

Te Ara Ahunga Ora Insights Programme Q1 FY24 Reporting

November 2023

TRA

The context for this report

This document is the sixth report since Te Ara Ahunga Ora Retirement Commission reset its research approach in 2020.

Having adopted an 'always on' population survey since March 2021, we can track and measure trends in New Zealanders' financial confidence over time.

For this review, the primary focus is on deep diving into Pasifika people to understand how they've been doing over the last two years.

Survey methodology

- Our population survey target is n=930 New Zealanders aged 18+ per quarter, who are nationally representative of NZ based on age, gender, and region. Survey length is 15 mins, completed online.
- Baseline data was captured in February 2021 and from March onwards we adopted an ‘always on’ approach to fieldwork. So far, we have surveyed 10,833 New Zealanders.
- 65+ were only included in this research from mid-2021, so this report will focus on all 18+ over the last two years (data Q4 2021 – Q3 2023). This represents a sample of 8,267 New Zealanders. Within this, there is a sample of 759 Pasifika people.
- For the rest of the report, we refer to time periods using financial quarters so Q2 FY22 – Q1 FY24.

Please note that in some cases findings are not statistically significant for a particular sub-group, even though they may return a higher percentage than other groups. This is due to smaller sample sizes for some populations of interest.

Please also note that no quotas or weighting is applied based on household income. Due to the composition of online research panels, this may mean that higher earning households are over-represented as a result.

- Agenda

Update on NZ's financial landscape

1

Deep dive into Pasifika people

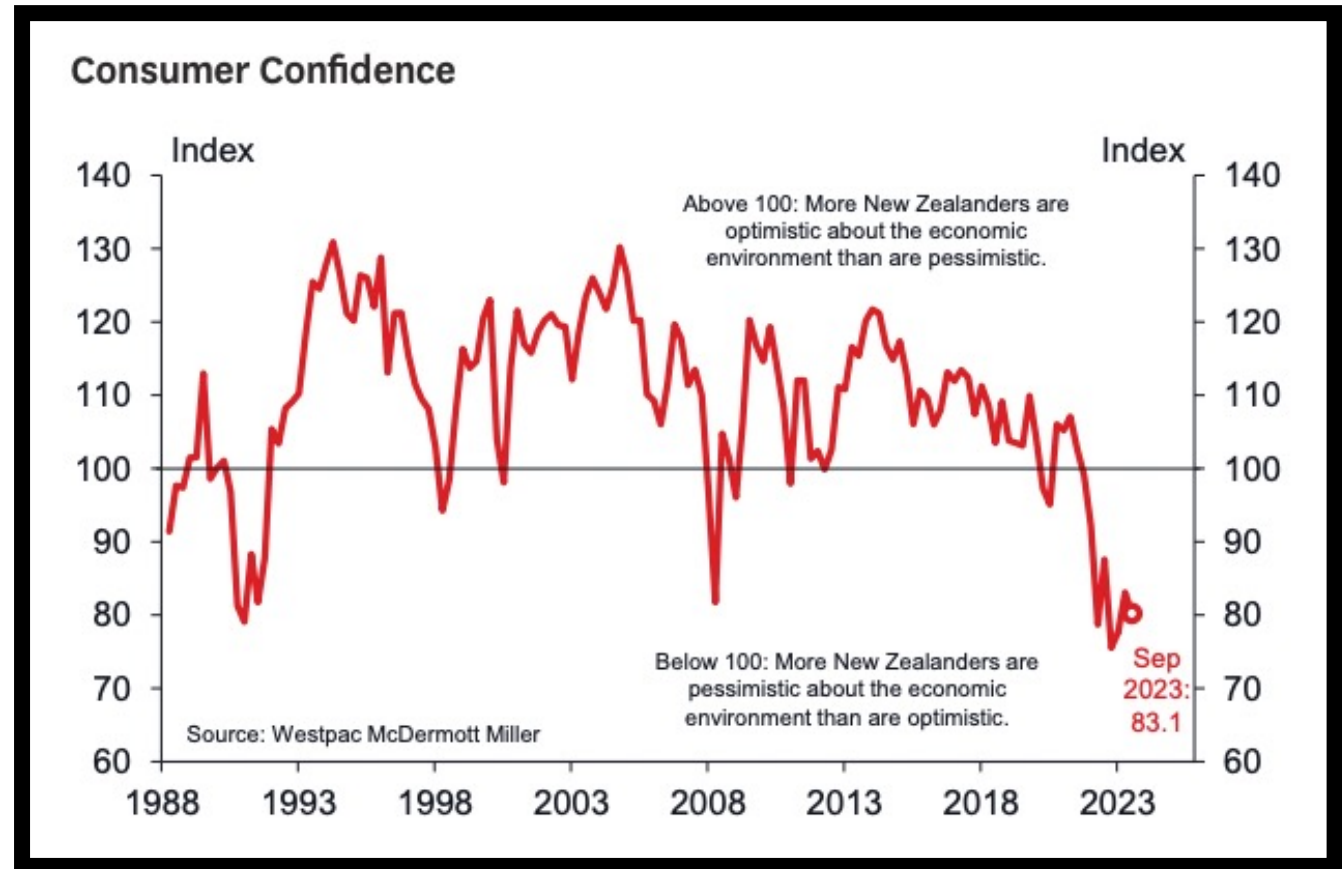
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Update on NZ's financial landscape

1

Overall, consumer confidence across New Zealand remains low.

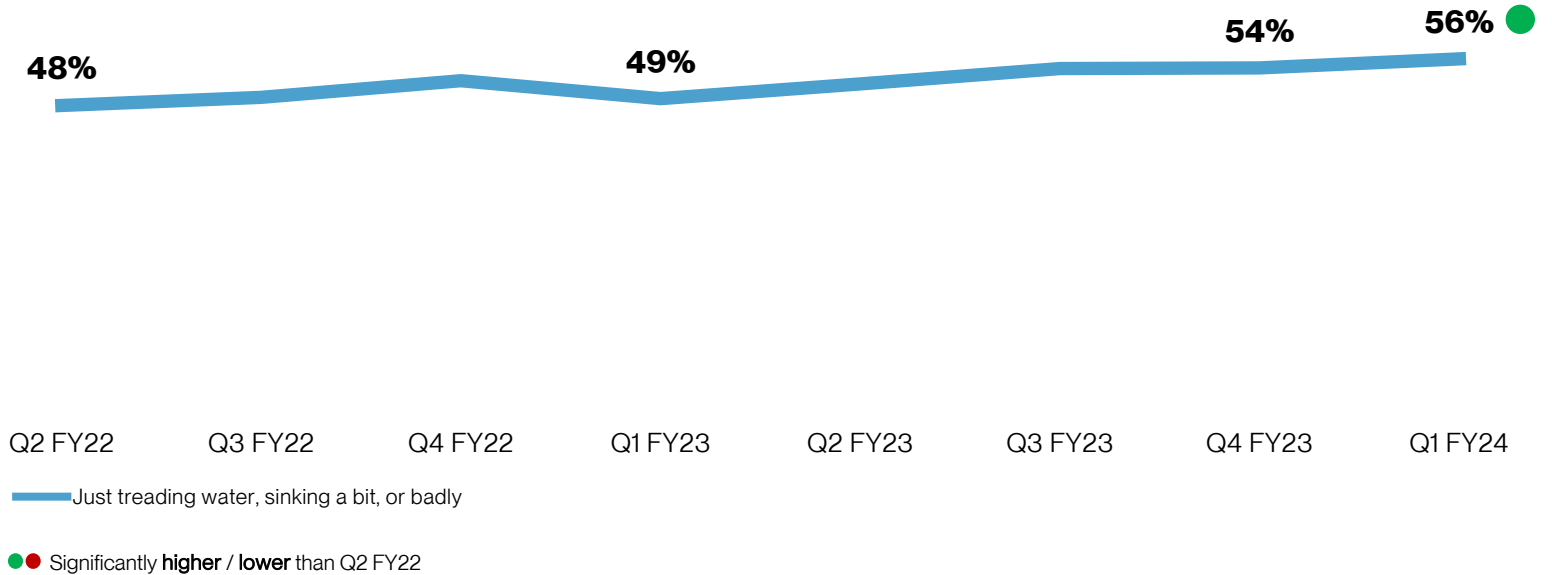
The 'squeeze' on households' finances continues with further increases in living costs.



As a result, more New Zealanders describe their financial position as ‘worsening’.

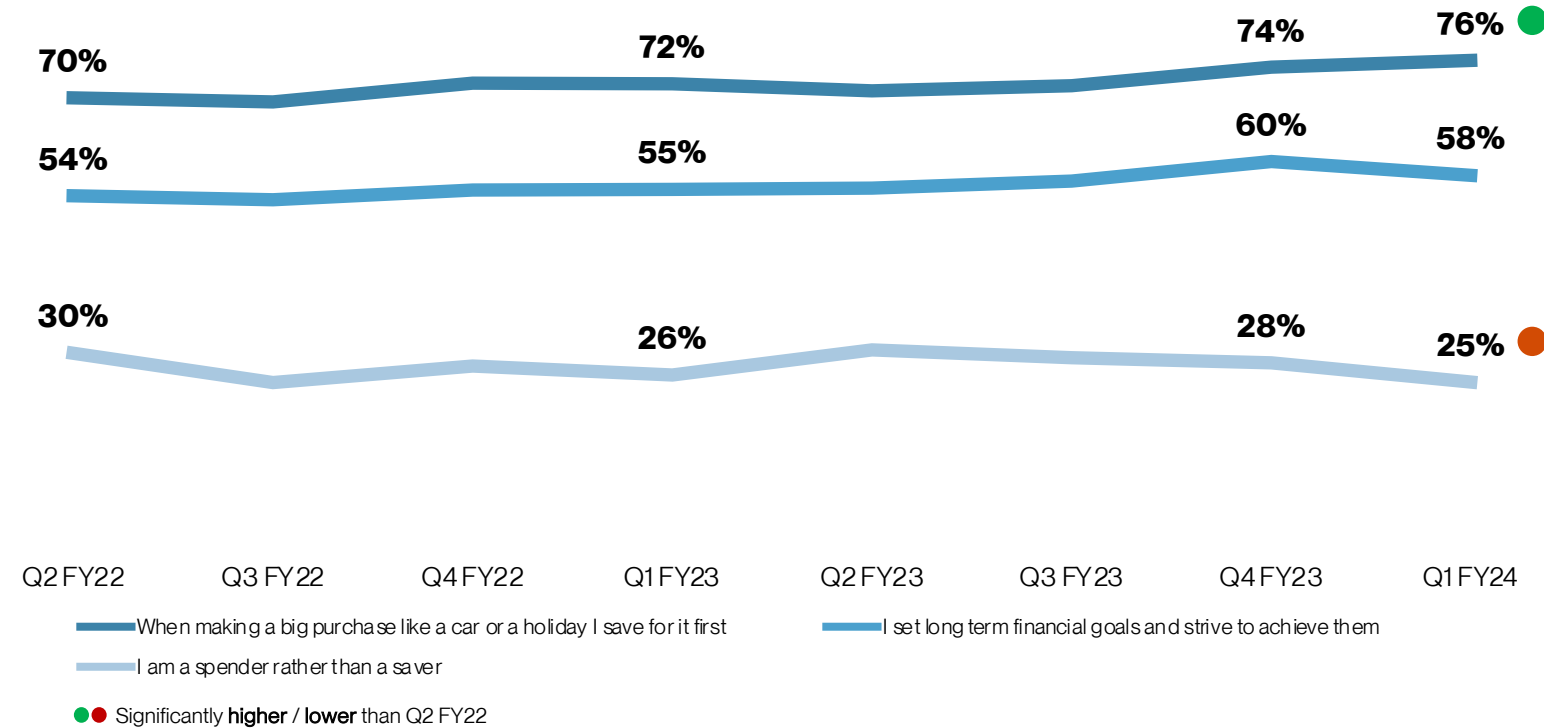
This is driven by more feeling as if they are ‘treading water’, a transition from ‘starting to swim comfortably’ or ‘swimming happily.’

Population Survey: Financial Situation



There's evidence that New Zealanders are adjusting their relationship with money to align with their changing financial state.

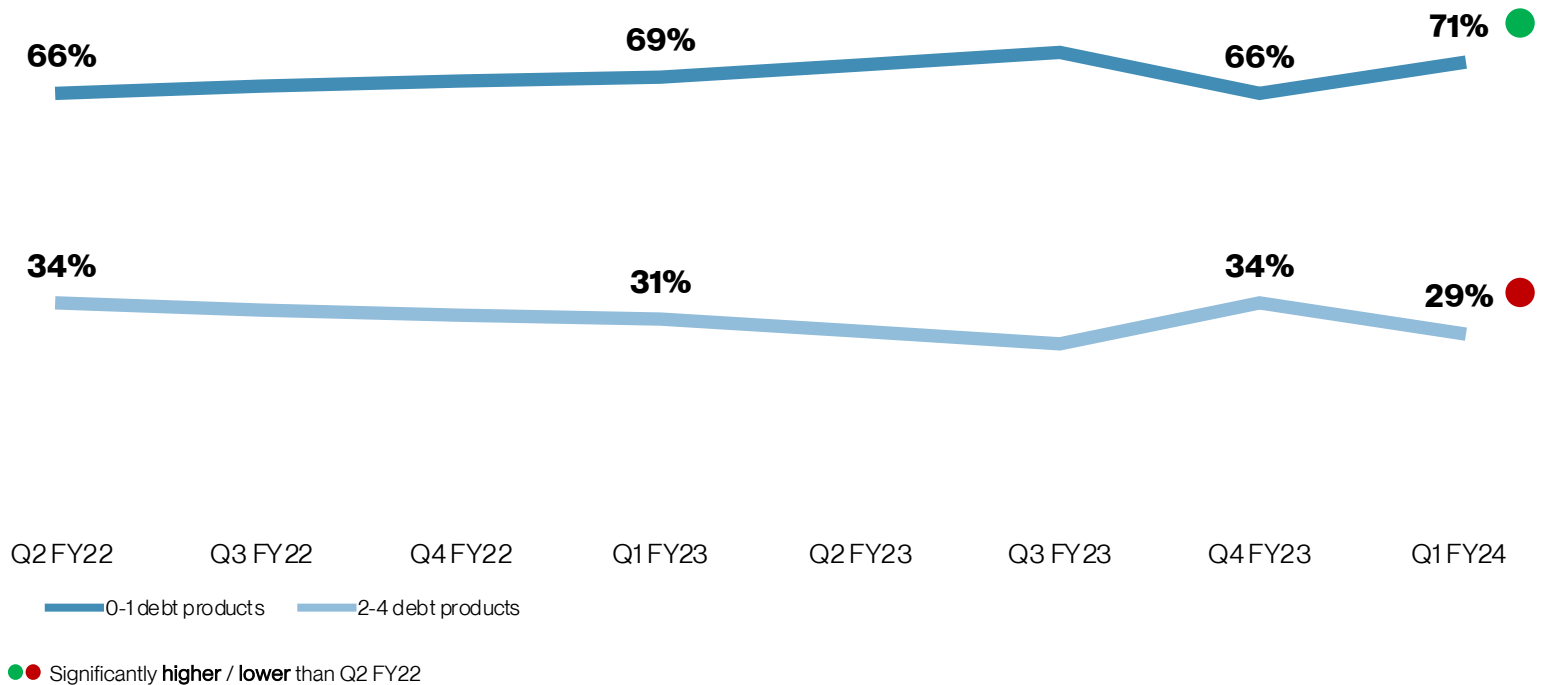
Population Survey: Money Management Behaviours



And they are reducing the breadth of financial debt products held.

This reduction in debt products is driven by a reduction in mortgages.

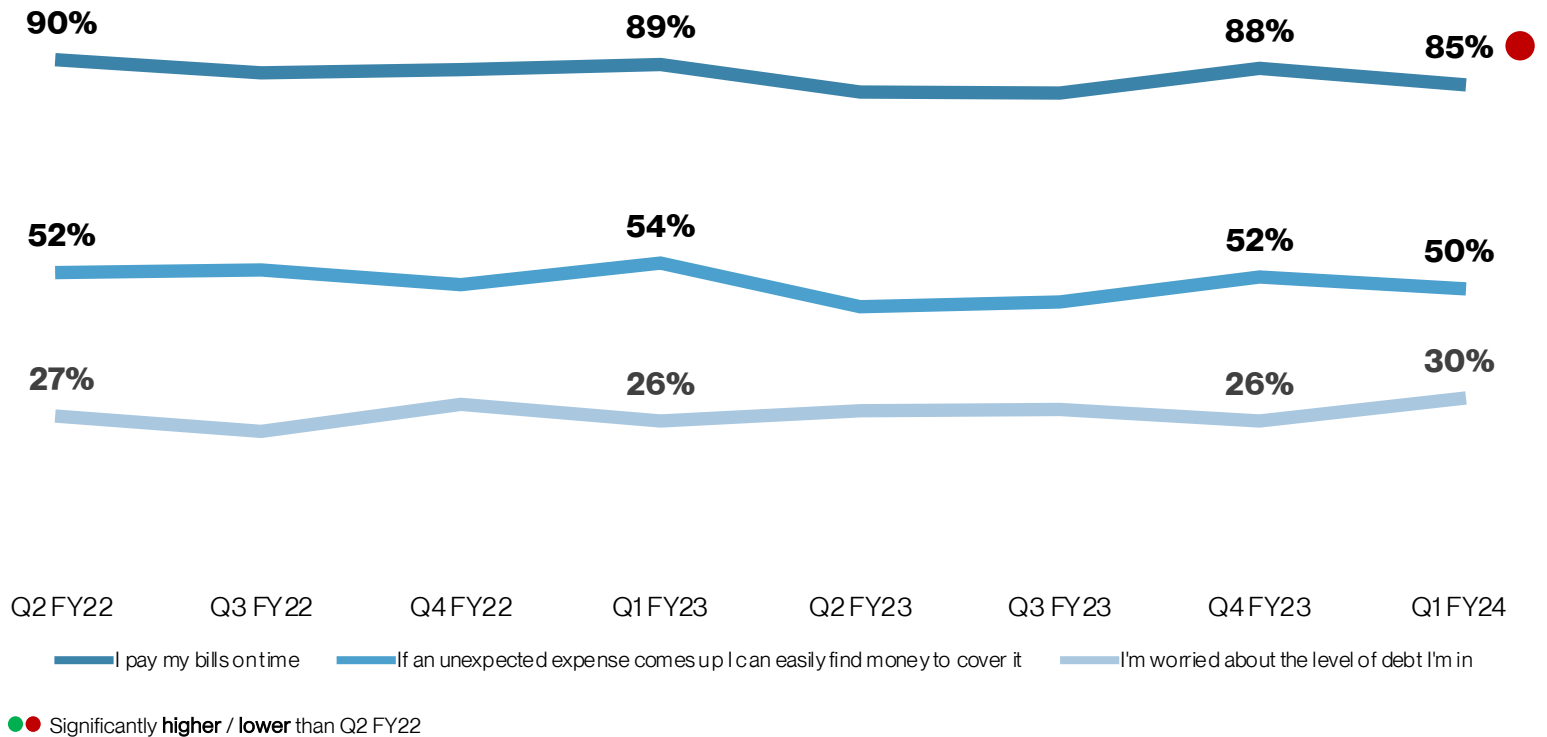
Population Survey: Number of debt-related financial products



Despite some improvement in areas of money management, a large proportion are still struggling.

Significantly less are paying their bills on time, and there's some signs of increasing concern over debt, and declining ability to meet unexpected expenses.

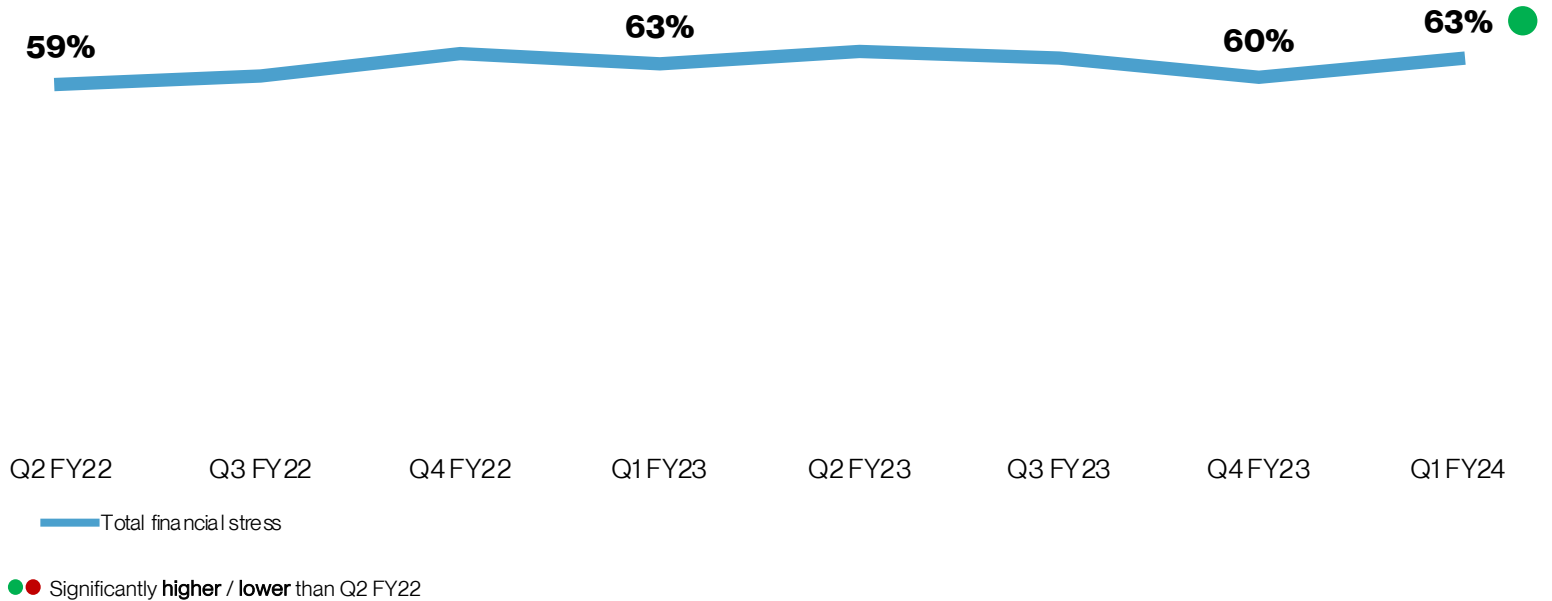
Population Survey: Money Management Behaviours



This has led to rising levels of financial stress.

The growing financial stress is primarily experienced in the form of losing sleep, and missing out on social activities that otherwise would have been important.

Population Survey: Financial Stress



Summary

- New Zealanders are still feeling the pinch in their financial situations.
- Although there are positive adjustments to money management behaviours, this is not enough to alleviate levels of financial concern and stress.
- New Zealanders will continue looking for ways to manage their tight financial situation until times change for the better.

Deep dive into Pasifika people

2

In NZ, Pasifika people tend to be more financially vulnerable. By taking a closer look, it may help us understand which groups (if any), may need more support than others.

We'll look at Pasifika subgroups through the lens of age, gender, and place of birth (i.e., born in NZ vs. born outside of NZ). While those under 35 are more likely to be born in NZ (77%), a good proportion of 35+ are also born in NZ (66%).

Pasifika are more likely to be in an uncomfortable financial position.

Pasifika 35+ and those born in NZ appear to be feeling a greater level of discomfort.

	Total NZ		Among Pasifika					
	Rest of NZ	Pasifika	18-34	35+	Male	Female	Born in NZ	Born out of NZ
Total uncomfortable financial position	51%	61%	58%	63%	61%	61%	63%	56%
Just treading water	37%	41%	36%	45%	42%	40%	44%	32%
Sinking a bit	10%	13%	14%	13%	14%	13%	13%	16%
Sinking badly	5%	7%	7%	6%	5%	7%	6%	8%

● Significantly higher than the other group

FINANCIAL_SIT2: Looking at the phrases below, which one best describes your current financial situation?
 Base Q2 FY22 - Q1 FY24: Rest of NZ n=7,508; Pasifika n=759; Pasifika 18-34 n=359; Pasifika 35+ n=400; Pasifika Male n=260; Pasifika Female n=499; Pasifika Born NZ n=547; Pasifika Born out of NZ n=212

Pasifika are more financially stressed overall.

Pasifika 18-34 and those born in NZ tend to experience more financial stress than others.

Some of the stressors that Pasifika are significantly more likely to experience include losing sleep, making unhealthy eating choices, having problems with interpersonal relationships, and missing out on doing social activities that would have been important to them.

I am worried about the level of debt I am in

I am worried about my finances from pay to pay

Experienced financial stress in the last 12 months

	Total NZ		Among Pasifika					
	Rest of NZ	Pasifika	18-34	35+	Male	Female	Born in NZ	Born out of NZ
I am worried about the level of debt I am in	27%	41%	41%	41%	45%	39%	42%	39%
I am worried about my finances from pay to pay	36%	47%	49%	45%	47%	46%	50%	38%
Experienced financial stress in the last 12 months	61%	77%	85%	70%	76%	78%	82%	66%

● Significantly higher than the other group

MONEY_MGMT4: How much do you agree or disagree with the following statements? (Top 2 box)

FINANCIAL_STRESS: Over the last year, has concern about money and your personal finances caused you to do any of the following?

Base Q2 FY22 - Q1 FY24: Rest of NZ n=7,508; Pasifika n=759; Pasifika 18-34 n=359; Pasifika 35+ n=400; Pasifika Male n=260; Pasifika Female n=499; Pasifika Born NZ n=547; Pasifika Born out of NZ n=212

This appears to be linked to their circumstances and to their relationship with money.

Pasifika 18-34 and those born in NZ over-index on being a 'spender rather than a saver.'

	Total NZ		Among Pasifika					
	Rest of NZ	Pasifika	18-34	35+	Male	Female	Born in NZ	Born out of NZ
I am a spender rather than a saver	27%	39%	46%	34%	40%	39%	45%	26%
I keep a close personal watch on my financial affairs	81%	72%	67%	76%	72%	72%	71%	75%
I set long-term financial goals and try to achieve them	56%	52%	54%	50%	51%	52%	51%	55%
I pay my bills on time	87%	78%	77%	79%	81%	77%	77%	81%
I give money to others when I can't afford to & don't know how to stop	17%	31%	33%	29%	33%	29%	32%	27%

● Significantly higher than the other group

MONEY_MGMT1, 3 & 4: How much do you agree or disagree with the following statements? (Top 2 box)
 Base Q2 FY22 - Q1 FY24: Rest of NZ n=7,508; Pasifika n=759; Pasifika 18-34 n=359; Pasifika 35+ n=400; Pasifika Male n=260; Pasifika Female n=499; Pasifika Born NZ n=547; Pasifika Born out of NZ n=212

Pasifika perceive more barriers to active money management.

A key aspect of these barriers revolves around a lack of knowledge and experience.

Barriers are more prominent for Pasifika 18-34 and those born in NZ.

	Total NZ		Among Pasifika					
	Rest of NZ	Pasifika	18-34	35+	Male	Female	Born in NZ	Born out of NZ
Total barriers to money management	62%	79%	83%	75%	82%	77%	82%	71%
I don't know enough about finances	11%	19%	21%	17%	19%	19%	19%	19%
I don't know where to go to get trusted / independent advice	10%	18%	19%	17%	17%	18%	20%	11%
I think it's too complicated	9%	15%	17%	13%	11%	17%	15%	15%
I get stressed / anxious thinking too much about finances	24%	35%	37%	34%	31%	37%	38%	28%

● Significantly higher than the other group

BARRIERS: Which of the following, if any, stops you from managing your money?
 Base Q2 FY22 - Q1 FY24: Rest of NZ n=7,508; Pasifika n=759; Pasifika 18-34 n=359; Pasifika 35+ n=400; Pasifika Male n=260; Pasifika Female n=499; Pasifika Born NZ n=547; Pasifika Born out of NZ n=212

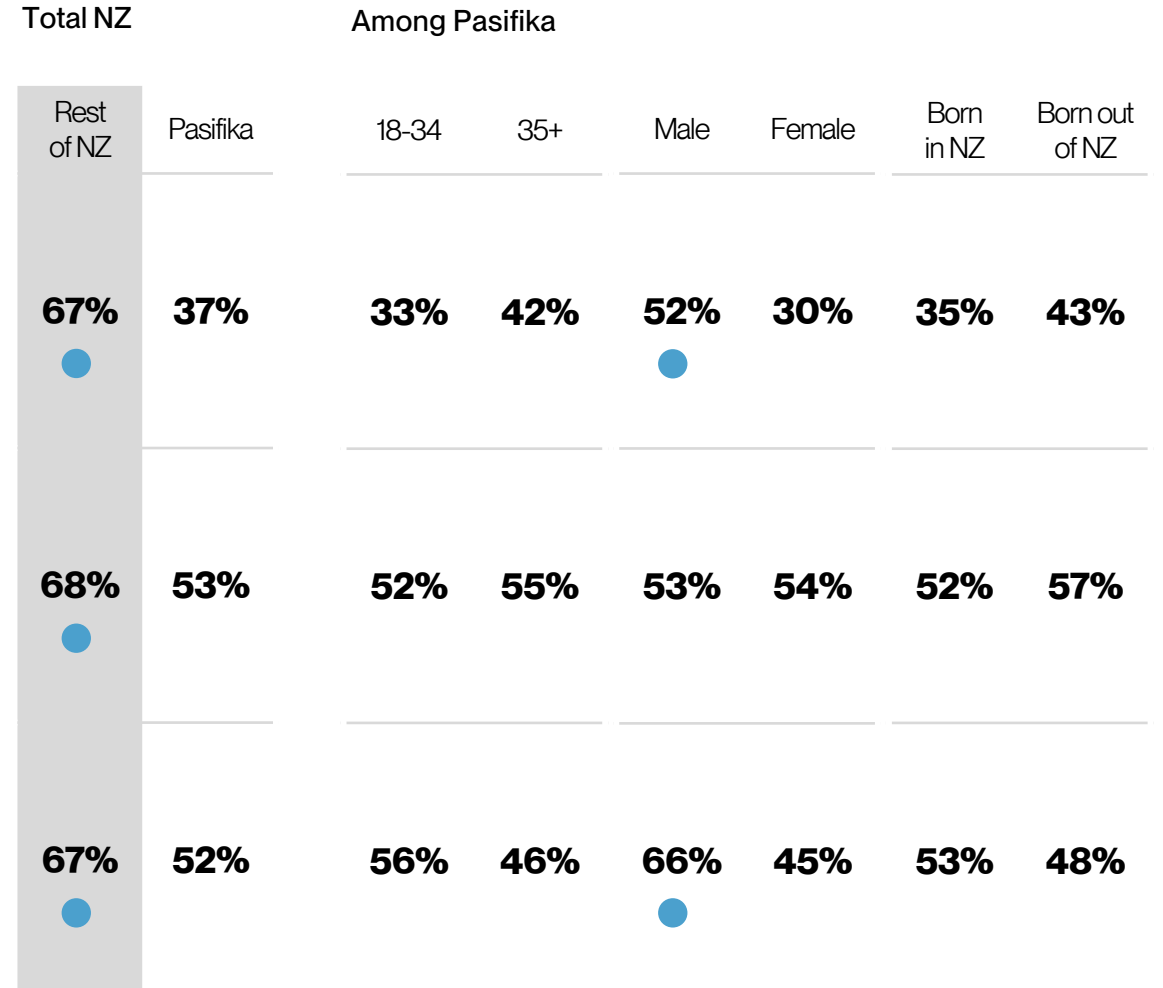
And have lower levels of financial literacy.

Among Pasifika, Males tend to have better levels of financial literacy.

Imagine that you have put \$100 into a no fee savings account with a guaranteed interest rate of 2% per year...how much would be in the account at the end of the first year?
% correctly answered

Now, imagine that the interest rate on that same savings account was 1% per year, and inflation was 2% per year. After one year, which of the following do you think is true?
% correctly answered

Finally, imagine that the year is 2027 and your income has doubled, but the price of goods and services have also doubled. Compared to your current situation, which of the following do you think is true?
% correctly answered



● Significantly higher than the other group

KNOW_1 , KNOW_2 , KNOW_3: Financial literacy questions (added March 2023).

Base Q3 FY23 - Q1 FY24: Rest of NZ n=1,994; Pasifika n=211; Pasifika 18-34 n=110; Pasifika 35+ n=101; Pasifika Male n=69; Pasifika Female n=142; Pasifika Born NZ n=161; Pasifika Born out of NZ n=50

But Pasifika do want more financial guidance and have sought this in the last 12 months.

Specifically, Pasifika 18-34 and those born in NZ have a greater appetite for financial guidance.

Places Pasifika have turned to for financial advice are more likely to be from family and friends, social media, bank staff, and the workplace. Authorised financial advisors sit 5th at 13% and levels are at parity with the rest of NZ.

INFO_RELEVANT: Which of the following information about finances, would be relevant or useful to you?
 INFO_SEEKL12M: In the past 12 months, have you received or sought advice or information about money from any of the following sources?
 Base Q2 FY22 - Q1 FY24: Rest of NZ n=7,508; Pasifika n=759; Pasifika 18-34 n=359; Pasifika 35+ n=400; Pasifika Male n=260; Pasifika Female n=499; Pasifika Born NZ n=547; Pasifika Born out of NZ n=212

	Total NZ		Among Pasifika					
	Rest of NZ	Pasifika	18-34	35+	Male	Female	Born in NZ	Born out of NZ
Information on how to budget is relevant	23%	48%	56%	41%	44%	50%	51%	41%
Information on how to manage debt is relevant	19%	46%	51%	42%	43%	48%	48%	40%
Information on how to build up savings is relevant	32%	56%	63%	50%	51%	58%	57%	54%
Information on how to make investments is relevant	30%	46%	55%	38%	45%	47%	47%	44%
Have sought financial advice in the last 12 months	45%	61%	70%	53%	63%	60%	63%	57%

● Significantly higher than the other group

Summary

- Pasifika are more financially stressed than the rest of the NZ. And among the group, 18-34's and NZ born appear to be in a tighter spot.
- Given that a key barrier to better money management is linked to the lack of knowledge and experience, it's important that they are fully equipped with the right resources to feel empowered. Our younger Pasifika and NZ born will be more receptive to this as they over-index on the desire for financial guidance.

Pasifika are more likely to have short term debt-related financial products.

The ability to have investments and general insurance comes with age.

	Total NZ		Among Pasifika					
	Rest of NZ	Pasifika	18-34	35+	Male	Female	Born in NZ	Born out of NZ
Personal loans	14%	28%	24%	31%	24%	30%	28%	28%
Buy Now Pay Later	21%	39%	45%	32%	32%	42%	41%	33%
Mortgage	29%	16%	11%	20%	22%	13%	17%	14%
Investments	34%	17%	14%	20%	24%	13%	16%	21%
General Insurance	58%	34%	24%	42%	35%	33%	34%	32%




● Significantly higher than the other group

FINANCIAL_PRODUCTS: Which other financial products do you have?
 Base Q2 FY22 - Q1 FY24: Rest of NZ n=7,508; Pasifika n=759; Pasifika 18-34 n=359; Pasifika 35+ n=400; Pasifika Male n=260; Pasifika Female n=499; Pasifika Born NZ n=547; Pasifika Born out of NZ n=212

Pasifika are less likely to have personal savings.

And as a result, have less ability to meet unexpected costs.

Interestingly, Pasifika born outside of NZ are an exception, with savings levels closer to that of the rest of NZ.

	Total NZ		Among Pasifika					
	Rest of NZ	Pasifika	18-34	35+	Male	Female	Born in NZ	Born out of NZ
Personal savings	58% 	45%	45%	46%	49%	43%	42%	53% 
If an unexpected expense comes, I can easily find money to cover it	51% 	42%	41%	43%	42%	42%	41%	42%

FINANCIAL_PRODUCTS: Which other financial products do you have?
 MONEY_MGMT4: How much do you agree or disagree with the following statements? (Top 2 box)
 Base Q2 FY22 - Q1 FY24: Rest of NZ n=7,508; Pasifika n=759; Pasifika 18-34 n=359; Pasifika 35+ n=400; Pasifika Male n=260; Pasifika Female n=499; Pasifika Born NZ n=547; Pasifika Born out of NZ n=212

 Significantly **higher** than the other group

More Pasifika are in KiwiSaver however, they are also more likely to put contributions on hold.

18-34's and those born in NZ are the most likely to be pausing contributions.

	Total NZ		Among Pasifika					
	Rest of NZ	Pasifika	18-34	35+	Male	Female	Born in NZ	Born out of NZ
Total have KiwiSaver	70%	79%	82%	76%	71%	83%	82%	70%
I am making contributions or payments to my KiwiSaver	51%	53%	52%	54%	48%	56%	53%	54%
I'm not currently making contributions to my KiwiSaver	19%	25%	30%	22%	23%	27%	29%	16%

● Significantly higher than the other group

KIWISAVER: Are you currently in KiwiSaver and making contributions or payments?
 Base Q2 FY22 - Q1 FY24: Rest of NZ n=7,508; Pasifika n=759; Pasifika 18-34 n=359;
 Pasifika 35+ n=400; Pasifika Male n=260; Pasifika Female n=499; Pasifika Born NZ
 n=547; Pasifika Born out of NZ n=212

Summary



- Pasifika are less likely than the rest of NZ to have financial products that build for the future, such as savings and investments, and more likely to have short-term debt.
- However, they do over-index with being in KiwiSaver, with approximately half actively making contributions. This indicates that while financially they may not be able to build for the future more widely as the rest of NZ, they do see the importance of contributing towards their retirement.

Thus far, Pasifika are more vulnerable than the rest of NZ, however has their level of vulnerability changed over time with the increased cost of living?

We'll now examine if there has been changes since a year ago (e.g. the year ending Q1 FY23 versus year ending Q1 FY24).

Financial discomfort for Pasifika is high, but not growing.

This is also true across the Pasifika subgroups.

	Rest of NZ		Pasifika	
	Year End Q1 FY23	Year End Q1 FY24	Year End Q1 FY23	Year End Q1 FY24
Total uncomfortable financial position	49%	54% 	60%	61%
Just treading water	36%	39% 	40%	41%
Sinking a bit	9%	10%	14%	13%
Sinking badly	4%	5%	6%	7%

  Significantly **higher / lower** than year end Q1 FY23 (YA)

FINANCIAL_SIT2: Looking at the phrases below, which one best describes your current financial situation?
 Base year end Q1 FY23: Rest of NZ n=4,006; Pasifika n=374; Pasifika subgroup range n=113 to 261
 Base year end Q1 FY24: Rest of NZ n=3,502; Pasifika n=385; Pasifika subgroup range n=99 to 286

Barriers to money management and the experience of financial stress also remain stable.

This is also true across the Pasifika subgroups.

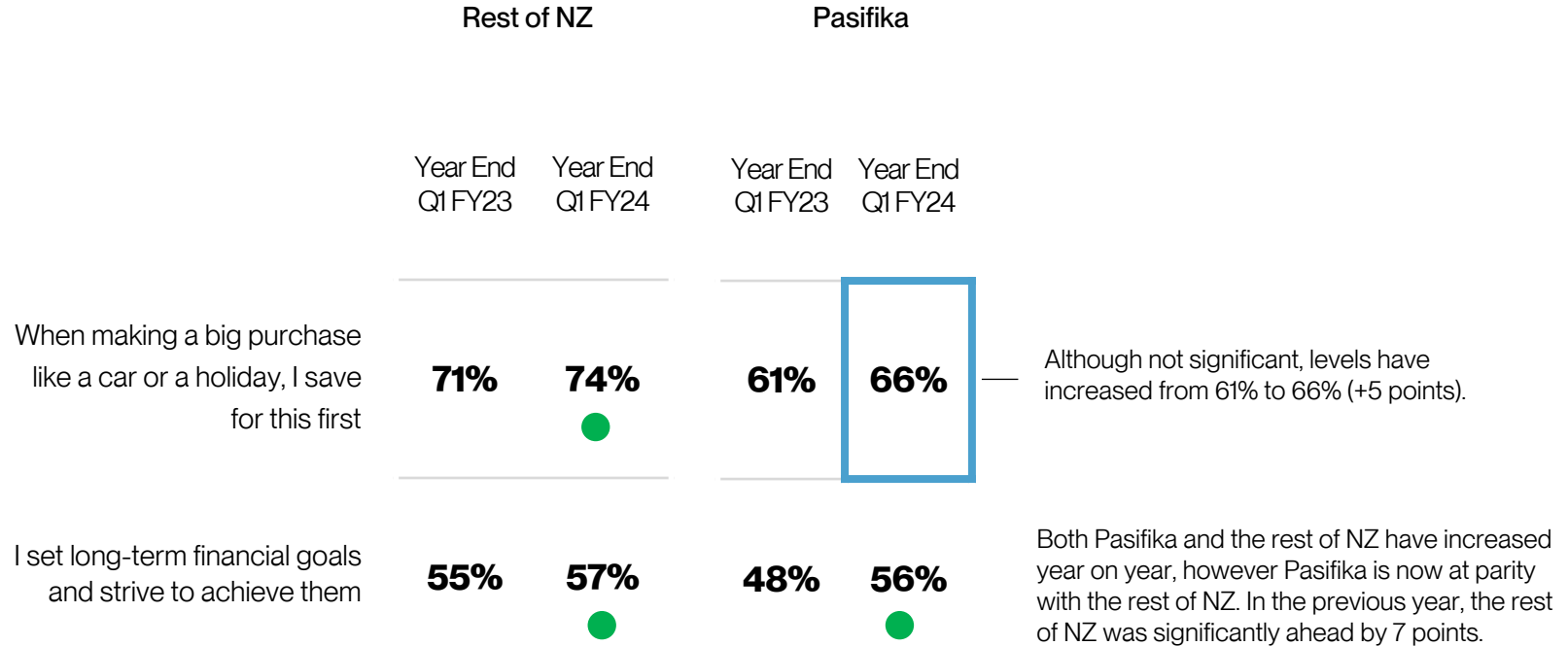
	Rest of NZ		Pasifika	
	Year End Q1 FY23	Year End Q1 FY24	Year End Q1 FY23	Year End Q1 FY24
Total barriers to money management	62%	62%	79%	79%
Experience of financial stress in last 12 months	61%	62%	78%	77%

BARRIERS: Which of the following, if any, stops you from managing your money?
 FINANCIAL_STRESS: Over the last year, has concern about money and your personal finances caused you to do any of the following?
 Base year end Q1 FY23: Rest of NZ n=4,006; Pasifika n=374; Pasifika subgroup range n=113 to 261
 Base year end Q1 FY24: Rest of NZ n=3,502; Pasifika n=385; Pasifika subgroup range n=99 to 286

  Significantly **higher** / **lower** than year end Q1 FY23 (YA)

But we are seeing some changes in money management behaviours among Pasifika.

More Pasifika are setting long-term financial goals and striving to achieve them. Specifically, among the subgroups, there's a significant increase with those born out of NZ (49% to 64%).



MONEY_MGMT1 & 3: How much do you agree or disagree with the following statements? (Top 2 box)
 Base year end Q1 FY23: Rest of NZ n=4,006; Pasifika n=374; Pasifika subgroup range n=113 to 261
 Base year end Q1 FY24: Rest of NZ n=3,502; Pasifika n=385; Pasifika subgroup range n=99 to 286

● ● Significantly higher / lower than year end Q1 FY23 (YA)

Pasifika are also more actively seeking financial advice over time – indicating an interest in developing financial literacy.

Pasifika subgroups that are significantly more active since a year ago are those 35+ (47% to 60%), Female (54% to 66%), and those born out of NZ (51% to 67%).

Pasifika over-index in seeking advice from family and friends, with the next source sitting at half that of family and friends.

INFO_SEEKL12M: In the past 12 months, have you received or sought advice or information about money from any of the following sources?
 Base year end Q1 FY23: Rest of NZ n=4,006; Pasifika n=374; Pasifika subgroup range n=113 to 261
 Base year end Q1 FY24: Rest of NZ n=3,502; Pasifika n=385; Pasifika subgroup range n=99 to 286

	Rest of NZ		Pasifika	
	Year End Q1 FY23	Year End Q1 FY24	Year End Q1 FY23	Year End Q1 FY24
Sought financial advice in the last 12 months	44%	46% ●	58%	65% ●
From friends and family	22%	24%	35%	38%
From social media posts / content	8%	9%	17%	18%
From bank staff	12%	12%	16%	17%
From their workplace	5%	7% ●	12%	14%
From an authorised financial advisor	12%	11%	12%	14%

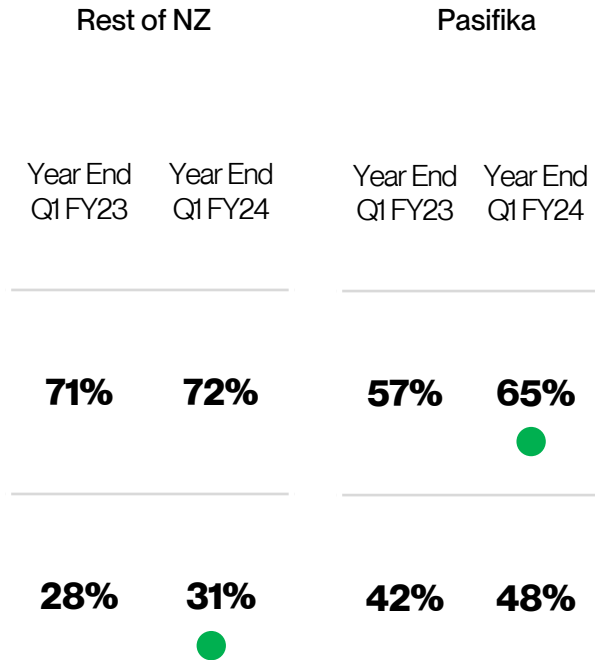
● ● Significantly higher / lower than year end Q1 FY23 (YA)

Pasifika are becoming more future oriented and thinking about their retirement plans.

Pasifika 18-34's (57% to 69%), Female (53% to 62%), and those born outside of NZ (55% to 68%) are becoming more knowledgeable on what income level is needed for retirement.

I have a rough / good idea of what income I'll need for retirement

Find information about planning for retirement relevant and useful



Although the rest of NZ still over-index relative to Pasifika, their increased knowledge around what income is needed for retirement for Pasifika effectively reduces the knowledge gap between the two groups from 14% to 7%.

Although not significant, levels have increased from 42% to 48% (+6 points).

Significantly higher / lower than year end Q1 FY23 (YA)

INCOME_RETIRE: Thinking about the income you'll need when you retire, which of the following best describes you?

INFO_RELEVANT: Which of the following information about finances, would be relevant or useful to you?

Base year end Q1 FY23: Rest of NZ n=4,006; Pasifika n=374; Pasifika subgroup range n=113 to 261

Base year end Q1 FY24: Rest of NZ n=3,502; Pasifika n=385; Pasifika subgroup range n=99 to 286

And Pasifika peoples' behaviours are following suit with more actively saving for retirement.

There's a sense that they are also adopting an 'in it for the long-term' approach as more move towards growth funds. This suggests that they aren't reacting to declines in their KiwiSaver balance and understand the importance of staying the course.

	Rest of NZ		Pasifika	
	Year End Q1 FY23	Year End Q1 FY24	Year End Q1 FY23	Year End Q1 FY24
Total in KiwiSaver	70%	70%	77%	81%
I am making contributions or payments to my KiwiSaver	51%	51%	49%	58%
I'm not currently making contributions to my KiwiSaver	19%	19%	28%	23%
Growth fund	35%	34%	27%	34%
Balanced fund	24%	24%	22%	15%
Conservative fund	19%	18%	16%	17%

For Pasifika, active contributions are significantly growing among 18-34's (46% to 58%), Male (40% to 57%), and those born in NZ (49% to 57%).

Although not significant, growth funds among Pasifika have grown by 7%, and now levels sit at parity with the rest of NZ.

  Significantly higher / lower than year end Q1 FY23 (YA)

KIWISAVER: Are you currently in KiwiSaver and making contributions or payments?

Base year end Q1 FY23: Rest of NZ n=4,006; Pasifika n=374; Pasifika subgroup range n=113 to 261

Base year end Q1 FY24: Rest of NZ n=3,502; Pasifika n=385; Pasifika subgroup range n=99 to 286

KIWISAVER3: What type of fund do you have?

Have KiwiSaver year end Q1 FY23: Rest of NZ n=2,316; Pasifika n=217; Pasifika subgroup range n=59 to 158

Have KiwiSaver year end Q1 FY24: Rest of NZ n=2,125; Pasifika n=251; Pasifika subgroup range n=56 to 195

But overall, Pasifika are still showing some signs of increased concerns about their finances.

And they still significantly over index relative to the rest of NZ.

	Rest of NZ		Pasifika	
	Year End Q1 FY23	Year End Q1 FY24	Year End Q1 FY23	Year End Q1 FY24
I pay my bills on time	89%	86%	81%	76%
I'm worried about the level of debt I'm in	26%	27%	39%	43%
I'm worried about my finances from pay to pay	35%	37%	45%	49%

Although not significant, Pasifika's ability to pay bills on time has declined by 5 points since a year ago, and their worries about debt and finances from pay to pay has increased 4 points.

Among subgroups, Pasifika 18-34's have shown a significant decline in paying bills on time (82% to 73%).

  Significantly higher / lower than year end Q1 FY23 (YA)

MONEY_MGMT3 & 4: How much do you agree or disagree with the following statements? (Top 2 box)
 Base year end Q1 FY23: Rest of NZ n=4,006; Pasifika n=374; Pasifika subgroup range n=113 to 261
 Base year end Q1 FY24: Rest of NZ n=3,502; Pasifika n=385; Pasifika subgroup range n=99 to 286

Summary

- Pasifika are still more financially uncomfortable and stressed however levels of discomfort have not necessarily risen as strongly as anticipated given the rising cost of living.
- Signs of some changing money management behaviours (including approach to retirement) and the active seeking of financial advice is promising, however there seems to be heavy reliance on advice from family and friends. While this may be driven by immediate levels of comfort, encouraging supplementing this with other sources like Sorted can foster breadth of financial literacy.

TRA

New Zealand

Level 4, Quay Building,
106-108 Quay Street,
Britomart, Auckland 1010

+64 9 377 8129

Melbourne

The Commons,
54 Wellington St,
Collingwood VIC 3066

+61 406 482 715

Sydney

The Commons,
285A Crown St,
Surry Hills NSW 2010

+61 405 604 226