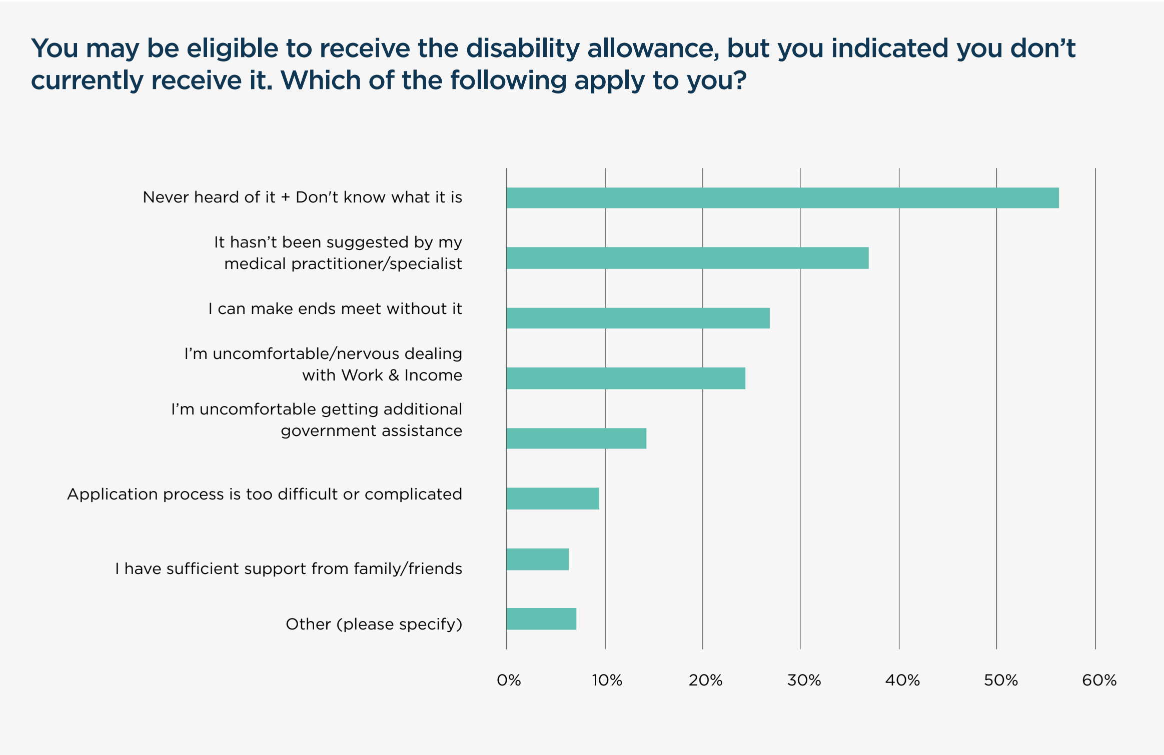
The Disability Allowance is a weekly payment for people who have regular ongoing costs because of a disability (up to $78.60 per week). It's means tested (partner/spouse income is included) but not asset tested[1]. At the time of surveying, income limits were $823.31 per week before tax ($42,796 per annum) for a single person and $1,226 for a couple ($63,752 per annum).

Forty-one percent of the sample had a disability and/or long-term health condition (n=580) as identified using the question: Do you have a long-term health condition, impairment or disability that restricts you in your everyday activities *despite using an assistive device* (eg glasses, a hearing aid, etc) and has lasted or is it likely to last for six months or longer?

One hundred and fifty seven of the 580 (27% of the disabled participants) said they had a disability and/or long-term health condition, relied on NZ Super for at least two-thirds (or all) of their income and *didn't* select 'I'm not eligible (income/assets/other)' or 'Already receive it' as a reason for not receiving it (see Appendix 2).

Among this smaller group of low-income disabled people not receiving the allowance, the main reasons given were lack of familiarity with it (56%), the fact that it hadn't been suggested to them by their medical practitioner/specialist (37%), and discomfort receiving a benefit or dealing with WINZ (31%). A quarter (27%) believed that they could make ends meet without it (see Figure 6).

**Figure 6. Reasons for not claiming the disability allowance among participants aged 65-plus who are potentially eligible but don't claim for it (low-income, NOT 'ineligible', n=157)**




1 Disability Allowance - Work and Income

## Debt products that provide access to funds

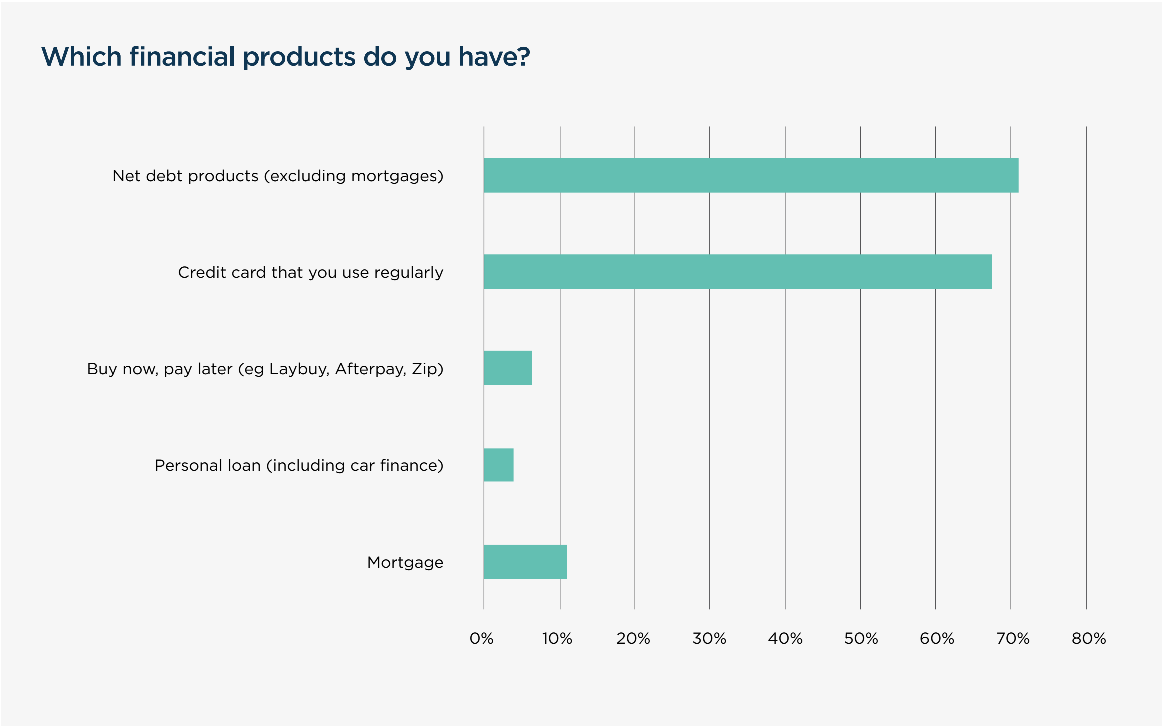
So far, reporting has explored the various sources of income that older people access. Although debt products are not 'income', they are a source of money that older people can access to support their expenditure.

Some debt products carry little additional cost if they're paid off in full within the required time frame (such as credit cards and buy now, pay later products); however, falling behind on repayments for these products can attract fees or interest, which changes them from being a source of money to an expense. Other debt products such as personal loans or car finance can create significant financial burden over time due to high fees and interest rates.

As shown in Figure 7, 71% of participants had some sort of debt product (or liability) that gave them access to money/funds, with credit cards being the most commonly selected (68%).

- Credit cards were more likely to be used by NZ European participants (69%), participants living with their spouse/partner only (72%), mortgage-free homeowners and participants in retirement villages (79%).
- In contrast, more expensive debt is comparatively more likely to be used by Māori (13% said they had personal loans), mortgage-holders (10% said they had personal loans and 9% said they used buy now, pay later) and renters (9% said they had personal loans and 15% said they used buy now, pay later).

**Figure 7. Debt products held by participants aged 65-plus that could serve as sources of money (all participants, n=1420)**



## Expenditure

The next section examines how expenditure changes after retirement. Actual expenditure of over-65s has been explored elsewhere (Motu, 2023)[1] so will not be covered in this report.

Retired participants were asked to indicate whether they were now spending more, less or the same in various categories since they retired. A net score was calculated by subtracting the 'less' proportions from the 'more' proportions:

- A positive score indicated the participant spent more on the item now compared to pre-retirement.
- A negative score indicated the participant spent less now compared to pre-retirement.
- The change in spend (a negative or positive net score) could potentially reflect lower/higher use of the item since retiring or an item that has become cheaper/more expensive since retiring.

Table 3 shows that the only items to show a positive net spend (increased expenditure relative to pre-retirement) were non-discretionary (notably insurance, rates,[2] household energy and telecommunication services).

The increased expenditure is experienced by similar proportions of people regardless of household income (renters were comparatively less likely to say their expenditure increased on these items). Given most of these items are non-discretionary (use is likely to be fairly consistent over time), this suggests that the costs of such items have increased in comparison to pre-retirement. The hypothesis is supported by the qualitative research and results regarding the perceived impact of cost-of-living issues (see main report[3]).

Health-related expenditure changes were not experienced equally across the sample.

- Mortgage-free homeowners and those with household incomes over $50,000 were more likely to say they had increased their expenditure on out-patient services, prescription medication, and medical products, appliances and equipment.
- In contrast, comparatively more mortgage-holders and renters had decreased their expenditure.

Expenditure on discretionary items had the greatest negative net scores (decreased expenditure). This is consistent with the 2023 Motu report referred to above, which observed that as retiree households aged, they spent less, particularly on discretionary items such as clothing, transport, recreation and culture; however, the effect was far more pronounced among people with household incomes under $50,000 and those who rented or were mortgage-holders.

The findings are consistent with the impacts reported in the main report, which showed mortgage-holders and renters are overrepresented on cost-of-living impacts, such as decreased social interaction, less food being purchased and less seeking out of medical treatment.

1 Motu, 2023

2 Rent was not included in either the 2021 research or the current study; however, average rent has increased from $501 in March 2022 to $560 in March 2024. Regional Economic Profile | New Zealand | Average rents (infometrics.co.nz)

3 Older People's Voices: Financial Sentiment

### Table 3. Net change in expenditure (% more - % less) following retirement

| Cell colours represent a 'heat map' identifying comparatively strong positive (green) or negative (blue) scores | Total (excluding N/A) | Household income over $50k (n=494) | Household income under $50k (n=636) | Mortgage-free homeowners (n=1009) | Mortgage-holders (n=163) | Private renters (n=150) |
|---|---|---|---|---|---|---|
| Insurance | 37% | 41% | 34% | 47% | 42% | 4% |
| Property maintenance/rates | 28% | 39% | 21% | 36% | 20% | |
| Household energy | 20% | 25% | 16% | 27% | 20% | 6% |
| Telecommunication services | 13% | 20% | 11% | 20% | 21% | -7% |
| Outpatient services (eg doctor, physio, specialist) | 11% | 20% | 7% | 16% | -11% | -2% |
| Prescription medication | 5% | 13% | 0% | 10% | -5% | -12% |
| Medical products, appliances and equipment | 3% | 17% | -2% | 9% | -10% | -18% |
| Food at home | -1% | 14% | -6% | 4% | -10% | -14% |
| Car maintenance | -4% | 2% | -11% | 0% | -12% | -13% |
| Household services | -6% | 4% | -10% | 1% | -7% | -35% |
| Loan/mortgage repayments | -10% | -12% | -17% | | 17% | |
| Petrol | -13% | -2% | -23% | -11% | -10% | -14% |
| Leisure and hobbies | -35% | -16% | -46% | -29% | -61% | -57% |
| Money given to others/ donations | -42% | -25% | -56% | -38% | -66% | -62% |
| Recreation and culture | -47% | -31% | -59% | -41% | -69% | -69% |
| Vacations | -47% | -24% | -62% | -38% | -76% | -84% |
| Household appliances | -54% | -44% | -58% | -48% | -75% | -69% |
| Cultural practices | -56% | -50% | -65% | | | |
| Large purchases (eg car, appliances) | -56% | -40% | -67% | -50% | -77% | -81% |
| Eating out | -57% | -39% | -71% | -52% | -82% | -75% |
| Furniture and renovations | -62% | -53% | -69% | -57% | -76% | -81% |
| Clothing and footwear | -65% | -57% | -71% | -62% | -75% | -76% |

## Drawdown behaviour (decumulation)

Decumulation is the process of drawing down savings that have been accumulated over a person's lifetime to provide income in retirement. The income derived from these assets can be used to supplement the other sources of income discussed above (ie NZ Super/pensions, wages, government transfers, etc).

In the next section, we examine where people draw funds from, how many people feel they have sufficient funds to live on comfortably throughout retirement, and how many people have estimated the number of years their funds might last. We then look at specific decumulation strategies people employ to fund their retirement.

### Sources of self-funded income

Before delving into decumulation, it is first necessary to examine where participants' assets were allocated.

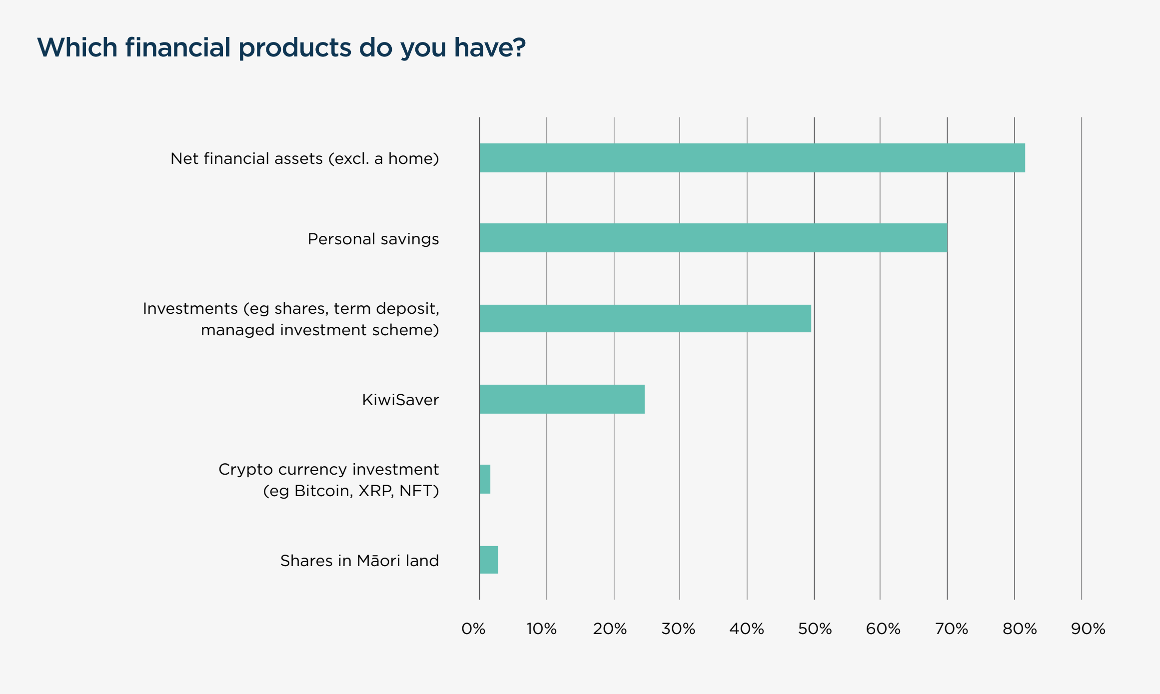
Slightly more than eight in 10 (82%) participants had financial assets[1] of some sort (Figure 8).

- Almost all people who said they still have wages as a source of household income had financial assets (91%), compared to those who said they don't have wages (79%).
- Men were more likely to have financial assets (85%) compared to women (80%), particularly in terms of personal savings (74% compared to 67% for women).
- People living with their spouse/partner only were the most likely to have financial assets (89%), compared to those living alone (75%) or in alternative arrangements (65%).
  - People living with their spouse/partner only were more likely to have personal savings and investments (76% and 59% respectively), compared to those living alone (62% had personal savings and 44% had investments).
- 90% of mortgage-free homeowners and 95% of those in retirement villages had financial assets, compared to only 61% of mortgage-holders and 59% of private renters.
- People who experienced life shocks after 50 and those with disabilities were less likely to have financial assets (76% and 74% respectively).
- Among participants who said they are completely rely on NZ Super, 65% said they have some sort of financial asset.

Personal savings and investments were the most commonly held financial asset (78% of participants had one or both).

1 Excluding their home.

### Figure 8. Types of financial assets held by participants aged 65-plus (All participants, n=1420)




## KiwiSaver

Overall, one in four participants aged 65-plus said they currently have a KiwiSaver fund[1], although this was more likely in the 65–74 age group (34%, compared to 12% of over 75s), which is not surprising, given the age of the programme. The proportion has increased since the 2021 Retirement Commission report regarding pre- and post-retiree income and expenditure[2] (when 18% of over-65s had KiwiSaver), which is likely a reflection of the transition of participants into the over-65 age group.

Additionally, mortgage-free homeowners (28%) and those without disabilities (28% compared to 20% of those with disabilities) were more likely to have KiwiSaver.

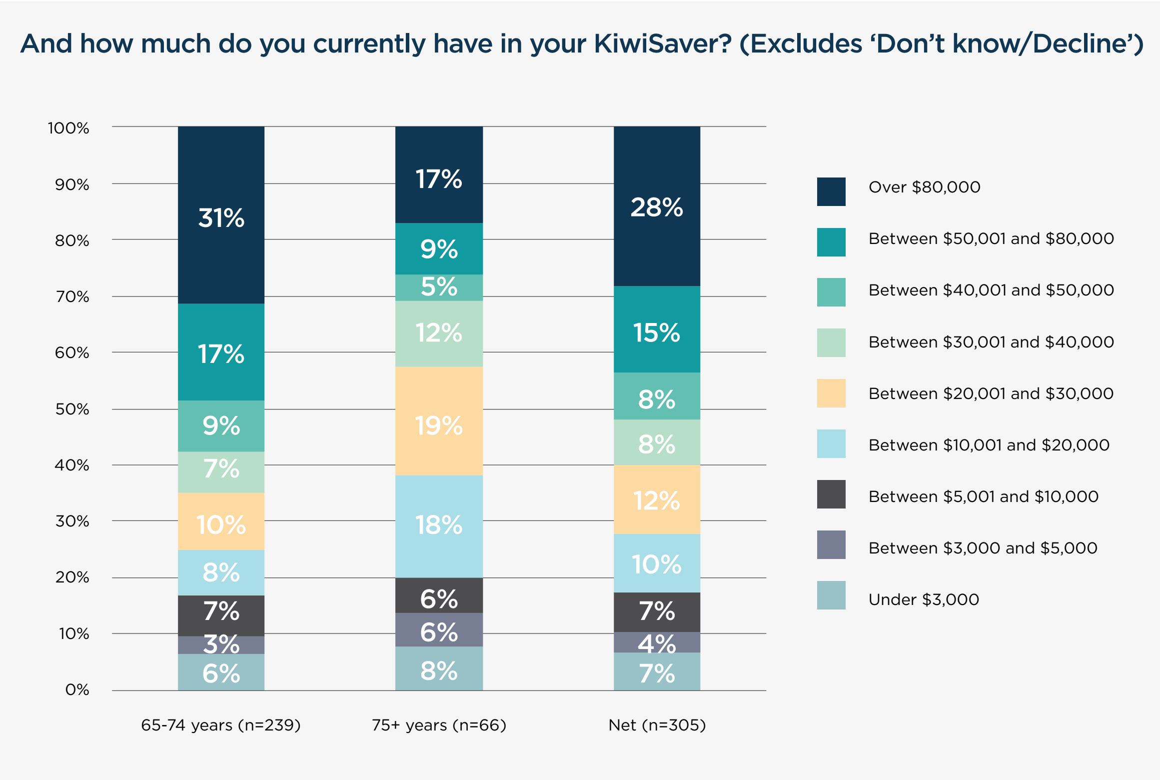
Among survey participants, the average estimated amount currently held in a KiwiSaver fund (roughly $40,000; see Figure 9) was lower compared with actual figures provided by MJW[3], which sits around $59,000.

1 Just below expected, based on Inland Revenue figures for over-65s of 222,558 people (Statistics on the number and age of KiwiSaver members (ird.govt.nz)) out of 828,558 (NZ Census 2023: Aotearoa Data Explorer • Ethnicity (detailed total responses level 3), age, and gender for the census usually resident population count, (RC, TALB, SA2, Health), 2013, 2018, and 2023 Censuses (stats.govt.nz)): 26.8%.

2 TAAO - Retiree-preretiree-report

3 KiwiSaver Demographic Study

**Figure 9. Estimated current KiwiSaver fund balance by age of participant (those who declared their KiwiSaver balance)**




Participants who were more likely to say they had $50,000 or more in their KiwiSaver fund included[1]:

- Men (51%, compared to women, 37%)
- People who still had wages as a source of income (51%, compared to those who didn't, 38%)
- People aged 65–74 (49% had funds of $50,000+, compared to people aged 75-plus, 26%)
- Mortgage-free homeowners (48%, compared to mortgage holders, 25%).[2]

There were no significant differences in KiwiSaver balances between people who had experienced life shocks or not, or between disabled KiwiSaver members and non-disabled KiwiSaver members. Both findings are somewhat unexpected, since disabled people face more barriers to participation in the workforce earlier in life and have lower incomes during working life[3], while some life shocks produce exceptions to early withdrawal rules (eg hardship, health, relationship separation) that can result in lower balances at 65. Further research could clarify the impact of disability and/or life shocks on KiwiSaver balances in later life.

## Predicting a retirement future

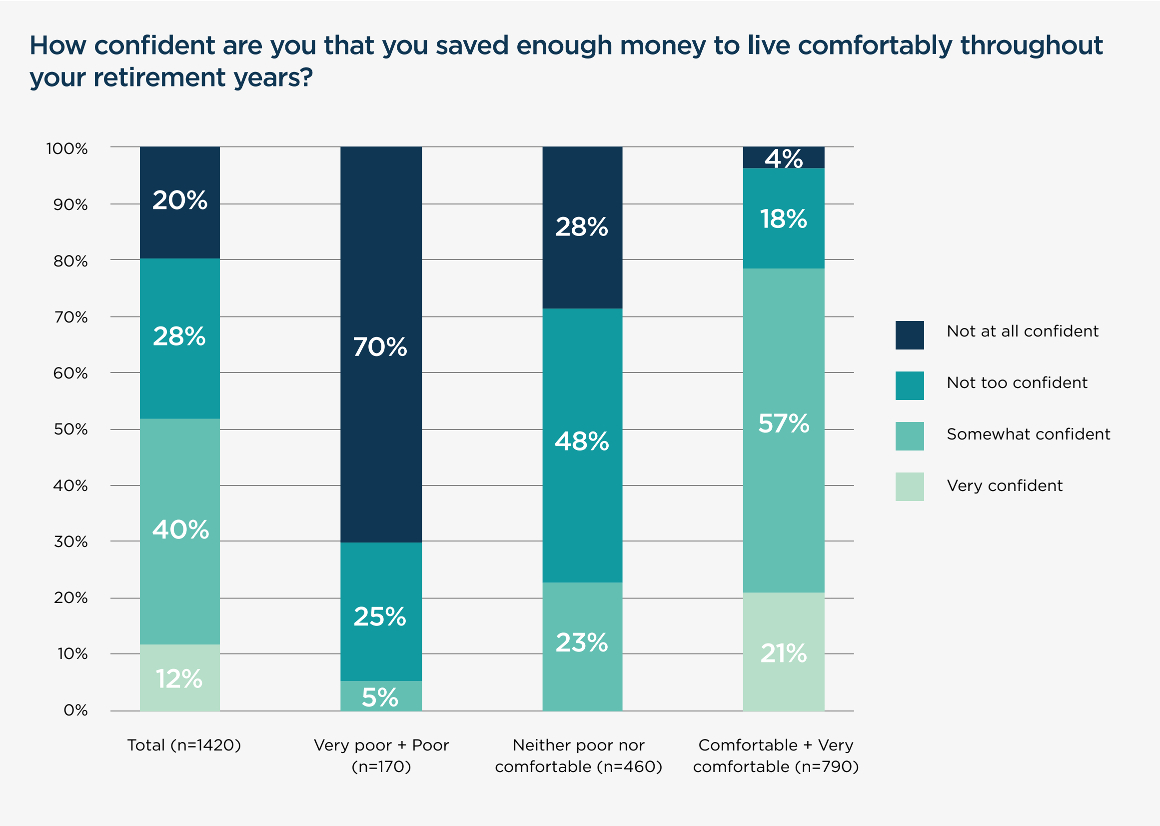
More than half of the participants felt at least somewhat confident that they had saved enough money to live comfortably throughout their retirement years (52%); however, one in five said they were not at all confident. Although there was some correlation with current financial comfort, slightly more than one in five people who felt comfortable now were not confident this would continue throughout their retirement years (22%) (Figure 10).

1 Excluding those who declined to answer or didn't know their balance.

2 Significant at p<0.1, likely due to small sample size.

3 Disabled people twice as likely to be unemployed | Stats NZ

**Figure 10. Confidence in having sufficient funds throughout retirement years by current financial situation of participants aged 65-plus in New Zealand**



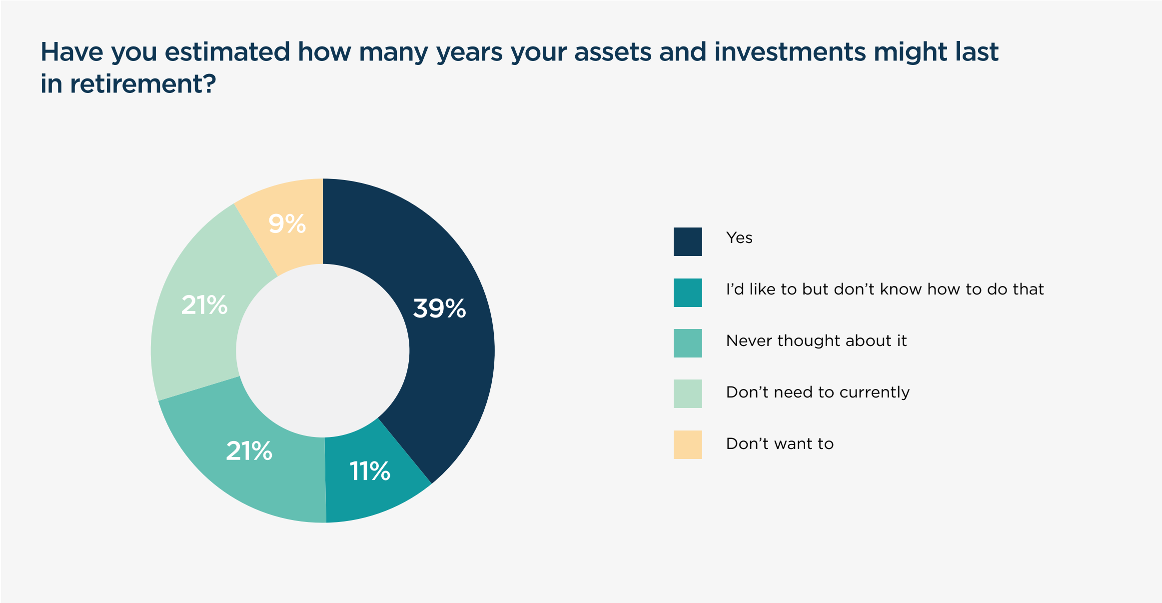

Confidence in having sufficient funds to last through retirement was comparatively lower for:

- People without any assets (86% felt 'Not too confident' or 'Not at all confident', compared to 40% of people who said they did have them)
- Mortgage-holders (79%) and renters (85%), compared to mortgage-free homeowners (36%)
- People who had experienced life shocks after 50 (66%, compared to 39% of people who hadn't)
- People completely reliant on NZ Super for their income (66%, compared to 27% of people for whom NZ super provided less than one-third of their income)
- Disabled people (61%, compared to 39% of non-disabled people)
- People who lived alone (58%, compared to 40% of people living with their spouse/partner)
- Women (51%, compared to 45% of men)
- People aged 65–74 (51%, compared to 44% of people aged 75-plus).

Thirty-nine percent of those with assets said they had estimated how long their assets and investments might last in retirement (Figure 11).

A further 10% of all participants said they would like to estimate it but didn't know how to go about it.

**Figure 11. Proportion of participants with assets who have estimated how long they will last in retirement (those with investments, n=1141)**




## Drawdown behaviour

There was a disparity between the proportion of participants who said they hold financial assets and the proportion who said they withdrew or received money from them. This disparity represents a 'maintenance' or 'growth' strategy, rather than a decumulation strategy. Of the participants who had financial assets such as KiwiSaver, investments, savings and/or shares in Māori land, only 71% reported withdrawing or receiving money from them, suggesting a maintenance or growth strategy for the remaining 29%.

Narrowing in on people who said NZ Super provided all their income, 65% said they had at least one financial asset. Of these participants, 52% said they received or withdrew money from those products, again suggesting a maintenance or growth strategy for the remaining 48%.[1]

When asked about specific drawdown behaviour, only 10% of participants with savings/investments (including KiwiSaver) said they earned a regular income from them (Figure 12).

A further 16% said they took the earnings from those savings/investments without reducing the balance. Four in 10 didn't touch their funds unless there was an unexpected expense or emergency. Combined, over half (56%) of people with financial assets attempted to *maintain* their nest eggs.

Fifteen percent of participants didn't touch their funds at all and were therefore more likely to *grow* their assets.

Men (19%) and people with wages as a source of household income (24%) were the most likely to be able to reinvest their gains and hence grow their assets.

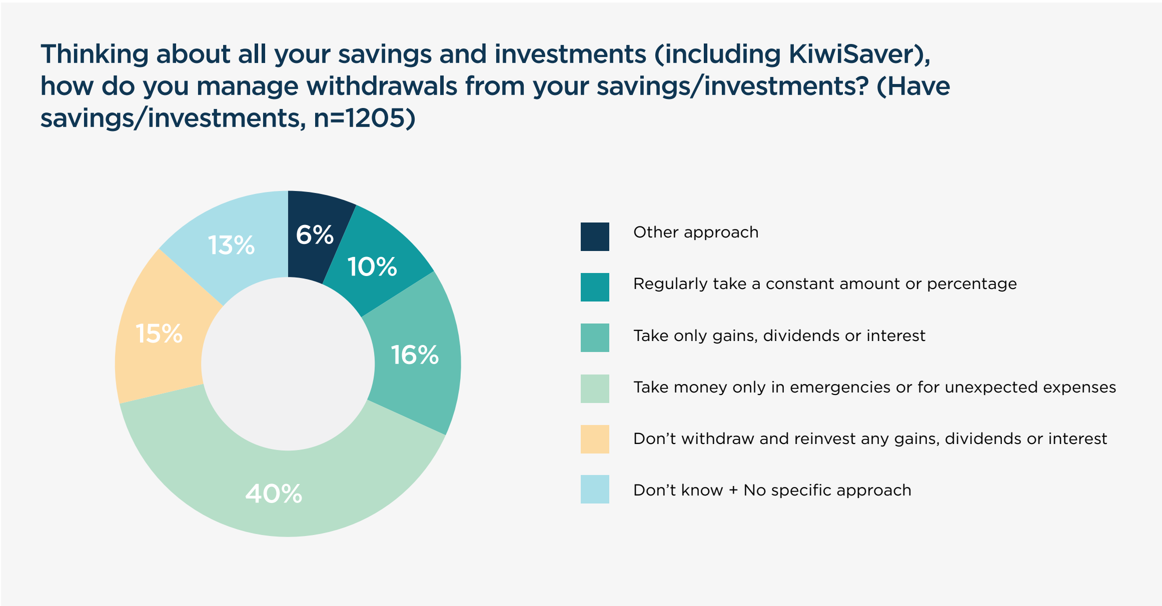
1 We did not ask how much the financial assets were valued at, so are unable to determine the impact of fund size on drawdown behaviour.

‘Other’ approaches included drawing down money for a specific project or simply on an as-needed basis.

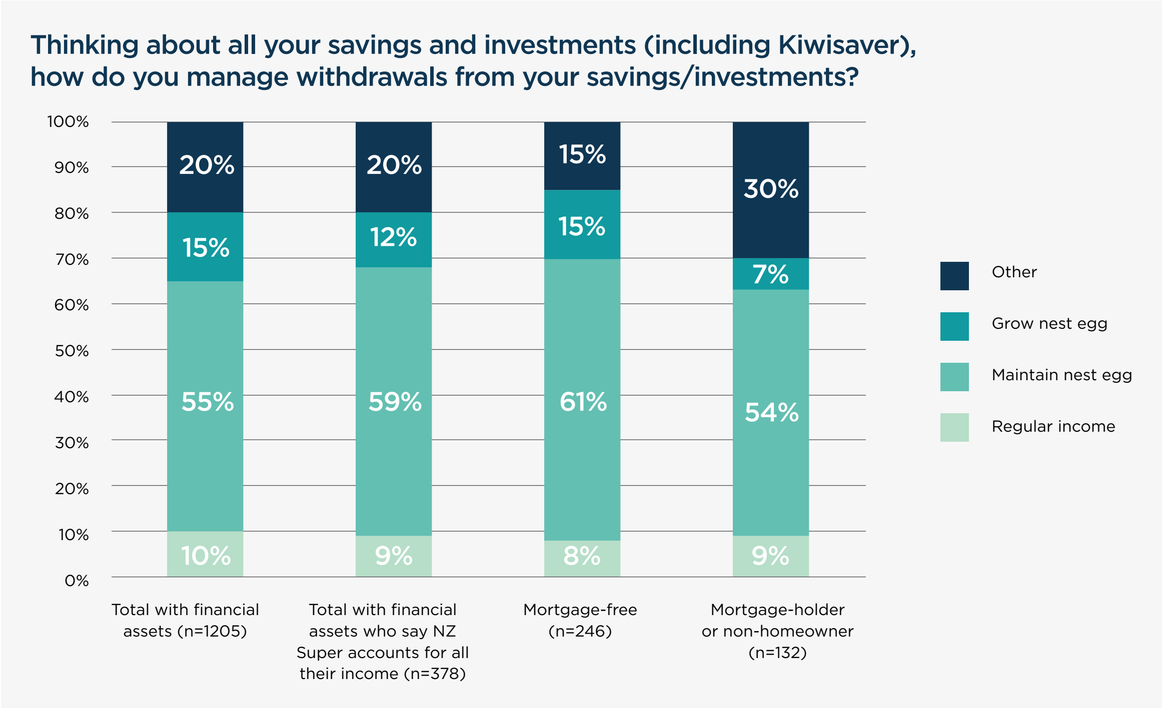
Again, narrowing down to look at the specific drawdown behaviour of those who said NZ Super provided all of their income but who had financial assets, 59% said they took a maintenance approach (taking only gains or in emergencies/for unexpected expenses), and 12% took a growth approach (didn’t withdraw at all) (Figure 13).

Narrowing further into tenure among those for whom NZ Super provided all of their income, 76% of mortgage-free homeowners were able to sit on their nest eggs (maintenance or growth of financial assets) and rely completely on NZ Super, compared to 61% of those who weren’t mortgage-free homeowners but relied completely on NZ Super.

### Figure 12. Decumulation behaviour of participants aged 65-plus with savings/investments



### Figure 13. Decumulation strategy of those who say NZ Super provides all of their income by tenure

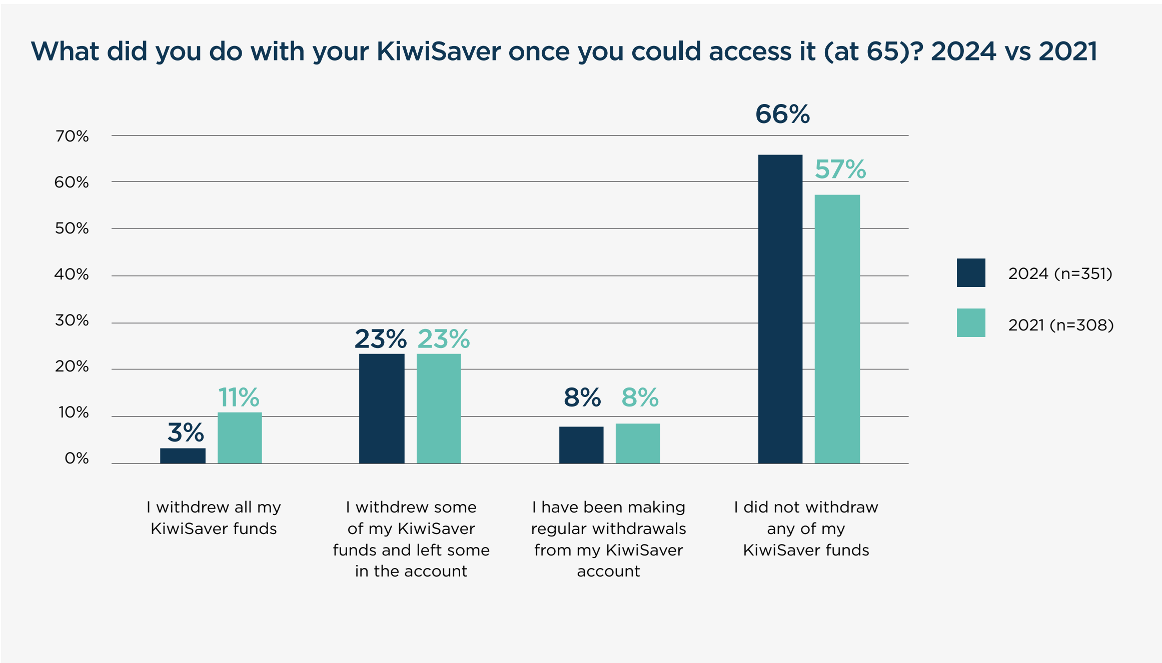



## KiwiSaver specifically

Two-thirds of KiwiSaver members said they kept their fund intact after turning 65, representing a significant increase from 2021 (57%). In contrast, only 3% of participants withdrew the entire amount in 2024, compared to 11% in 2021 (Figure 14).

- The amount in the fund at the time of turning 65 didn't influence withdrawal behaviour, nor did age.
- Although numbers were small, mortgage-holders were more likely to withdraw some of their fund and leave some in the account (44%).

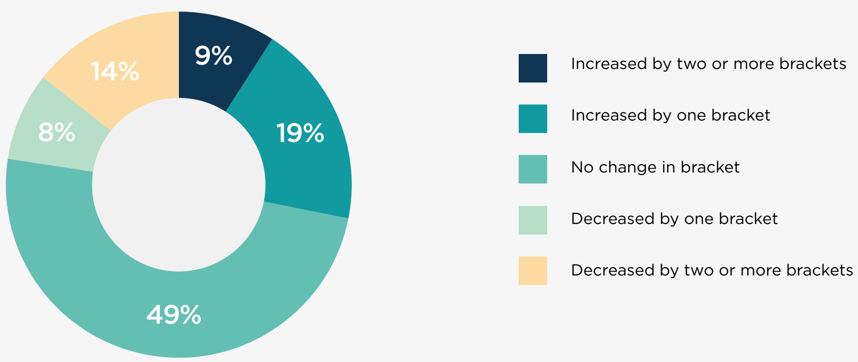
### Figure 14. KiwiSaver decumulation behaviour once a participant became eligible for withdrawal (at age 65)



To provide a rough estimate of how a participant's KiwiSaver balance changed over time, respondents were asked how much they estimated they had in their fund when they turned 65, and how much they currently had in their fund. A movement from one financial bracket to another suggested growth or decline of fund size. Of the participants who had KiwiSaver, 28% were able to grow their fund from the age of eligibility (65) until the survey date, 49% maintained their fund and 23% saw their fund decrease (see Figure 15)[1]. Again, this supports a maintenance or growth strategy.

### Figure 15. Change in KiwiSaver fund balance between turning 65 and now (for those who have KiwiSaver, n=297)

**How much did you have in your KiwiSaver fund when you turned 65? And how much do you currently have in your KiwiSaver?**




Participants who were able to grow their KiwiSaver fund were more likely to be:

- 75-plus (44%), compared to 65–74 (24%)[2]
- People who hadn't experienced a life shock after 50 (34%) than people who had (18%).

Additionally, both wages as a source of income and mortgage-free status produced marginally significant[3] differences in the ability to maintain or grow KiwiSaver balances from the age of 65 (Figure 16).

- Mortgage-free participants were significantly more likely to maintain or grow their KiwiSaver funds (80%) than people who weren't mortgage-free homeowners (70%).
- People with wages as a source of income were more likely to be able to grow their funds (33%) than people without wages (24%).

Almost all (95%) of those who had current KiwiSaver balances over $50,000 had maintained or grown the balance since becoming eligible to withdraw at the age of 65. In contrast, 36% of those with current balances below $50,000 said they saw a decline in balance since becoming eligible for withdrawal.

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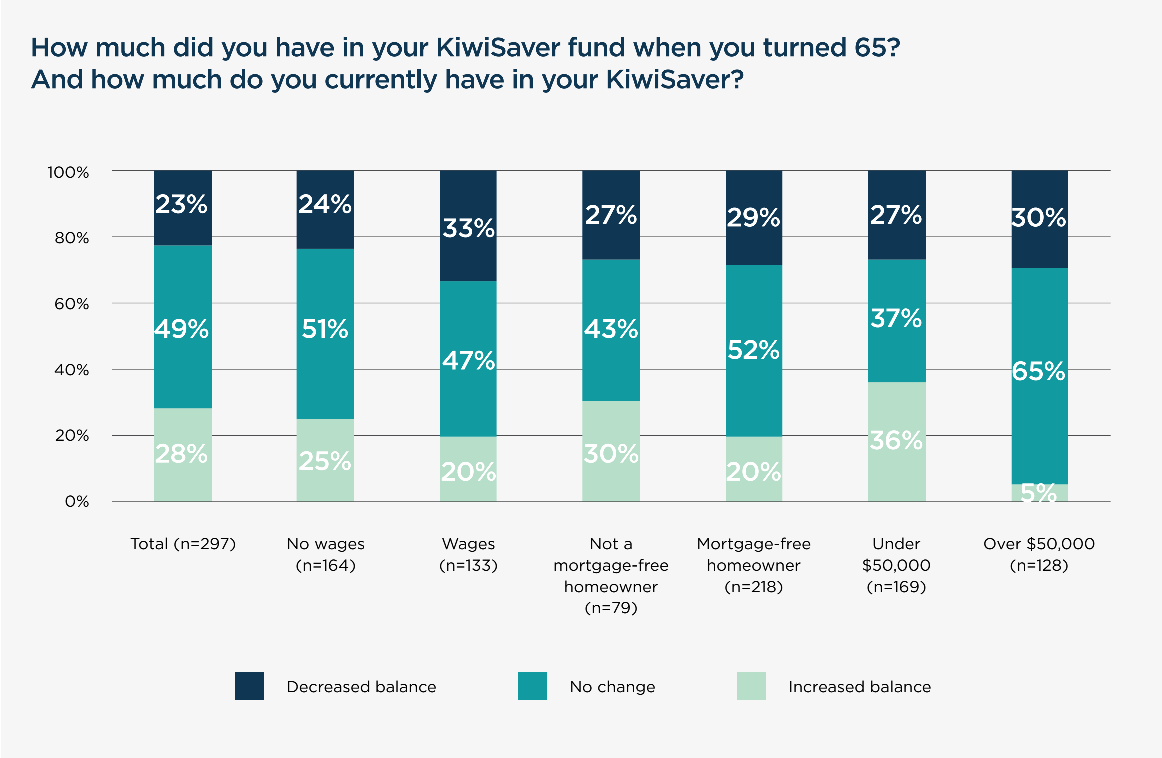
1 Change was calculated by subtracting the estimated current balance range from the pre-retirement balance range (ie the move from one balance category to another).

2 Indicative, n<100

3 P<0.1

**Figure 16. Impact of age, wages as a source of income and mortgage-free status on growth or decline of KiwiSaver balances since becoming eligible at age 65**




## Intentions for KiwiSaver funds

The top three intentions for withdrawn KiwiSaver funds were to put them into bank accounts (savings/term deposits) (34%), spend the money on living costs (30%), or use the money for unexpected expenses or emergencies (25%) (Figure 17). An average of 1.8 uses were selected.

The sample size of KiwiSaver members who hadn't yet withdrawn funds (n=223) was small, reducing the likelihood of statistically significant demographic differences. Exceptions showed that:

- On average, people with more than $50,000 in their KiwiSaver (and who hadn't yet withdrawn any funds) selected more intended uses (2.3) compared to those with less than $50,000 (1.4). They were more likely to intend to put their fund into a bank account (45%), spend it on living costs (41%) or add the money to other investments (31%).
- People who had experienced a life shock after 50 were more likely to say they intended to spend their fund on living costs (40%) or for unexpected expenses/emergencies (35%) than people who hadn't experienced life shocks.
- People who had disabilities/long-term health conditions were more likely to say they intended to use their fund for medical expenses (24%) or to make adjustments to their home (19%) than people who didn't have such conditions.

## Actual use of KiwiSaver funds

Among people who had already withdrawn at least some of their KiwiSaver fund, 21% put their withdrawn fund into a bank account (savings/term deposits). Others used it on a range of expenses, predominantly living expenses (26%), treats (19%), renovations (19%), debt/mortgage repayment (16%) and unexpected expenses/emergencies (16%) (with an average of 1.5 uses) (Figure 17).

Again, the sample size of KiwiSaver members who withdrew/withdraw their fund (n=120) was small, meaning further analysis by demographics was unlikely to produce statistically significant differences. Exceptions showed that:

- Men were significantly more likely to use the money to pay off a mortgage or other debt (25%, compared to 7% of women)
- People who had balances under $50,000 at the time of eligibility were significantly more likely to use their fund for occasional unexpected expenses or emergencies (24%, compared to 4% of those who had balances over $50,000 at the time of eligibility).

Despite small sample sizes, the use of withdrawn funds was nearly identical to that recorded in 2021 (Table 4).

- One exception was the increase in people using the funds for home maintenance/renovation, more than doubling from 8% to 19% in 2024.
- The options in the 2024 research separated out the proportion adding funds to investments versus depositing them into the bank and showed that participants tended to go for the more conservative option of the bank.
- Two other options were included in 2024: unexpected/emergency expenses (16%), and medical expenses (6%).

### Figure 17. Comparison of intended vs actual use of KiwiSaver funds among participants aged 65-plus

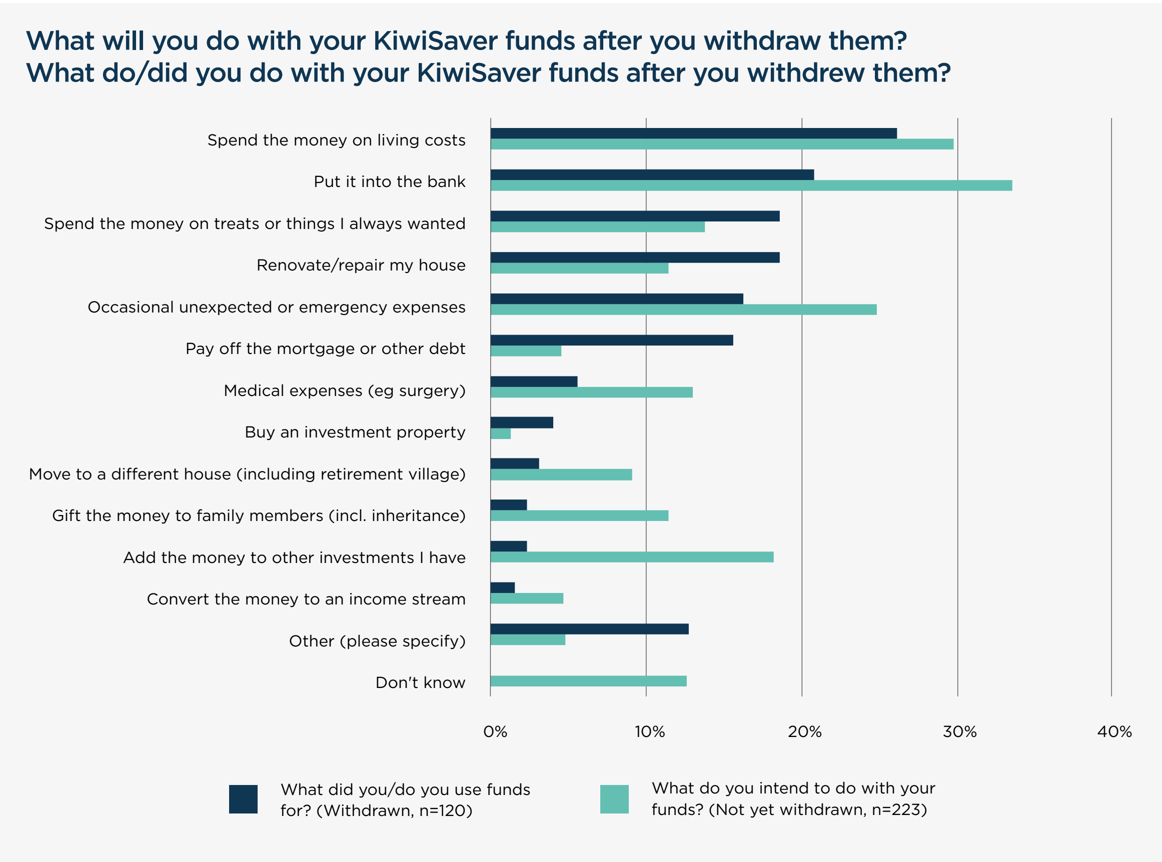


**Table 4. How KiwiSaver funds were used once eligible to withdraw (those who withdrew their funds)**

<table>
<tr><th>Those who withdrew their KiwiSaver fund when eligible (at 65)</th><th>2024 (n=120)</th><th>2021 (n=132)</th></tr>
<tr><td>I spend the money on living costs</td><td>26%</td><td>26%</td></tr>
<tr><td>I've put it into the bank (eg term deposits, savings accounts)</td><td>21%</td><td rowspan="2">25%</td></tr>
<tr><td>I've added the money to other investments I have</td><td>2%</td></tr>
<tr><td>I spend the money on treats or things I've always wanted to buy (eg car, holiday)</td><td>19%</td><td>25%</td></tr>
<tr><td>I use the money to renovate/repair my house (including adjustments required due to age)</td><td>19%</td><td>8%</td></tr>
<tr><td>I use the money for occasional unexpected or emergency expenses</td><td>16%</td><td>-</td></tr>
<tr><td>I used the money to pay off the mortgage or other debt</td><td>16%</td><td>16%</td></tr>
<tr><td>I use the money on medical expenses (eg surgery)</td><td>6%</td><td>-</td></tr>
<tr><td>I used the money to buy an investment property</td><td>4%</td><td>2%</td></tr>
<tr><td>I used the money to move to a different house (including retirement village)</td><td>3%</td><td>3%</td></tr>
<tr><td>I gifted the money to family members (including leaving an inheritance)</td><td>2%</td><td>2%</td></tr>
<tr><td>I converted the money into an income stream (eg by buying an annuity or an income-generating investment)</td><td>2%</td><td>4%</td></tr>
<tr><td>Other (please specify)</td><td>13%</td><td>8%</td></tr>
</table>

Overall, the results demonstrate that most older people tend to either limit withdrawals or reinvest gains, showing a common desire to preserve or grow their finances, even in retirement. Few convert their investments into regular income. This pattern aligns with international findings of under-consumption and asset retention, and in some cases, financial growth (eg Australia)[33].

Encouraging those with adequate funds to spend can improve their quality of life. For instance, Le and Richardson (2023) found that discretionary spending better measures wellbeing than total expenditure[34]. Decumulation also has macroeconomic benefits, such as smoothing consumption, sustaining growth and promoting intergenerational equity[35]. However, it is also likely that people take a conservative approach to allow for bequests[36], or as a buffer to ensure their fund lasts their lifetime. The results are consistent with calls for tools and advice that assist older people to feel more comfortable moving from a 'saving' mindset pre-retirement to one of 'spending' in retirement (eg Reyers, 2022)[37].

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33 Age_Pensioner_Profiles_A_Longitudinal_Study_of_Income_Assets_and_Decumulation.pdf
34 Expenditure patterns of New Zealand re
35 excess-savings.pdf
36 TAAO-Older-Peoples-Voices-Research.pdf
37 ToR-5-Decumulation-Policy-Insights-TAAO.pdf

# Conclusion

**This paper provided an overview of the income, expenditure and decumulation behaviour of older New Zealanders. It revealed significant disparities that are crucial for understanding the economic landscape of this demographic group.**

## Sources of income

NZ Super remains the cornerstone of financial support for the vast majority of participants aged 65-plus, with 93% relying on it as a primary source of income. The additional income streams from KiwiSaver, personal savings, investments and wages highlight the diversity in financial strategies employed by some older adults. Notably, men, mortgage-free homeowners, and couples tend to have more varied sources of income, indicating a potential link between the ability to diversify income and financial stability.

## Expenditure patterns

The data underscores the impact of cost-of-living increases on older adults, particularly in areas of non-discretionary spending, such as insurance, rates and household energy. Conversely, discretionary spending sees a marked decrease post-retirement for many older people, and particularly among lower-income households and those with ongoing mortgage obligations. The size of reduction suggests a trend towards frugality for certain groups of older people and a need to prioritise essential expenses over non-essential ones, consistent with qualitative findings that indicated a tendency among some older people to 'do without'.

## Decumulation behaviour

The study sheds light on the varying approaches to managing financial assets in retirement. A significant portion of participants, including those who rely solely on NZ Super, possess financial assets such as savings, investments and KiwiSaver. The majority adopt a conservative approach, either limiting withdrawals or reinvesting gains, indicating a widespread belief in the need to maintain or grow financial resources, even in retirement. Only a relatively small proportion convert their investments into a regular stream of income. The ability for people to maintain or grow their KiwiSaver balance is correlated with a higher initial balance, suggesting that those with substantial KiwiSaver funds are better positioned to sustain their financial health.

## Implications

The findings have crucial implications for policymakers and financial planners working with older adults. The reliance on NZ Super highlights the importance of this social safety net. Health and discretionary spending disparities among some older groups signals the need for greater awareness of targeted government support like the Accommodation Supplement and Disability Allowance, especially for those unfamiliar with Work and Income NZ.

Many older people continue to save rather than spend in retirement. The results are consistent with calls in previous Reviews of Retirement Income Policies for tools and advice that assist older people to feel more comfortable moving from a ‘saving’ mindset pre-retirement to one of ‘spending’ in retirement.

Future research could examine the psychology behind decumulation in a New Zealand context. Who ‘decumulates’, and who ‘accumulates’, why, and how? How easy is it for asset-holders to shift from a ‘saving’ to a ‘spending’ mindset? Where does bequest preservation and buffering rank in the hierarchy of savings versus spending? Cultural and gender lenses should also be used when understanding such differences in attitudes and behaviour.

In conclusion, the financial behaviours and outcomes of New Zealanders aged 65-plus reveal a complex interaction of asset management, expenditure patterns and reliance on government support. These insights are valuable for shaping policies and services that better support the financial wellbeing of older adults in New Zealand.

# Appendices

### Appendix 1. Personal and household income per annum (before tax) by gender (excluding those who declined to answer or said 'Don't know')

| | Personal income | | Household income | |
|---|---|---|---|---|
| | Men | Women | Men | Women |
| $10,000 or under | 1% | 3% | 2% | 3% |
| $10,001 – $20,000 | 10% | 12% | 3% | 4% |
| $20,001 – $30,000 | 37% | 44% | 13% | 23% |
| $30,001 – $50,000 | 23% | 27% | 26% | 40% |
| $50,001 – $70,000 | 12% | 8% | 20% | 14% |
| $70,001 – $90,000 | 7% | 2% | 10% | 5% |
| $90,001 – $110,000 | 4% | 2% | 10% | 5% |
| More than $110,000 | 6% | 2% | 17% | 7% |
| Base (excluding 'Decline/ Don't know') | 589 | 558 | 583 | 547 |

### Appendix 2. Proportion of potentially eligible disabled people who haven't claimed the Disability Allowance

| Variable | Number of participants | Proportion of participants |
|---|---|---|
| Has a disability that restricts everyday activities *despite using an assistive device* | 580 | 41% of total sample |
| Disabled people with low income | 479 | 82% of disabled sample |
| Disabled people with low income who *don't* claim | 310 | 66% of low-income disabled sample |
| Potentially eligible disabled people with low income who believe they are ineligible or without need (or who do receive it) | 152 | 32% of low-income disabled sample |
| Disabled people who don't claim (excl. reasons of perceived ineligibility) | 157 | 33% of low-income disabled sample (27% of all disabled sample) |

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