TE ARA AHUNGA ORA
Retirement Commission

KiwiSaver Employer Contributions

Topline Qualitative Report

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Executive Summary

This report presents findings from a qualitative study on employer perspectives regarding current and proposed changes to KiwiSaver contribution settings. The research was authorised by the Retirement Commission and involved 60-minute online in-depth interviews with 25 business owners and decision-makers representing a diverse range of industries and company sizes across New Zealand. Interviewing was conducted in March-April 2025.

The study found that the typical employer contribution rate is the mandatory minimum of 3%, with limited variation based on employee age or other factors. Contribution decisions are primarily driven by cost considerations and compliance, rather than employee demand or market competitiveness. Most employers, particularly in small-to-medium enterprises (SMEs), view KiwiSaver as a legislative requirement rather than a strategic tool for attracting and retaining talent.

Many employers acknowledged the potential benefits of offering KiwiSaver contributions higher than the mandatory 3%, including improved retirement outcomes for employees, enhanced employer branding and talent attraction, and broader economic resilience. Some who offered over 3% saw it as part of their social responsibility and a way to differentiate in a competitive labour market. These views were more prevalent among larger companies, professional services firms, and those with a strong focus on employee wellbeing.

Employers expressed a range of views on the potential impact of raising the minimum employer contribution rate to 4%. Some, especially those in industries with tight margins such as hospitality, raised concerns about increased labour costs, reduced profitability, and flow-on effects to other areas of the business and employee remuneration. However, others, typically larger organisations or those with more progressive HR policies, saw value in supporting employees' long-term financial wellbeing and were more open to higher contributions.

Reactions to extending KiwiSaver contributions to employees aged under 18 and over 65 were mixed. While some employers supported the change as a matter of fairness and inclusivity, others, particularly SMEs and those with high youth or casual staffing, raised issues around administrative complexity, relevance for short-term or casual staff, and potential impacts on youth employment and training. However, overall there was broad agreement that employees aged under 18 and over 65 should receive the same entitlements as other employees.'

Employer approaches to engaging employees in KiwiSaver were found to be largely passive, with limited proactive education or support beyond facilitating enrolments and contributions. Most employers perceived low levels of employee interest and engagement, particularly among younger workers. However, some organisations, typically larger corporates or those in the financial services sector, provide financial literacy training and recognise the potential for KiwiSaver to form part of a broader employee wellbeing proposition. Overall, there was a need for greater education of employees on the benefits of KiwiSaver and how to best utilise KiwiSaver to prepare for retirement.

The research suggests a mandatory increase in employer contributions alone may have a modest impact on employee saving behaviour. Engagement, motivation, and financial capability were seen as equally important drivers, requiring a sustained focus on education and awareness raising.

Regarding implementation, employers emphasised the need for clear and timely communication from the government, with a strong preference for a minimum 6-12-month lead time. Alignment with the fiscal year and a single-step increase were favoured for administrative simplicity. Employers wanted practical guidance and resources to support them in communicating any changes to employees.

Key messages centred on KiwiSaver as a shared responsibility and vehicle for delivering retirement wellbeing resonated with employers. Themes of fairness, support for businesses through the transition, and tangible worked examples of long-term benefits were seen as important for securing buy-in. Mitigating employer resistance will require a multi-pronged approach addressing cost concerns while reframing changes as creating a level playing field.

The insights from this study highlight the range of factors influencing employer attitudes towards KiwiSaver. Policymakers will need to carefully navigate cost pressures and administrative burdens while demonstrating a compelling case for how proposed enhancements can deliver win–win outcomes for businesses and employees alike. Success will likely hinge on striking the right balance between safeguarding affordability, incentivising voluntary adoption, and positioning KiwiSaver as a valued pillar of retirement income policy.

Background

In 2024 Te Ara Ahunga Ora Retirement Commission released a paper 'KiwiSaver - Opportunities for Improvement' (KiwiSaver - Opportunities for Improvement) that considered how the current KiwiSaver settings are working as the scheme matures and identified opportunities for improvements. The paper identified that one of the biggest opportunities for change to KiwiSaver is to increase contribution rates by individuals and employers to 4%. In addition, the paper identified that there should be changes to broaden participation by extending employer contributions to those employees who are currently not incentivised to contribute (such as those aged over 65 or under 18).

Commissioned in February 2025, this research investigates employer perspectives on KiwiSaver contributions, focusing on current contribution levels, decision-making processes, barriers and benefits to increasing contributions, and preferences for implementing changes.

The Retirement Commission authorised this study to inform policy recommendations aimed at improving retirement outcomes for New Zealanders. The study seeks to understand how employers currently manage KiwiSaver contributions, the factors influencing their decisions, and their views on proposed changes, such as increasing the minimum employer contribution rate and extending contributions to employees aged under 18 and over 65.

This information will inform the 2025 Review of Retirement Income Policies and will be crucial in developing effective strategies to encourage higher KiwiSaver contributions and improve overall retirement savings.

Project Objectives

The primary objectives of this qualitative research are:

1) **Understand current contribution levels:** Determine the typical KiwiSaver contribution rates offered by employers and any variations based on employee age or other factors.
2) **Explore decision-making processes:** Investigate how employers decide on their KiwiSaver contribution levels, including who is involved in the process and the key considerations.
3) **Identify barriers and benefits:** Uncover the challenges and perceived advantages associated with increasing KiwiSaver contributions and extending contributions to employees aged under 18 and over 65.
4) **Gauge preferences for implementation:** Assess employer preferences for the timing and phasing of potential contribution increases, considering factors such as lead time and incremental versus one-off changes.
5) **Evaluate employee engagement:** Examine how employers engage their employees in KiwiSaver and their perceived role in promoting retirement savings.
6) **Evaluate effective communication messages:** Identify key message components that the government can use to effectively communicate proposed changes and encourage employer acceptance.

Focus of this report

This report compiles the behaviours, perceptions, and feedback of research participants who engaged in a 1-hour interview focusing on their current KiwiSaver contribution rate, their decision-making process, and their reaction to the possible increase in contribution rates and extending contributions to employees aged under 18 and over 65.

The summary presented in this report offers an overview of the topics discussed. It is important to note, however, that it is not necessarily representative of the views of all those who are involved in the decision-making process regarding employer KiwiSaver contributions, and does not aim to measure public opinion regarding this matter.

Methodology

This qualitative study employed in-depth interviews to explore employer perspectives on KiwiSaver contributions. A total of 25 interviews were conducted online, each lasting approximately 60 minutes.

A qualitative study focuses on gathering and analysing words, insights, perspectives, attitudes, and behaviours. It can be contrasted with quantitative research that measures patterns of data across a large sample of participants. Participants were recruited via a market research recruitment company, People For Information, who also managed the incentive payments. (Participants were offered $150 or the equivalent donation to the charity of their choice.) The sample reflects nationwide coverage.

The fieldwork period spanned from 31 March to 24 April 2025. Five moderators, all experienced market researchers, conducted the interviews.

The interviews followed a semi-structured discussion guide, allowing moderators flexibility to explore relevant themes and delve deeper into participant responses.

The guide covered 6 key areas: current contribution levels, decision-making processes, barriers and benefits to proposed changes, preferences for implementation, employee engagement, and effective communication messages. While the guide provided a framework for the discussions, moderators were encouraged to adapt their approach to ensure all relevant information was gathered. Participants represented a diverse range of employers in terms of size, industry, and current KiwiSaver contribution levels. This diversity allowed for a comprehensive understanding of employer perspectives across the spectrum of KiwiSaver engagement. The study focused on gathering rich, qualitative data to gain in-depth insights into employer experiences, beliefs, and motivations related to KiwiSaver contributions.

The tables below reflects the range of industry sizes and types, as well as the range of roles that decision-makers held.

Participant breakdown

Business Size	Count
<30	7
30–100	9
100–199	2
200+	7
Total	**25**

Contributing %	Count
3%	21
>3%	4
Total	**25**

Māori owned	Count
Yes	3
No	22
Total	**25**

Industry	Count
Hospitality	3
Professional Services/Consulting	5
Manufacturing	2
Banking/Finance	4
Insurance	3
Healthcare/Aged Care	3
Energy	1
Local Government	1
Telecommunications	3
Not for Profit	1
Education	1
Engineering	1
Farming/Agriculture	1
Total	**25**

Role	Count
CEO	3
CFO	1
HR	9
Shareholder	2
Business Partner	3
Business Owner	3
Director	5
General Manager	1
Payroll Officer	1
Total	**25**

***Note:** For Industry and Role type, the total does not add to n=25, as participants were able to multi-select Industry type and Role type.

Participants were selected via a recruitment questionnaire (see **Appendix B**) to ensure a variety of perspectives on KiwiSaver decision-making and the concept of an increase in the employer contribution rate.

A copy of the discussion guide can be found in **Appendix A**.

Limitations of the study

This research is a qualitative study which focuses on gathering and analysing words, insights, perspectives, attitudes, and behaviours. It can be contrasted with quantitative research that measures patterns of data across a large sample of participants.

The discussion outlined within this report is reflective of those who participated in the qualitative research discussions. While every effort was made to ensure representation of a variety of participants, each has unique circumstances and perspectives. A qualitative approach is subject to those who are willing to participate in research.

This report is a descriptive summary of what the participants expressed during interviews. It is not an exhaustive review of the experiences of all those involved in decision-making regarding employer KiwiSaver contributions.

Notes to consider while reading the report

The language used in this report replicates and reflects the language used by participants.

To protect the participants' privacy, we have anonymised the quotes, providing identifiers for participants that outline the business type, size, and industry, and have not disclosed any names or personally identifiable information. The names of businesses have not been mentioned to ensure confidentiality and privacy.

Findings

Contexts & Considerations

Current NZ economy

It is important to consider the current economic climate that employers are operating in when they decide on an increase in employer KiwiSaver contributions.

According to the latest Ipsos Issues Monitor (March 2025), the cost of living is the biggest issue facing our country. This report dives into the issue to understand New Zealanders' views.

Some key insights:

- 1 in 4 New Zealanders are finding it difficult to manage financially.
    - Low-income households are disproportionately affected by financial difficulties.
- Nearly half are worried about their job security. As a result, the majority are spending less.
- The vast majority of New Zealanders are expecting increases in household spending.

The report can be found here: Ipsos Cost of Living Monitor March 2025

Small business in New Zealand

New Zealand is a nation of small and micro businesses, including the self-employed. Loosely defined as those with fewer than 20 employees, there are around 594,000 small businesses in New Zealand, representing 97% of all businesses. With roughly 1 to 5 employees, there are approximately 102,000 micro-businesses representing 17% of all businesses. Small businesses account for 27% of employment and contribute over 40% of economic value-add. (www.mbie.govt.nz)

Increasing employer contributions to KiwiSaver could significantly impact small and micro-businesses in New Zealand, given their prevalence and contribution to the economy. Any changes to KiwiSaver contributions would disproportionately affect them. Many small businesses operate with tight margins, and increased contributions could strain their resources, potentially impacting hiring and wage growth.

Perceived business challenges

Economic uncertainty and rising costs emerged as significant challenges for many businesses. The impacts of global events, inflation, and supply chain disruptions were putting pressure on margins and demand. Some have cut costs or are making decisions to protect their business in the short term.

> *"Until America's done what it's done recently. And that's kind of put things on hold. In fact, we saw inquiries growing very well for January and February and then in March they just stopped."*
> (Director, Technology/Professional Services, 30–100 employees)
>
> *"We need to act early and so that could be reducing staff hours. We have a good team and we don't want to lose anyone, but if the work's not there, then we might have to look at four day weeks or nine day fortnights."*
> (Director, Professional Services, <30 employees)
>
> *"It's a mixed bag but overall it's just a grind. The biggest pressure is the cost of goods, our margins have shrunk smaller than pre Covid."*
> (Business Owner, Hospitality, 30–100 employees)

Attracting and retaining skilled talent in a tight labour market was another common challenge. Some businesses were struggling to find experienced staff, leading to capacity constraints and wage pressures.

"I think the main challenge is attracting good people, just finding the right people for the right roles, which has always been a challenge."
(HR Business Partner, Manufacturing, 200+ employees)

"If you think about trying to differentiate retirement village from retirement villages. It's same-same, different name, but really how do we differentiate ourselves in terms of the experience we give our employees and how well we look after them."
(HR Business Partner, Aged Care, 200+ employees)

Regulatory and compliance requirements were also cited as an ongoing challenge and cost burden for some businesses.

While the specific challenges varied by industry, the overarching themes were managing costs and margins in an inflationary environment, attracting and retaining skilled staff, navigating increasing regulation, and adapting to evolving customer demographics and needs. These pressures were shaping strategic priorities and, in some cases, constraining growth and hiring plans.

Perceived business strengths

Despite economic challenges, some businesses reported strong demand and growth opportunities in their sectors.

"Business is going fairly well, I know we're in an economic downturn, but we're actually growing as a business at the moment, which is a nice place to be."
(HR Manager, Professional Services Consulting, 30–100 employees)

"The goal is to create generational wealth and buy houses for both sets of parents. We're on a mission to try and build our business to 10 million top line revenue… Revenue or sales, whatever, that's just, it's just a vanity number. You know, I could do 100 million, but if it costs you 101 million to do that, then what's the point?"
(Managing Director, Hospitality/Consulting, 30–100 employees)

For some participants, recent investments in new technology, products, or services were starting to pay off with the potential for future growth of the business.

"We're probably in startup territory right now and we are right at the beginning of that hockey stick to build the business, but I wouldn't be doing it if I didn't have a genuine belief that it had legs and had potential."
(CEO, Finance/Insurance, 30–100 employees)

Strong brand reputation and customer relationships were also cited as ongoing strengths. Businesses with a clear value proposition and loyal customer base felt well positioned despite the headwinds.

"There are number of clients now well into their 70s or 80s because they have been clients with us for 20 years."
(CEO, Finance/Insurance, 30–100 employees)

Some also highlighted the resilience and adaptability of their teams in navigating the challenges of the past few years. They took pride in how their employees had pulled together and innovated.

"Our new manager is brilliant; he has made the business profitable for the first time. He looked at what people would be willing to pay for lunch and created a menu that suited. Now we have a busy kitchen at that time."
(Business Owner, Manufacturing/Hospitality, 30–100 employees)

A few participants also mentioned progresses on key sustainability and social impact initiatives, which were not only ‘the right thing to do’ but also resonating with customers and employees.

> *“From a social perspective, what are we doing in our communities, especially from a New Zealand Māori perspective? How we’re supporting both our employees and our communities to make sure that they’ve got the right financial acumen to be driving their personal wealth, whether that be businesses that they own, how do we support that demographic of people in our communities, a massive focus for us.”*
> (HR Business Partner, Banking/Finance, 200+ employees)

In summary, while acknowledging the very real challenges, many participants also had positive stories to share about their businesses. Growth opportunities, technology investments, strong brands, resilient teams, and progress on sustainability were all cited as bright spots. These strengths were helping to balance out the headwinds and provide a foundation for future success.

Perceived value of KiwiSaver

From a business perspective, KiwiSaver was often viewed with ambivalence. While some employers recognised its role in supporting employee financial wellbeing, it was rarely seen as a key driver of business strategy or competitive advantage.

Despite this, most participants understood and agreed that there would be challenges in the future with ‘paying for retirement’, citing an aging population and the rising cost of living as key factors.

> *“So yes, I think we have very big challenges. To be perfectly honest, it’s something that causes quite a lot of anxiety for me personally is making sure that I do have enough.”*
> (HR, Banking/Finance, <30 employees)

> *“I know a couple years ago there’s sort of talks about removing superannuation and so. that sort of, caused a lot of, I guess, anxiety around KiwiSaver contribution, say, hey, KiwiSaver potentially will be the only source of income past 65 and also you know how long do we actually need to work for?”*
> (HR Business Partner, Aged Care, 200+ employees)

> *“We have an aging population, we are not a wealthy country, we rely on agriculture and tourism and this has long been a problem.”*
> (Business Owner, Manufacturing/Hospitality, 30–100 employees)

The interviews revealed that the perceived value of KiwiSaver varied among employers, often depending on the life stage and financial goals of their employees. Those saving for their first home or nearing retirement tended to place a higher value on KiwiSaver and were more actively engaged in managing their accounts. However, using KiwiSaver to purchase a first home could have a detrimental impact on retirement savings.

> *“I know houses are very, very expensive. Right? So often young people will be contributing to KiwiSaver to buy a home. Once they do that, they could be 30, they could be 40 by the time they do that right depending on their salaries. So, by that stage their balance is back at $1,000."*
> (HR Business Partner, Local Government, 200+ employees)

For many younger employees, KiwiSaver was seen as just one part of a broader retirement savings strategy. There was a sense that KiwiSaver alone may not be sufficient and should be supplemented with other investment options.

"What we have done is encouraged people to understand what they need in retirement, understand how much of that is made up of KiwiSaver and then look at what we can do to help them build up a properly diversified investment portfolio."
(CEO, Finance/Insurance, 30–100 employees)

Some employers observed a trend of people working past 65, either by choice or necessity.

"And working past 75's not uncommon anymore. You see it in supermarkets, you see it in fast food outlets because people can't retire."
(CFO, Energy, <30 employees)

While employers saw the need and value of retirement savings through KiwiSaver, many held concerns that the current model may not deliver adequate financial security for all New Zealanders in retirement. Lifting engagement, contributions, and financial capability for employees was seen as important, alongside considering additional policy levers to boost savings.

Current contribution levels

Most participants adhere to the minimum required 3% KiwiSaver contribution for their employees. This trend was consistent across a range of industries and company sizes, from small accounting firms to large telecommunications companies.

Cost was repeatedly cited as the primary driver behind this decision. Employers, especially those in industries with tight margins such as hospitality, emphasised the financial strain of offering anything above the 3% minimum.

"It's a flat 3% and if I could do 2%, it would be 2%. Simply because we can't afford it."
(Business Owner, Hospitality, <30 employees)

Others working in Public Affairs could be more mindful of public perception and the responsibility of spending taxpayers' money.

"However, in local government, we get highly scrutinised on our spending and so there's always that balance between, you know, trying to go on above and beyond but not impact ratepayers. So it's a really difficult balance, whereas if you're in the private sector and you... you have got all this cash flow and maybe it's a bit easier."
(HR Business Partner, Local Government, 200+ employees)

We interviewed a small subset of employers (n=4) who had deliberately chosen to offer KiwiSaver contributions above the 3% minimum, with 4% being the most common higher rate. For these companies, the decision to go beyond the mandatory level was driven by a desire to support employee wellbeing and remain competitive in the labour market.

"So, it was a little bit of a slightly cunning strategy to get a 2% pay rise for everyone in relatively tight financial environment."
(HR, Banking/Finance, <30 employees)

"It also came back to our financial knowledge that if you can save 7% at least of your entire earnings throughout your life, you're gonna be fine at retirement."
(Shareholder, Professional Services/Property, <30 employees)

Some of these employers were using their higher KiwiSaver contributions strategically as part of a broader package to attract and retain talent, demonstrating how KiwiSaver can be leveraged as a tool to incentivise and reward employee loyalty.

> *"There was kind of a lot of feedback around KiwiSaver in the survey and that people would love to see a higher employer contribution."*
> (HR, Banking/Finance, <30 employees)

> *"So* [regarding the business case for an increase] *I think 1)cost, I had to say how much it cost to the business. 2) I think probably like an element of retention, but I think it's also competitiveness with our competitors. So the likes of, you know, NZ Super is one of our biggest employer competitors. They do 8%. The other one is ACC and they do 9%."*
> (HR, Banking/Finance, <30 employees)

However, these companies offering above-minimum contributions were the exception rather than the norm. For the majority of employers interviewed, KiwiSaver was regarded primarily as a compliance obligation rather than a strategic lever.

How contribution levels are communicated to employees

This passive mindset was reflected in how KiwiSaver was typically communicated to employees – rates were stated in offer letters and employment agreements without much promotion or emphasis.

> *"We have no reason to set it higher…No one has asked. And no one has left because the KiwiSaver was not a correct rate."*
> (Shareholder, Finance/Accounting, <30 employees)

> *"When people talk to me about benefits, KiwiSaver is the last one that they mention. Even for our senior leadership team who are closer to retirement age and it should be more important, a lot of them are just asking for more annual leave."*
> (HR Business Partner, Telecommunications, 100–199 employees)

Even in some organisations providing a 4% contribution, employee feedback could be muted.

> *"I think our CEO and I kind of thought people were going to stand up and cheer for us…the announcement was a bit lacklustre."*
> (HR, Banking/Finance, <30 employees)

There were a couple of notable instances of employers taking a more proactive approach to engaging employees with KiwiSaver. For example, the tenure-based contribution tiers made a point to communicate this as a key feature of the rewards programme.

> *"We've got a tiered KiwiSaver system…0–2 years' service = 3%, 2–5 years' service = 3.5%, 5+ years = 4%. This longevity reward was set up when the company started 4 years ago."*
> (Director, Telecommunications, <30 employees)

A few others had incorporated KiwiSaver into broader financial literacy training initiatives for staff, though this was not yet a widespread practice.

> *"For the support office staff, they're probably a bit more savvy from a financial perspective. So we have had sort of KiwiSaver advisors or investment advisors coming in and talk about, you know, how can you be a bit smarter with your KiwiSaver in terms of looking for providers?"*
> (HR Business Partner, Aged Care, 200+ employees)

Overall, while a handful of employers are starting to explore the strategic potential of KiwiSaver as an attraction, retention, and wellbeing tool, the predominant approach remains grounded in compliance. Shifting this mindset may require employers to think more holistically about the role of KiwiSaver in their employee value proposition.

Decision-Making Processes

Key factors considered in KiwiSaver contribution decisions

- Legal requirement to contribute at least 3% for eligible employees (seen as a cost of doing business)
- Financial impact and affordability for the business balanced against other priorities
- Competitive positioning in the labour market and whether higher KiwiSaver is seen as an attraction/retention driver
- Employee demand and sentiment – whether there has been a push from employees to increase contributions
- Company culture, values, and paternalistic orientation – whether supporting employee financial wellbeing is a stated priority
- Administrative complexity and payroll considerations for managing different contribution rates

> *"Key decision factors would be affordability for the business, though as a specialised business, we are less sensitive to labour costs than some industries. Strategic benefits to the business would also be weighed."*
> (CFO, Energy, <30 employees)

Key stakeholders involved in setting contribution levels

KiwiSaver contribution decisions involved a cross-functional group of stakeholders, typically spanning HR, Finance, Senior Leadership, and the Board depending on the size and structure of the organisation. Each played a role in assessing the implications from their domain expertise and escalating decisions for approval at the appropriate level.

Business owners/directors

In smaller organisations, the business owners or directors were often the ultimate decision-makers on KiwiSaver contribution levels. They considered factors like cost to the business, employee retention, and alignment with company values.

> *"I pay the staff, the bills, I'm the owner and director – I have to ultimately balance the books."*
> (Business Owner, Manufacturing/Hospitality, 30–100 employees)

Human resources (HR)

In mid-to-large-sized organisations, HR managers or business partners typically led the review and recommendation process for any changes to KiwiSaver settings. They liaised with Finance on cost implications and sought Senior Leadership/Board approvals.

> *"Decisions about employee benefits involve HR, the Commercial Manager (Finance), and the General Manager. Proposed changes would be included in the annual budget for the owners' approval."*
> (HR, Manufacturing, 30–100 employees)

Finance/commercial

Finance representatives, such as CFOs, finance managers, or commercial managers, were involved in assessing the financial impact and affordability of any KiwiSaver changes. They ensured proposed changes aligned with budgets and forecasts.

"If we were to consider increasing it, for example, yeah, we would want to really understand how much of a fit that would have on the on the bottom line."
(HR Manager, Professional Services, 30–100 employees)

Senior leadership/executives

In larger organisations, the Senior Leadership team or Executive team reviewed proposals from HR and Finance, considering strategic fit, employee engagement, and external benchmarking. They often had delegation authority up to a certain financial threshold.

"It would be our team in terms of drafting out what that looks like, we would liaise with Finance in terms of costs, any impact of budget, what we've already got approved, what versus what we would need to get approved and then it would have to go out to the executive leaders to review and make decisions."
(HR Business Partner, Local Government, >200 employees)

Board of directors

For significant changes with large financial implications, Board of Director approval was often required, particularly in larger corporates. The Board considered KiwiSaver settings as part of the overall budget and people strategy.

"Look, that would typically be myself, but I may talk obviously, I'll talk to other directors if it was going to be a significant financial impact or decision within the business."
(CEO, Finance/Insurance, 30–100 employees)

Factors considered in decisions about KiwiSaver contributions

When it comes to the factors considered in these decisions, legal compliance emerges as a baseline requirement but not a driver of higher contribution levels. Legal compliance as a baseline requirement refers to employers viewing the 3% KiwiSaver contribution as a mandatory obligation they must fulfil to operate within the law. Meeting this minimum threshold is seen as a 'hygiene factor' or a 'cost of doing business' rather than a proactive choice to support employee financial wellbeing.

"It's just one of those hygiene factors in terms of things that you have to do."
(HR, Hospitality, 200+ employees)

"You know that once things get mandated, they get mandated, and we just roll with it."
(HR Business Partner, Local Government, 200+ employees)

Cost to the business is consistently cited as the primary consideration, with employers weighing the financial impact of any increase against other business priorities.

"From a business perspective, when we talk about benefits and additional packages, we always try to think about, you know, what are ways that doesn't significantly cost the business whereas, you know, labour costs is probably the biggest cost within the business and when you keep adding on top of it, given that we're about, what, 3,500 employees, there is quite a big cost."
(HR Business Partner, Aged Care, 200+ employees)

In a few cases, employee demand or competitiveness in the labour market had prompted a review of contribution levels, but this was not widespread. Some, particularly those with low wages or younger staff, felt that their employees would rather focus on 'cash in hand' rather than future savings.

"If you look at frontline employees, a 3% to 4% is probably not significant in terms of KiwiSaver contribution, especially if they are at the earliest stage of their career. What they really want is – I'd rather you give me money in hand or things I can use right now."
(HR Business Partner, Aged Care, 200+ employees)

"The age and stage of our workforce is they want cash now, not in, you know, not when they are 65 and even if, they're even if they're looking to save for a house. I think most of them would potentially see a better return in other places, which means any cash in the pocket to make that choice…I think they probably are thinking of their future, but they literally need to pay the rent first before they can worry about the future. I don't think it's they're not thinking about the future, I just think there's a reality of what can they afford."
(CEO, Healthcare, 30–100 employees)

When weighing KiwiSaver increases against other business priorities, employers often referenced competing financial pressures such as rising labour costs, tight profit margins (particularly in industries like hospitality), and the need to invest in other areas of the business, such as technology, sustainability initiatives, or new market development. For many, KiwiSaver contributions were seen as a 'nice to have' that could be enhanced only once more fundamental business needs were met.

Employee retention and engagement were not commonly mentioned as key decision criteria, suggesting that KiwiSaver is not typically seen as a strategic HR lever. However, a small subset of employers, particularly those already contributing above the minimum, did view KiwiSaver as part of their broader employee value proposition.

"And I think, you know, we're investing for New Zealand's future. So, it feels like we should also invest in our people's future."
(HR, Banking/Finance, <30 employees)

Employer contributions are frequently viewed as part of the overall remuneration package. There is a tendency to consider trade-offs between salary increases and KiwiSaver contributions when managing costs. Some organisations offer additional benefits that they see as being more attractive to their current employees or future recruits than KiwiSaver, such as flexible hours, extra annual leave and parental leave, and health insurance.

"But you know it's [KiwiSaver] *never really come up as a kind of what levers can we pull? I mean we do highlight flexible working and things like that, but we don't as a startup, I mean, we're just about to break even. I suppose I'll get to that point, but you know, it's not something we tend to go towards. The more intangible benefits rather than the hard cash kind of thing."*
(CFO, Energy, <30 employees)

Employer perspectives on current contributions for under 18s & over 65s

Practices and philosophies around contributing for employees aged under 18 and over 65 varied. Some employers chose to exclude these groups, focusing on the majority of their workforce. Others took a more inclusive 'same for everyone' approach, particularly those who have already extended their contributions above the minimum. Employers with more paternalistic cultures talked about KiwiSaver as a mechanism to support all employees to save for retirement, regardless of age.

"I know that we do for over 65 even though we don't legally have to, 'coz often those people have been with us for a very long time and you know, it doesn't feel right to chop them off just because they've reached a certain age."
(HR Business Partner, Local Government, 200+ employees)

The term 'paternalistic cultures' in this context refers to organisations that take a more proactive, protective stance toward their employees' overall wellbeing, including their financial health in retirement. These employers tended to view KiwiSaver as a vehicle to fulfil a moral obligation to help employees prepare for the future, even if it came at an additional short-term cost to the business. They were more likely to extend KiwiSaver to all employees regardless of age. Industries like banking/finance and energy/utilities, which tend to have larger, more established organisations, would be more likely to take a paternalistic stance towards employee benefits like KiwiSaver.

"And I can think of just one employee, it was just before her 65th birthday and we hadn't really sort of made it common knowledge what we would be doing [with her KiwiSaver]. *And she said, 'Oh, what'll happen to my KiwiSaver?' And I said, 'Well, are you going to stay a member?' And she said, 'Yes.' And I said, 'Do you still want to contribute?' And she said, 'Yes.' Then I said, 'Well, so will we.' And she was really delighted with that."*
(CEO, Finance/Insurance, 30–100 employees)

This contrasts with employers who took a more hands-off, compliance-focused view, excluding under 18s and over 65s, as they are not legally required to contribute for these groups. The main motivation was limiting cost and administrative complexity. Some referenced the transient nature of youth staff and lower demand or perceived need among over 65s as reasons for not extending coverage.

"I think an employee under 18, not to be too cruel to them, but Mum probably made their lunch that day. So that's certainly not thinking about their retirement."
(Shareholder, Professional Services/Property, <30 employees)

"And my logic about it is that when those people turn 65, they wish to continue the programme for themselves, they can, you know, sort of turbo charge their way because they're working and then they're also getting the government superannuation, so I didn't actually think when we looked at it, we didn't actually think it was really necessary."
(Director, Technology/Professional Services, 30–100 employees)

"Employees under 30 or without children don't value it [KiwiSaver]... *because they don't have that long-term vision."*
(CEO, Agriculture, <30 employees)

Barriers & Benefits to Proposed Changes

Employer reactions to the proposed increase in minimum contributions from 3% to 4%

Participants were shown the following statement to react to:

> When KiwiSaver was first introduced in 2007, minimum employee contributions were set at 4%. Employer contributions were initially set at 1% with plans to increase over four years to **4%** by 1 April 2011. However, in 2013, minimum employee and compulsory employer contributions were set at 3% (a 3% + 3% 'default') and have not changed since.
>
> Studies suggest that for many employees, a 3% + 3% contribution rate may not be adequate to fund their retirement for the required 25-30 year period after they turn 65.
>
> The Retirement Commission has recommended that the minimum employer contribution rate be raised from 3% to 4%. The employee's 'default' contribution rate would increase to 4% although they would be allowed to reduce it to 3% if they requested it. 'Default' just means the rate an employee automatically contributes unless they specify otherwise.*
>
> *Please note the difference between 'minimum' and 'default'. Defaults can be manually changed by the contributor, but minimums represent the base contribution rate.

The employer reactions to raising the minimum KiwiSaver contribution from 3% to 4% can be broadly categorised into 3 groups: supportive, concerned, and opposed.

A small subset of employers, typically those in larger organisations or with more progressive cultures, expressed support for the increase. They viewed it as a necessary and worthwhile investment in their employees' long-term financial wellbeing, even if it came at a short-term cost to the business. These employers tended to take a more holistic view of their role in supporting employees and often had the financial resources to absorb the impact more readily. It should also be noted that these opinions tended to be held by people who worked in a business that they did not own and/or in a large business that could more easily absorb a 1% increase.

> *"I think any increase placed on employers is a positive change forward."*
> (HR, Finance, 200+ employees)
>
> *"It feels like a no brainer, to be honest."*
> (HR, Banking/Finance <30 employees)
>
> *"I can only comment on us as an employer saying that that would be feasible for us to do. We would have the finances and the backing to actually help us to do that."*
> (HR Business Partner, Energy, 200+ employees)

Others had a more neutral view, accepting an increase as part of 'doing business'.

> *"I think of it as just a 'thing that we get', do you know what I mean? It is what it is."*
> (Shareholder, Finance/Accounting, <30 employees)
>
> *"In the scheme of things, the extra 1% is not going to make or break our business, you know, we got bigger fish to fry in terms of future success."*
> (CFO, Energy, <30 employees)

However, the prevailing reaction across the full spectrum of industries and business sizes was one of concern. While most employers acknowledged the potential benefits for employees' retirement savings, they were acutely sensitive to the financial burden it would impose, particularly in the current challenging economic climate. A 1% increase, though seemingly small, would compound quickly when applied across an entire workforce. For businesses operating on slim margins or facing other cost pressures, there was a palpable sense of unease about how they would accommodate another non-discretionary expense.

Among small business owners, the reaction was often visceral and personal. In enterprises where the owner's own livelihood is directly tied to profitability, the prospect of a mandatory increase to employment costs was met with a mix of frustration, anxiety, and even a hint of resentment. There was a sense that once again, small businesses were being asked to shoulder a disproportionate burden, potentially at the expense of their own sustainability.

The most vehemently opposed employers, while a minority, were unequivocal in their rejection of the proposed change. For them, a mandatory increase represented an unacceptable incursion on their autonomy as business owners and a failure to recognise the realities of their operating environment. There was an undertone of indignation at the perceived unfairness of the proposal, particularly the imbalance between employer and employee contribution requirements. A few even hinted at potential downstream consequences like job losses or pay cuts.

> *"If this happened tomorrow, we'd go* ******* [expletive]. *Because as a business we can only afford to pay the minimum amount…there goes any chance of profit."*
> (Business Owner, Hospitality, <30 employees)

> *"You know, the nurses got a 16% pay rise last year. You show me any other industry apart from teachers, probably, that got that rise, then you asking a business to say, OK, well on top of that, do you mind topping up a bit more on KiwiSaver? We're just like, it's just not affordable."*
> (CEO, Healthcare, 30–100 employees)

Underlying these reactions were some common themes. Cost and affordability were unsurprisingly the dominant considerations, but employers also grappled with questions of fairness, the limits of their own responsibility for employees' financial wellbeing, and the appropriate balance between government mandate and business autonomy. For most, an increase to the minimum employer contribution was not seen as a panacea, but rather one piece of a much larger and more complex retirement savings puzzle.

> *"Initial thought is what is the government's contribution that comes into play? Because I think a lot of time, especially when you work in HR, it does tend to push out costs on to employers."*
> (HR Business Partner, Aged Care, 200+ employees)

> *"As a person, I think it's great. As an employer, that's an extra cost. That will have again impacts in terms of how many people you can employ."*
> (HR/Business Partner, Hospitality, 200+ employees)

> *"It's going to push the price of everything up, that's the balance. We are a society built on small businesses, and they can't afford to just absorb these kinds of costs without passing them on. Big corporates may be able to find savings elsewhere, but we have to make noticeable shifts in behaviour."*
> (Business Owner, Hospitality, 30–100 employees)

Some employers, mindful of the size of the issue, wondered if a 1% increase was sufficient.

> *"Feels like it's not enough, really, if we are to solve the problem of future savings for people."*
> (Shareholder, Finance/Accounting, <30 employees)

“And if it if it was meaningful change, great. Let’s get on with. But this doesn’t look like meaningful change to me.”
(CFO, Energy, <30 employees)

Employers had mixed views on allowing employees to reduce their contribution rate from 4% to 3% if the employer rate increased to 4%. Some employers felt it was unfair and went against the principle of shared responsibility and equal commitment from both parties.

“I don’t like that the employee can reduce the number. I like to think that there’s fairness with the 3% and 3% or 4% and 4%. I like, you know, that reciprocal contribution.”
(Director, Professional Services, <30 employees)

“Because if the company’s gonna wear some pain, then, you know, I’m and we’re expected to contribute more because it’s so important, then if it’s that important, it should be important to both parties.”
(CEO, Healthcare, 30–100 employees)

There was a preference from these employers for symmetry in the contribution rates, with employees required to at least match the employer minimum rate.

However, others acknowledged that for lower-income employees in particular, even a 1% increase in their contribution rate could be very challenging. They recognised the need for ‘some flexibility’.

“I think that having a default set to 4% for employees perhaps might raise an allergic reaction with a lot of people, given the current climate. I know we have a number of people within our organisation, employees who are currently experiencing financial hardship. And so, to see, to have those people who already feel that that’s stretched by contributing 3% may be quite confronting.”
(HR Business Partner, Banking/Finance, 200+ employees)

While these employers may not have liked the imbalance in principle, they accepted it as an important safety valve for employees under financial pressure.

Some also speculated that the ability to reduce to 3% might incentivise more employees to stay enrolled in KiwiSaver, rather than opting out, which could be positive for overall participation rates.

In summary, reactions were divided – some employers disliked the inequity of employees’ being able to contribute less than employers, while others saw it as a necessary flexibility, especially for lower-wage workers. But there was not a strong sense that it would drastically change employee behaviour or savings outcomes overall.

Perceived barriers & challenges to increasing contributions – cost implications & potential impact on other employee benefits

The most consistently cited barrier to increasing the KiwiSaver minimum contribution rate was the direct financial cost to the business. Employers across a range of industries emphasised that while a 1% increase may seem incremental, it would have a significant impact on their total wage bill. For businesses with tight margins, like those in the hospitality sector, this additional cost was seen as a major threat to profitability.

“It's just too hard. God, I don’t know what we would do. Maybe just look to pay people less. We just can’t.”
(Business Owner, Hospitality, 30–100 employees)

Even for employers who philosophically supported the increase, cost was a key sticking point. They acknowledged the tension between wanting to do right by their employees and the financial realities of running a business.

> *"I believe increasing the employer minimum contribution to 4% is appropriate, given the emerging retirement savings gap and NZ's need to 'catch up' to Australia's higher rates... However, businesses in tighter financial positions or with slimmer margins may struggle."*
> (CFO, Energy, <30 employees)

Beyond the immediate dollar cost, employers worried about the cost of allocating funds to KiwiSaver instead of other business priorities like innovation, market development, or capital investment. There was also a consideration as to what this increase would mean for other employee benefits.

> *"So that might be something which you might go, OK, well, 4% is mandatory. We haven't got a choice, but that will take away the life insurance or take away the healthcare... Especially if it is mandatory and it is a big cost, but to what extent can you actually add additional cost to the resident end user? That's probably a question mark. Well, this balancing, you know, food costs, electricity and utility costs, I think from a business potentially that doesn't provide good in services, it's quite easy. But for example, if you look at frontline retail and hospitality, the margin is so slim. You may lose customers."*
> (HR Business Partner, Aged Care, 200+ employees)

For some, there was a frustration that offering a more generous retirement benefit would come at the expense of initiatives that could drive growth and ultimately create more jobs or higher wages.

> *"It's what's always profit margin. Yeah, we will make less profit... Well, for us that comes out of profit. That's where it comes from."*
> (Director, Professional Services/Consulting, <30 employees)

The indirect impact on other elements of the employee remuneration package was another key concern. Employers predicted that a mandatory increase to their KiwiSaver contributions would put downward pressure on their ability to offer pay raises. Some also anticipated employee backlash, particularly from lower-wage workers who might resent the higher KiwiSaver deductions from their pay. There was a concern that some employees, especially younger ones, would not appreciate the long-term benefit and would instead feel the pinch of lower take-home pay.

> *"If we had that news in November, December that 4% KiwiSaver was coming and then we went into salary increase budget, you can guarantee that our Board wouldn't say that they would try to offset it, but they would definitely challenge us to that."*
> (HR, Telecommunications, 100–199 employees)

> *"A lot of our employees would take the money if they could, we've had a number of people who've gone on a contributions holiday. Because, you know, they're at a stage of their life where they just need the money to survive."*
> (Business Owner, Hospitality, 30–100 employees)

Several employers raised the issue of complexity and administrative burden, anticipating that a change to KiwiSaver settings would require some time and resources to implement from a payroll perspective. The fact that the increase would be a regulatory requirement rather than a business choice seemed to exacerbate the sense of imposition. However, this was an issue that could be counteracted with adequate notice for employers.

"We would need to look into how we change this in the payroll system, not all payroll systems are straightforward, unfortunately."
(HR Business Partner, Manufacturing, 200+ employees)

"When there is an updated legislation, our payroll system updates accordingly and then it's just a case of varying people's employment agreements."
(CEO, Not for Profit, 30–100 employees)

Perceived benefits of increased contributions

While the potential barriers and challenges of raising the minimum employer KiwiSaver contribution were top of mind for many, the interviews also surfaced some perceived benefits. All participants were asked to consider both challenges and benefits, and naturally those who were more accepting of raising the contribution were more easily able to consider benefits. The benefits surfaced centred around improved long-term financial outcomes for employees and, in some cases, potential flow-on effects for businesses and the broader economy.

The most consistently cited benefit was the positive impact on employees' retirement savings and overall financial wellbeing. Even employers who were concerned about the immediate cost implications acknowledged that a 1% increase, while seemingly small, could compound over time to meaningfully boost retirement nest eggs. Some employers saw value in KiwiSaver as a mechanism to support their employees to save for retirement, especially in light of the inadequacy of NZ Super alone to fund a comfortable lifestyle.

"It's a privilege to be an employer. An employee spends so much not just time, but also energy at work that they [employers] *should be investing in their future as well."*
(HR, Banking/Finance <30 employees)

"When I look at that [average KiwiSaver balances by age]*, I'm like, far out. I do think that there are financial literacy challenges throughout New Zealand."*
(HR, Banking/Finance, <30 employees)

"I believe increasing the minimum employer contribution to 4% is necessary, as current 3% + 3% defaults are inadequate for retirement and were a policy 'mistake'."
(CEO, Finance/Insurance, 30–100 employees)

Those already contributing above the 3% minimum positioned KiwiSaver as part of their employee value proposition and a tool for attraction and retention.

"We looked at what extras we could give to retain our staff that weren't just weekly cash flow drained by increasing salaries."
(Director, Telecommunications, <30 employees)

However, this strategic deployment of KiwiSaver was the exception rather than the norm. There was also some recognition of potential broader economic benefits if more New Zealanders had adequate retirement savings.

"If there's more retired people in the future who have funds, surplus funds to spend, then that helps keep business going."
(Shareholder, Finance/Accounting, <30 employees)

"I think there's additional benefits to the country for both people and capital markets as well."
(CFO, Energy, <30 employees)

Employer perspectives on extending contributions to under 18s & over 65s – barriers, benefits & impact on business operations

The interviews explored employers' views on the proposed extension of mandatory employer KiwiSaver contributions to employees aged under 18 and over 65. This elicited a range of perspectives, with some employers supporting the change as a matter of fairness and inclusivity, while others raised concerns about the potential business impacts and implementation challenges.

Participants were shown the following statement:

> Currently an employer is not required to make KiwiSaver contributions before an employee turns 18 or after the employee turns 65. As a result, people in these age groups may have less incentive to make their own contributions.
>
> The Retirement Commission has recommended employer KiwiSaver contributions also be required for under 18s and over 65s.
>
> This will result in more equitable treatment of all employees and does not discriminate based on age.

Perceived benefits and fairness

A key theme that emerged was a sense that extending KiwiSaver contributions to all ages was the right thing to do from a fairness and equity standpoint. Some employers felt strongly that age should not determine access to this employment benefit.

> *"I 100% agree. I think if people are working in the workforce that there should be a requirement that there is a contribution to take with over. I think, absolutely. I've already spoken a lot about inequality across organisations, and I think if people are employed and doing the same job and one's, you know, under 18 and one's over 18, and these are different benefits, I don't think that is the right thing to be doing for an organisation."*
> (HR Business Partner, Banking/Finance, 200+ employees)

> *"I strongly support including under 18s and over 65s, I believe if you are earning an income you should be saving regardless of age."*
> (Director, Consulting, <30 employees)

> *"I think probably for the over 65s, again, just a bit more cash like, I just see it as almost like social investment in that they're way more likely to be able to eat better, live better, you know, less pressure on any kind of benefits, less pressure on health system."*
> (HR, Banking/Finance, <30 employees)

These employers saw value in instilling good savings habits from a young age and ensuring older workers could continue to contribute if they chose to stay in the workforce past 65.

> *"I think there's a broad statement to be made that, you know, we should be saving generally. You know, it's a good habit to be in starting young, that's fine as well. They might be saying, 'Oh, I'm going to university' or 'I don't need to start saving', but I think there's also a habitual thing, the awareness of if you get the under eighteens into it early it just becomes normal normalised."*
> (CFO, Energy, <30 employees)

Some, particularly larger employers, noted that they already offered KiwiSaver to under 18s and over 65s, seeing it as the right thing to do. For them, formalising this in legislation would have minimal practical impact.

> *"Same for everyone when it comes to the employer side."*
> (HR, Telecommunications, 100–199 employees)

Business impacts and concerns

However, not all employers were unreservedly supportive. Some raised potential business impacts and implementation concerns, particularly for SMES and businesses with large youth or casual workforce.

> *"It may be challenging for other businesses on top of recent changes like increased sick leave."*
> (HR Business Partner, Local Government, 200+ employees)

There was a perception that for under 18s, who are more likely to be in part-time, casual, or seasonal work, the administrative burden and cost of providing KiwiSaver could be disproportionate.

> *"My first reactions are it's OK how it is. If you're under 18, look, that's odd job territory, in my opinion. You know, you're part-time work or whatever it is. You're not really in the workforce, so I think requiring someone to make contributions to the KiwiSaver at that age is probably too soon. And after 65, look, you should be retired."*
> (Director, Professional Services/Consulting, <30 employees)

Some felt that for these very young employees, KiwiSaver was unlikely to be a priority and that take-home pay was more important at this life stage. There was a concern that compulsory employer contributions could lead to lower youth wages.

Regarding an inclusion of employer KiwiSaver contributions for over 65s, some employers questioned the fairness of continuing to contribute when employees can access their KiwiSaver funds. A few also raised the potential impact on workforce planning if KiwiSaver incentivised people to stay in work longer. However, these concerns were generally outweighed by the principles of fairness and choice. Most employers agreed that if over 65s chose to continue working, they should receive the same benefits as other employees.

> *"If you were working for us and you turned 65, then I don't think we would change your terms of employment and would continue to pay 3%."*
> (Director, Professional Services/Consulting, <30 employees)

Pragmatic implementation

When it came to implementation, employers emphasised the importance of clear guidelines and sufficient lead time to update payroll systems and processes. Several suggested aligning the change with the start of the financial year for simplicity. They also wanted clear direction on how to manage eligibility for casual and seasonal workers.

> *"As far out as possible, allow us to make more money in the meantime to prepare for it."*
> (Business Owner, Hospitality, 30–100 employees)

The influence of economic factors (inflation, wage growth) on employer decisions regarding KiwiSaver contributions

The influence of economic factors like high inflation and modest wage growth on employers' thinking around KiwiSaver was apparent. These pressures exacerbated concerns about the affordability of a higher minimum contribution. The constrained economic environment meant any increase to the KiwiSaver minimum would likely come at the expense of other investments or pay increases.

While employers acknowledged potential benefits of increasing the KiwiSaver minimum contribution, especially for employees' retirement outcomes, these tended to be secondary considerations to the financial costs and other challenges.

Perceptions of KiwiSaver as a strategic business lever were limited. The strained economic environment and other cost pressures loomed large, tempering appetite for any additional employer obligations. Clear communication about the long-term individual and societal impacts will be key to securing buy-in.

> *"That's gonna put more pressure on the mortgage or just general living expenses by having to contribute more."*
> (CFO, Energy, <30 employees)

> *"I think at the time we could contribute 1% if they were contributing 3, we had to contribute 1, but if we contributed 3, we got 2% as tax credit… It's saying, 'hey, you should do something, we think it's so important that we're going to encourage you to do it'."*
> (CEO, Agriculture, <30 employees)

> *"There should be more emphasis on companies doing what we're doing* [other benefits such as health insurance]. *Empower companies like ours by giving a tax break, not making KiwiSaver compulsory."*
> (CEO, Finance/Insurance, <30 employees)

Employee Engagement & Savings

Employer approaches to engaging employees in retirement savings through KiwiSaver

The interviews revealed a spectrum of employer approaches to engaging employees in retirement savings through KiwiSaver, from passive compliance to more proactive education and support. However, most employers took a relatively hands-off approach, seeing KiwiSaver as a personal responsibility rather than a core part of their employee engagement strategy. At the passive end of the spectrum, many viewed their role in KiwiSaver as primarily administrative – to enrol employees, make the required contributions, and not much more. They saw KiwiSaver as a compliance obligation rather than an opportunity to actively support their employees' financial wellbeing.

> *"It's just one of those hygiene factors in terms of things that you have to do."*
> (HR Business Partner, Manufacturing, 200+ employees)
>
> *"I don't see it as our kind of responsibility to be encouraging people to join."*
> (HR Manager, Consulting, 30–100 employees)

For these employers, KiwiSaver was not a major topic of discussion or engagement with employees beyond the initial onboarding process. They reported little employee interest or demand for information about KiwiSaver.

> *"No one's ever asked for higher and KiwiSaver contributions…I don't think KiwiSaver is really high on their priority."*
> (HR, Professional Services/Consulting, 30–100 employees)

Some attributed this lack of engagement to the demographics of their workforce, particularly among younger employees who saw retirement as a distant concern.

However, a few employers took a more proactive approach to engaging employees in KiwiSaver. This typically involved providing education and support to help employees understand how KiwiSaver works and make informed choices about their contributions and investment strategies.

> *"The company provides financial literacy training covering topics like KiwiSaver for first-home buyers – sees this as part of their pastoral care responsibilities."*
> (HR, Manufacturing, 30–100 employees)
>
> *"As part of our wellbeing programme, the company offers financial education sessions with KiwiSaver advisors, but uptake is higher among office staff than frontline workers."*
> (HR, Telecommunications, 100–199 employees)

These employers saw value in supporting employees' financial wellbeing more holistically, with KiwiSaver as one component. However, even for them, KiwiSaver education was generally optional and employee-driven rather than a core part of the engagement strategy.

A few employers noted that employee interest in KiwiSaver tended to increase with age and major life events like buying a first home or nearing retirement. Some also observed higher engagement among office-based staff compared to frontline workers.

> *"Older employees tend to be more engaged, choosing higher contribution rates, while younger employees stick closer to the default 3%. However, I've noticed employees of all ages frequently changing their rates, indicating active engagement."*
> (CFO, Energy, <30 employees)

The prevailing sentiment was that KiwiSaver engagement was primarily an individual responsibility. Employers saw their role as facilitating access and providing information if requested, but not proactively driving engagement. This relatively passive approach stemmed from a few key factors:

1. A perception that KiwiSaver is a personal financial matter and that employers should not be too directive in telling employees how much to save or where to invest.
2. A view that employees, especially younger ones, have more immediate financial priorities, e.g. paying off student loans or saving for a house deposit, making retirement saving feel less relevant.
3. A lack of employee demand or expectation for employer-provided KiwiSaver education or support beyond the basics.
4. Limited internal resources or expertise to provide comprehensive financial advice to employees, and a wariness of overstepping into the domain of professional financial advisors.

In summary, while a spectrum of approaches exists, most employers are not actively using KiwiSaver as a tool to engage employees in retirement savings. They see it more as a compliance requirement and individual responsibility. However, there are pockets of good practice, with some employers providing optional education and support, especially for older workers nearing retirement.

Employer views on the impact of increased contributions on employee savings behaviour

While some employers saw potential for the change to boost retirement savings, others were more sceptical about whether it would significantly shift employee actions or attitudes.

Those who saw the potential to increase retirement savings

Some employers expressed hope that raising the minimum contribution rates would lead to employees' saving more for retirement overall. They felt that the power of defaults and inertia could work in favour of increased savings.

> *"Over time, I think the drop to 3% was a mistake, in nominal terms it didn't have a big impact on people's pockets, but it probably made quite a big impact to their long-term savings, so I think 4% makes sense."*
> (CEO, Finance/Insurance, <30 employees)

> *"People are on such different earnings, for people who are on high wages 3% is probably a good whack and makes a good contribution for them moving forward and for other people, yeah, it's not going to do anything."*
> (CEO, Not for Profit, 30–100 employees)

These employers believed that many employees would simply maintain the new default rates rather than taking active steps to reduce their contributions. Over time, these small increases could compound into materially higher retirement balances.

Those who predicted a limited impact on savings behaviour

However, other employers were more doubtful about the ability of a 1% change to dramatically alter savings behaviour. They felt that for many employees, particularly those on lower incomes, KiwiSaver was seen as a compliance requirement rather than an active savings strategy.

> *"I think that having a default set to 4% for employees perhaps might raise an allergic reaction with a lot of people, given the current climate. I know we have a number of people within our organisation, employees who are currently experiencing financial hardship. And so, to see those*

people who already feel that that's stretched by contributing 3%may be quite confronting."
(HR Business Partner, Banking/Finance, 200+ employees)

Some questioned whether employees would appreciate or even notice the change, seeing it as just another deduction from their pay. They felt that broader financial literacy and active engagement with KiwiSaver were needed to drive meaningful behaviour change.

Potential for counteraction

A few raised the possibility that some employees might reduce their personal contributions to offset the employer increase, leading to no net change in savings rates. They speculated that employees may resent being compelled to save more and may look for ways to maintain their take-home pay.

"They will go straight back to 3% – they will pay the least amount possible as they can't afford to live – there is no point in saving for retirement if you can't afford to live now."
(Business Owner, Manufacturing/Hospitality, 30–100 employees)

However, this was seen as more of a risk for lower-wage employees who may face tighter budgets. For middle-to-higher income earners, the 1% change was considered quite immaterial to take-home pay.

Communication & Implementation Preferences

Employer preferences regarding the timing & phasing of contribution increases

There are several key themes that emerge related to employers' preferences for how the proposed increase in KiwiSaver contributions should be implemented and communicated.

Timing of announcement

If there is to be an increase in employer contribution rates, the current economic climate would mean that some employers would feel further 'put upon' but the government.

> *"There is currently a tremendous amount of pressure, so it would be like, really?! You chose now to announce that? Read the room."*
> (Business Owner, Hospitality, 30–100 employees)

> *"Now is not the right time – try and build it in when the economy has a pulse, well more than a pulse, when it is thriving."*
> (Business Owner, Hospitality/Manufacturing, 30–100 employees)

Others felt like there is no better or 'right' time, seeing an increase as something that they will have to do when asked to by the government. Considering the current economic conditions when announcing and phasing in potential changes will be important to positively engage employers in the changes.

Timeline and lead time

A clear theme that emerged was the importance of providing employers with sufficient lead time to plan for and implement any increase to the minimum KiwiSaver contribution rate. Most employers indicated they would need at least 6–12 months' notice before the change comes into effect.

This lead time was seen as critical for several reasons. First and foremost, it would allow businesses to properly budget for the increased labour costs. Many employers noted that a 1% increase, while small in percentage terms, could still have a significant impact on their bottom line, particularly for larger companies. Sufficient notice would give them time to adjust their financial planning and forecasting.

> *"You know, you want to make sure that businesses understand. Perhaps late in the calendar year. And then you need to implement it, start thinking about it, in that first quarter of the next calendar year, so that you're actually doing it for that money pool."*
> (CFO, Energy, <30 employees)

Beyond the financial implications, employers also emphasised the need for lead time to properly communicate and explain the changes to their staff. They wanted to avoid blindsiding employees with a sudden increase in their KiwiSaver contributions and potentially their take-home pay. Having 6–12 months would allow for a more gradual education process.

> *"I would think at least six months. Yeah…I expect that there would be, you know, six months of a communication campaign education campaign going out."*
> (Director, Professional Services/Consulting, <30 employees)

Employers with more formalised HR processes also noted the administrative work required to implement contribution rate changes in their payroll systems. While not an insurmountable barrier, they wanted to ensure sufficient time to make and test any necessary system changes.

> *"Knowing our payroll team, they would probably want 6 months before the end of financial year."*
> (HR, Energy, 200+ employees)

There was a strong preference for aligning the effective date of any increase with the start of a new financial year (1 April for most businesses). Employers felt this would be more straightforward from an accounting and administrative perspective.

In summary, the 6-12-month lead time was a critical 'ask' from employers. They saw it not as a stalling tactic, but as a genuine necessity to implement the changes smoothly from a financial, administrative, and communication perspective.

Phased vs single-step increase

Regarding the implementation approach for lifting the KiwiSaver employer contribution rate from 3% to 4%, employers expressed a clear preference for a single step increase over a phased approach. The simplicity and clarity of moving the rate from 3% to 4% in one go was appealing for several reasons. Employers felt it would be easier to communicate and explain to employees, rather than having to go through multiple rounds of messaging for each incremental increase. They also wanted to minimise the administrative work involved in updating their payroll systems.

> *"I think single point in time is fine…those changes are so small that for a business of my size, it's not the sums of money, compared to, like, the PAYE bill or the GST bill, this is not a significant increase."*
> (Director, Professional Services/Consulting, <30 employees)

> *"It just means more changes to software. I think the more in your face with changes with people they just get annoyed with you. Tear the band-aid off."*
> (Shareholder, Finance/Accounting, <30 employees)

Employers drew parallels to how they manage other payroll changes like annual leave entitlement increases or minimum wage adjustments. There was a desire for consistency and simplicity in implementation.

> *"I think I've just been probably easier… only because, like I say, like what happens when there's any changes for our like payroll like in Accounts department and it's time consuming. Any changes are time consuming."*
> (HR, Professional Services/Consulting, 30–100 employees)

Some did acknowledge that for businesses under more financial pressure, there could be a case for phasing in the increase to spread the impact over a longer period. However, they still questioned whether the additional complexity would be worth the trade-off, especially for a small 1% change.

Employers expressed mixed views on how an increase in the KiwiSaver contribution rate would affect other employee benefits like pay rises. Some saw it as a direct trade-off, where higher KiwiSaver costs would necessarily constrain their ability to offer pay increases. Others saw KiwiSaver as a separate consideration from remuneration.

A few employers explicitly stated that they would likely offer lower pay rises to offset the cost of higher KiwiSaver contributions.

> *"I think I could say at the moment the current climate it would affect pay negotiations as a way of remuneration reviews in June, July, and I think it would if it was brought in, if it was now, I think it would affect that. I think we would be going, 'they get in a little bit more KiwiSaver, so we would probably reduce any increases of remuneration'."*
> (Director, Professional Services/Consulting, <30 employees)

“If we were told that KiwiSaver was going out to 4%, we’d probably look at that and go, ‘okay, well, we can only afford a 3% rise’.”
(CEO, Healthcare, 30–100 employees)

However, a couple of employers pushed back on this idea, saying they would prefer to give pay rises, as that gave employees more flexibility and choice in how to use their money.

“That has been our standard to date, let them do with their money, what they need to do [on giving people pay rises instead of increasing KiwiSaver contributions].*”*
(CEO, Not for Profit, 30–100 employees)

“I suppose I would view it as you’re either asking for 4% which you won’t access until you’re 65, or you could have a little more money now, it’s the same thing to us.”
(Director, Professional Services/Consulting, <30 employees)

In terms of splitting the difference with a smaller pay rise plus a higher KiwiSaver rate, employers tended to see this as more of an accounting exercise rather than a material difference for employees.

Overall, while some employers clearly saw higher KiwiSaver rates as a factor that would dampen their ability to offer pay rises, others considered it as a distinct element of the overall remuneration package. The idea of trading off a smaller pay rise for a higher KiwiSaver rate wasn’t widely commented on and seemed to be viewed more as an administrative rather than substantive consideration.

Employers preferred communication strategies from the government for implementing changes & maximising acceptance amongst general public.

The interviews surfaced a range of insights and recommendations on how the government should communicate any KiwiSaver changes to maximise understanding and acceptance. A key theme was the importance of the government’s taking the lead in communicating the rationale and benefits of increasing the KiwiSaver employer contribution rate. Employers emphasised that this messaging should come from the government rather than being left to individual businesses to explain.

“It probably needs to be clearly communicated to all of New Zealand.”
(Director, Professional Services/Consulting, <30 employees)

“It’s about supporting to those who have those gaps [in financial knowledge and capability] *without preaching to the converted because nobody likes that.”*
(CEO, Not for Profit, 30–100 employees)

There was a strong desire for clear, consistent messaging that would help employees understand the changes and how they would be impacted. Employers wanted the government to develop FAQs, talking points, and other resources that they could use in their own communications to staff.

“We would communicate it as part of their benefits package but appreciate having approved wording and resources from the government.”
(HR, Energy, 200+ employees)

“KiwiSaver is not well understood by many employees, who see it as just 3% of their pay locked away until 65.”
(Manager, Professional Services/Consulting, <30 employees)

In terms of the content of the messaging, employers felt the focus should be on the long-term benefits for employees’ retirement savings, painting a picture of the compounding impact of small increases over time. Some suggested using real-life worked examples and case studies to make these benefits more tangible and relatable.

> *"Probably just reinforce the benefits and re-educate on when KiwiSaver can be taken out, what it can look like on different salary brackets."*
> (Manager, Professional Services/Consulting, <30 employees)

Tailoring messages for different audiences was also seen as important, e.g. showing younger staff how small increases now could help them save a deposit for their first home, while focusing more on retirement lifestyle for older age groups.

> *"I mean, and most, I would imagine, most parents who understand compound interest sign up their kid as soon as they're born. I know we did, right? But there's a massive lack of education in what retirement looks like and how we get people to understand that. So yeah, for those that are living hand to mouth, 3% makes a big difference."*
> (CEO, Healthcare, 30–100 employees)

Providing examples of how the changes would affect take-home pay was seen as critical to help employees plan and budget.

Employers were wary of being seen to 'sell' the changes to employees, so wanted official resources they could point to. The cost of educating staff about KiwiSaver was also considered by some.

> *"But if I have a staff meeting, I have to pay 85 people to be at that staff meeting. So I've gotta be damn sure that that time is productive towards the business and an outcome, right? I have to pay 85 people for an hour, but I'm expected to educate more financial literacy. That's not helping my business. It's helping them, which I get that as part of a retention strategy, yes, it might help my business, but at the moment that's a lot of money that I've gotta find for a nebulous outcome, right? Yes, it's absolutely the right thing to do. But it's yet another cost to the business."*
> (CEO, Healthcare, 30–100 employees)

Beyond the specifics of the messaging, employers also called for a multi-channel, sustained awareness campaign rather than a one-off announcement. They wanted to see the changes positioned as part of a broader conversation about retirement preparedness and financial wellbeing. Suggestions included TV / radio / print advertising, social media campaigns, direct mail, and online resources. Some even suggested compulsory KiwiSaver education sessions for employees to help drive understanding and engagement.

> *"There needs to be an education piece from KiwiSaver providers, irrelevant of who they are, around where your money is and how it's going to grow. If you keep on this trajectory, blah blah blah, over the next 40, 50 years, etc."*
> (HR Business Partner, Manufacturing, 200+ employees)

Recognising the potential for confusion and anxiety about any changes, employers emphasised the importance of a clear call to action for employees and an avenue for them to ask questions. A hotline, online chat, or nominated contact person from the government was seen as important to provide clarity and reassurance.

> *"I think they should lead it so that it's coming from one party, because otherwise you get mixed messages going around, particularly around dates, amounts, and things like that."*
> (HR Business Partner, Energy, 200+ employees)

Some cautioned against focusing too heavily on collective or societal benefits, like economic growth, feeling these would be less motivating than the direct benefits to individuals. There was a perception that KiwiSaver is seen as a personal responsibility rather than a broader economic imperative.

> *"Sadly, I don't think it will have a huge impact other than the bottom line of businesses. I don't think that* [growth messaging] *will be very effective and that's part of the reason why we're looking at this employee wellbeing/financial wellbeing side of the New Zealand space."*
> (CEO, Finance/Insurance, <30 employees)

While some employers did mention the Australian superannuation system as a point of comparison, the overall sentiment was that the differences between the two countries made direct comparisons less relevant or persuasive. A few key reasons emerged:

1. Differences in wages and costs of living

Several employers pointed out that salaries in Australia are generally higher than in New Zealand. This means that even with higher superannuation contribution rates, Australian workers may still have more take-home pay than their Kiwi counterparts. The different costs of living between the two countries also make straight comparisons challenging.

2. Different economic and tax environments

Employers noted that Australia and New Zealand have different economic contexts and tax systems. Some speculated that higher superannuation rates in Australia might be offset by lower corporate tax rates or other incentives for businesses. Without a clear understanding of these broader economic factors, comparisons were seen as less useful.

> *"Australia can afford it. Everything about them is different and we shouldn't be comparing ourselves to them."*
> (Business Owner, Manufacturing/Hospitality, 30–100 employees)

A few employers suggested that there are cultural differences between Australia and New Zealand when it comes to attitudes to retirement savings. They felt that Australians may be more engaged with their superannuation due to the higher balances, whereas Kiwis tend to see KiwiSaver as more of a background consideration. This could make comparisons less motivating.

3. Desire for New Zealand–specific solutions

Some employers expressed a preference for retirement savings policies designed for the unique NZ context rather than simply copying the Australian model. They wanted solutions that considered the specific needs and challenges of Kiwi workers and businesses.

Overall, the key takeaways regarding communication are:

- Employers want the **government to take ownership** of communicating the changes and their rationale.
- Provide clear, consistent messaging focused on benefits to employees.
- **Tailor messages** for different audiences.
- Use a multi-channel, sustained **awareness campaign**.
- **Offer resources and support** for businesses to explain the changes to staff.
- Give a **clear call to action** and avenue for employee questions.
- Discuss the potential **impact of contribution increases** on other employee benefits like pay rises.
- Explore employer views on the **relationship** between employer and **employee contribution rates**.

Effective Communication Messages

Perceived importance of communication & education for employees

Regardless of their predictions about savings impacts, most employers agreed that clear communication and education would be crucial to help employees understand and engage with any changes to KiwiSaver.

> *"I think we talk a lot about home ownership and mortgage interest rates and look at those rates every quarter or whatever, I know when those are changing, but I don't feel like we talk about KiwiSaver as much… So even talking to people about how investment works can be a bit like it's a new thing for people that are in business."*
> (Shareholder, Finance/Accounting, <30 employees)

They emphasised the importance of explaining the rationale for the change, illustrating the compounding effects of small increases over time and providing tools to help employees assess their personal contribution rates. Several also suggested targeted communications for different age and income groups, recognising that a one-size-fits-all approach may not resonate – e.g. focusing on first-home withdrawal benefits for younger employees and lifestyle in retirement for those closer to 65. Overall, while some employers saw potential for increased KiwiSaver contributions to boost retirement savings, most recognised that contribution rates are only one factor in a complex savings equation. They stressed the importance of ongoing financial literacy, targeted communication, and active employee engagement to drive meaningful, long-term behaviour change.

Others wanted to see what the plan is beyond a 1% increase, as they are mindful that 1% will not be enough long term.

> *"I want to see a 10-year plan because if it's going to take two years for this to kick in, then we're going to change the government. They're going to backflip on something and take away something and put something else in there."*
> (Shareholder, Professional Services/Property, <30 employees)

> *"It matters to me where we are going to go – is it going to 5%? Just tell us in one fell swoop… I don't want to have to go through it multiple times."*
> (Business Owner, Hospitality, 30–100 employees)

Ultimately, the impact on employee savings will be highly individual, influenced by personal financial circumstances, life stage, and underlying attitudes towards retirement planning. While policy changes can help, employers saw a clear need for complementary efforts in education and engagement.

Key message components resonating with employers & promoting acceptance of contribution changes

The interviews shed light on several key messages that employers found compelling when considering increases to KiwiSaver contribution rates. These messages centred around themes of fairness, shared responsibility, and the long-term benefits for employees and society. Tailoring messaging to their specific context and making the impacts of KiwiSaver changes tangible are also important.

Fairness and equity

A strong message that resonated with many employers was the idea that everyone should have access to the benefits of KiwiSaver, regardless of age or income. The principles of fairness and equity were seen as important justifications for extending KiwiSaver to under 18s and over 65s, as well as for raising minimum contribution rates.

> *"I 100% agree. I think if people are working in the workforce that there should be a requirement that there is a contribution to take with over. I think, absolutely. I've already spoken a lot about inequality across organisations, and I think if people are employed and doing the same job and one's, you know, under 18 and one's over 18 and these are different benefits, I don't think that is the right thing to be doing for an organisation."*
> (HR Business Partner, Banking/Finance, 200+ employees)

> *"There's going to be a whole lot of people who get a surprise when they're about 60, I think."*
> (HR, Banking/Finance, <30 employees)

Employers responded positively to messages that framed KiwiSaver as a universal entitlement and a way to level the playing field for all workers. The idea that small individual contributions could collectively make a meaningful difference to retirement outcomes was seen as motivating.

Shared responsibility

Another key message that struck a chord was the concept of shared responsibility for retirement savings between individuals, employers, and the government. Employers wanted acknowledgement that all parties had a role to play in ensuring New Zealanders' financial wellbeing in later life.

> *"You currently opt out, but I think it should be an opt-in scheme. Every person who earns money in any form should be contributing to the KiwiSaver."*
> (Director, Professional Services/Consulting <30 employees)

> *"I think it's crucial and I think we as a country are probably not doing enough."*
> (CEO, Finance/Insurance, <30 employees)

While most employers accepted their part in the KiwiSaver system, they did not want to feel like the sole bearer of responsibility. Messages acknowledging individual staff's agency and the government's leadership role were well received. A sense of 'we're all in this together' helped promote acceptance.

Long-term benefits

Messages that emphasised the long-term, collective benefits of increased KiwiSaver savings also resonated. Many employers recognised the potential for higher contribution rates to improve employees' quality of life in retirement and reduce reliance on government support.

> *"It is more important than ever because I believe the income one might derive, for example, as a couple, married couple from government superannuation, I think is increasingly insufficient to be able to maintain a reasonable lifestyle."*
> (Director, Technology/Professional Services, 30–100 employees)

> *"If there's more retired people in the future who have funds, surplus funds to spend, then that helps keep business going."*
> (Shareholder, Finance/Accounting, <30 employees)

Some employers even saw potential economic benefits in terms of deeper capital markets and increased consumer spending power. Messages that connected individual savings to broader societal outcomes helped employers see the bigger picture beyond just compliance costs.

Tailored and tangible

Finally, employers responded well to messages that were tailored to their specific context and made the impacts of KiwiSaver changes tangible. They wanted to understand exactly how the changes would affect their business and their employees in practical terms.

> *"Probably just reinforce the benefits and re-educate on when KiwiSaver can be taken out, what it can look like on different salary brackets."*
> (Manager, Professional Services/Consulting, <30 employees)

Examples of how the changes would impact take-home pay, projected retirement balances, and business bottom lines were seen as useful for communicating with both employees and management. Contextualising the changes within the broader landscape of employment costs and benefits also helped employers weigh the relative impact and importance.

By crafting communications that tap into these themes, policymakers can help employers understand the rationale and importance of KiwiSaver changes. A mix of high-level aspirational messages and ground-level practical details seems most effective in building support and buy-in. Ultimately, employers are more likely to accept changes that they perceive as fair, beneficial, and manageable within their specific context. Messaging that speaks to these core concerns, while painting a compelling picture of the long-term value, has the best chance of resonating and driving acceptance.

Messaging approaches to mitigating employer resistance to KiwiSaver changes

The interviews revealed several messaging strategies that could help mitigate employer resistance to changes in KiwiSaver contribution rates and policies. These approaches centre on addressing key concerns, providing reassurance, and reframing the changes in a positive light.

Emphasise gradual phase-in

For employers worried about the immediate cost impact of increased contributions, messaging that emphasises a gradual phase-in period could help ease resistance. Knowing they have time to plan and adjust budgets incrementally makes the changes feel more manageable.

> *"If you did it part-way through a year, that may actually be more palatable than just saying it happens from the 1st of April. And reason being is if it happened from the 1st of October, say, you've got six months of the year, so it's actually only half the impact on your bottom line."*
> (CEO, Finance/Insurance, <30 employees)

> *"Maybe you make it so that those businesses [...] that can afford to do it, do it now, but when for the others? You know, maybe when it gets better for the smaller-medium-sized businesses they start with the increase. You give them a deadline to do it by."*
> (Payroll Officer, Insurance, 200+ employees)

By communicating a clear timeline and roadmap for implementation, resistance based on short-term affordability concerns can be mitigated. Employers appreciate feeling like they have some control and flexibility in how they adapt to the changes.

Frame as levelling the playing field

Some employers may resist the changes feeling they are being unfairly burdened or singled out. Messaging that frames the KiwiSaver enhancements as creating a level playing field across all businesses and employees can help counter this perception.

> *"I suppose it's just a cost, isn't it? I think for me personally, as long as every business is doing the same. You know, if it's legal requirement, then you just have to, you just have to work it out."* (Shareholder, Professional Services/Property, <30 employees)

By emphasising that all employers will be subject to the same requirements, messaging can tap into principles of fairness and shared responsibility. No one business is being disadvantaged relative to its competitors.

Provide practical support and resources

Employers are often concerned about the administrative burden and complexity of implementing KiwiSaver changes. Messaging that provides reassurance in the form of practical support, resources, and guidance can help ease this resistance.

By being offered FAQs, templates, calculators, and even a dedicated hotline or chat service, employers can feel more confident in their ability to navigate the changes. Policymakers should communicate a commitment to partnering with employers through the transition.

Highlight peer acceptance

Finally, messaging that highlights acceptance and even advocacy from other respected employers can help build momentum and mitigate resistance. Case studies, testimonials, and vocal champions within the business community can powerfully normalise the changes.

Seeing peers and leaders within their industry accept and even promote the changes can help resistant employers re-evaluate their stance. It builds a sense of social proof and inevitability around the transition.

By proactively addressing anticipated objections and reframing the changes in terms of fairness, support, strategic alignment, and social proof, policymakers can mitigate knee-jerk resistance. A multi-pronged messaging strategy that meets employers where they are, while painting a vision of where the changes can take them, holds the most promise for building acceptance and smooth implementation.

Conclusion

This qualitative study provides valuable insights into employer perspectives on KiwiSaver at a critical juncture for retirement income policy in New Zealand. With the government considering options to enhance the scheme's effectiveness in delivering retirement income adequacy, employer buy-in will be crucial. The research highlights the delicate balance policymakers must strike between championing the long-term benefits of KiwiSaver and acknowledging the real-world business pressures employers face.

Cost concerns emerged as the primary barrier to raising employer contribution rates, particularly for SMEs and those operating in challenging economic conditions. However, the study also surfaced a strong sense of social responsibility among many employers. They recognised the importance of KiwiSaver in providing for their employees' future financial wellbeing, even if they could not always prioritise it in the short term. This suggests that with the right support and framing, there is scope to bring more employers on board as active promoters of KiwiSaver.

The research also underscored the need for a holistic approach to retirement income policy. Lifting KiwiSaver contributions alone will not be a silver bullet. Ongoing efforts to improve employees' financial literacy and engagement with the scheme, along with consideration of broader economic levers like wage growth and housing affordability, will be key to optimising outcomes.

As policymakers weigh different design options for KiwiSaver enhancements, this study offers a roadmap for effective implementation and communication. By providing clear guidance, practical resources, and a compelling narrative around shared societal benefits, the government can help employers navigate this transition with greater confidence and purpose. A staggered implementation timeline, allowing businesses to adjust, coupled with safeguards for vulnerable groups like low-income earners, may help smooth adoption.

Ultimately, the research points to the importance of genuine partnership between government, businesses, and individuals in shaping a sustainable and equitable retirement income framework. By understanding employers' concerns and motivations, policymakers can craft solutions that balance competing needs and inspire collective ownership of the KiwiSaver scheme. The insights from this study provide a foundation for ongoing collaboration and creative problem-solving as New Zealand works to build a brighter and more secure financial future for all.

Recommendations

Based on the findings of this qualitative study, the following recommendations are made to the Retirement Commission and policymakers:

1. Provide a clear, staged implementation timeline for any KiwiSaver changes, with a minimum 6-12-month lead time for employers to plan, budget, and communicate with employees and customers.

2. Develop a comprehensive package of guidance materials, tools, and resources to support employers in understanding and administering KiwiSaver changes, with tailored support for SMEs.

3. Design a multi-pronged communication campaign to build public awareness and buy-in for KiwiSaver enhancements, emphasising the shared benefits for individuals, businesses, and society.

4. Ensure key messages are framed around fairness, social responsibility, and retirement wellbeing, while acknowledging the cost and administrative pressures employers face.

5. Consider concessions for employers who will struggle to implement the changes, particularly those in industries with tight margins or with a large number of employers aged under 18 / over 65.

6. Explore mechanisms to offset the cost impact of higher KiwiSaver contributions for businesses, such as incremental increases aligned with wage growth or tax concessions (or at least show that these have been a consideration).

7. Consider how to support low-income earners and vulnerable groups from potential unintended consequences of contribution increases (e.g. reduced take-home pay). This could be in the form of communication of the fact that employees can change their contribution rate back to 3% if needed.

8. Invest in ongoing financial literacy initiatives to help employees maximise the value of KiwiSaver and engage more actively in retirement planning.

9. Foster cross-sector dialogue and collaboration to ensure the KiwiSaver policy evolves in step with the changing world of work and broader economic conditions.

10. Commit to regular monitoring and evaluation of KiwiSaver enhancements to assess employer and employee impacts, and inform future policy refinements as needed.

Appendix

Appendix A: Discussion Guide

Retirement Commission

Depth Interview DISCUSSION GUIDE

Job number: 25009803

n=25 (60mins) online interviews

Fieldwork period: 31 March–24 April

Moderators:

- *Aiden Regan*
- *Bart Langton*
- *Jade Phillips*
- *Kerrianne Lindsey*
- *Cameron Robinson*

Objectives

1.**Understand Current Contribution Levels**: identify the current levels of KiwiSaver employer contributions and whether the employer contributes for under 18s and over 65s.

2. **Explore Decision-Making Processes**: Investigate the factors and processes that influence employers' decisions regarding current KiwiSaver contributions and contributions for under 18s and over 65s.

3. **Identify Barriers and Benefits**: Understand the barriers and challenges as well as the perceived benefits employers face in increasing KiwiSaver contributions and/or extending contributions to under 18s and over 65s.

4. **Gauge preferences with respect to implementation approach**: Assess employers' preferences with respect to proposed increased KiwiSaver contributions and expansion of coverage to under 18s and over 65s in the future (timing of change, phasing in approach, quantum over time e.g. smaller incremental increases over next few years versus once off change at a single point in time).

5**. Evaluate Employee Engagement**: Explore how employers engage employees in saving for their retirement through KiwiSaver and the employers role in lifting savings in New Zealand.

6. **Evaluate effective communication messages**: Explore key components of messaging that government can use to effectively implement the contribution changes (i.e. enhance likeliness of acceptance and avoid aspects that might aggravate resistance).

NOTE: The discussion guide is a guide and not a rigid set of questions. The moderator's style is not to go through the guide question by question, but to ensure the desired information is gained from the interviews. The timing for each activity is an approximation.

Introductions 5 mins

Purpose: To introduce the interview and get to know the participant

Introduction to Ipsos – Ipsos is an independent market research company, and our client The Retirement Commission would like to understand more about Employer KiwiSaver contributions in your workplace.

- There are no right or wrong answers in anything we discuss – all views are welcome, whatever you think, and feel is interesting to us
- Reassure and explain confidentiality, note taking, video recording
- These will be used for research purposes only and not be shared outside of our client's organisation.
- Any questions before we begin?

Context 5 mins

Purpose: Gaining context for the discussion and a sense of how a conversation about an increase in KS contribution may be perceived

To get us started, can you tell me a bit about

- The business you own/work for – what is its purpose?
- And what is your role? What does it involve?
- How is business at the moment? What are the main challenges? What is working well?
- What does the future look like for the business? What opportunities or challenges can you foresee?

Current Contribution Level 5 mins

Purpose: What is the current KS situation and why, has this changed over time?

- What are the current contribution levels for KiwiSaver in your organisation?
- How come? Do you remember/were you involved around decision making for these?
- How are these communicated to employees?
- Is there any variation around contribution rates? How come?

Decision Making Process 1 5 mins

Purpose: Understanding Process and key audiences, current perceptions of the programme and its impact on their business

- Who else is involved in the decision-making process for setting KiwiSaver contribution levels? What are their roles and responsibilities/how come they are involved?
- How are decisions regarding employer contributions made?
- What factors are considered when deciding on KiwiSaver settings within your organisation (e.g., legal compliance, recruitment, retention, employee financial security, organisation's bottom line, etc)?
- Are under 18s and over 65s are entitled to employer contributions? How come? What is your contribution to this decision?

- How important are KS contributions to your employees? To the business – in what way? (e.g. retention, attraction, fair wage, concern for wellbeing etc.)
- What are your thoughts about the importance of retirement saving in NZ broadly – what does it mean for us as a country?
- As an employer, what role do you think you play in your employees' ability to save for retirement?
- Can you imagine any changes or challenges with KiwiSaver in the future?

For those with a 4%+ contribution rate if not already covered

- Can you tell me about the decision to contribute a 4%+ rate? What were the drivers for that decision? What were the barriers?
- What has the employee response been to the 4%+ contribution?
- How has it impacted employee contribution rates?
- What impact has it had on the business? What areas have been most impacted and how come?
- Do you feel that there is a greater benefit e.g. for NZ Inc?

Barriers and Benefits to Proposed Changes 15 mins

Purpose: Explore the range of reactions to the idea and the 'why' behind the reaction using stimulus

Now I'd like to share with you some ideas:

When KiwiSaver was first introduced in 2007, minimum employee contributions were set at 4%. Employer contributions were initially set at 1% with plans to increase over four years to **4%** by 1 April 2011. However, in 2013, minimum employee and compulsory employer contributions were set at 3% (a 3% + 3% 'default') and have not changed since.

Studies suggest that for many employees, a 3% + 3% contribution rate may not be adequate to fund their retirement for the required 25-30 year period after they turn 65.

The Retirement Commission has recommended that the minimum employer contribution rate be raised from 3% to 4%. The employee's 'default' contribution rate would increase to 4% although they would be allowed to reduce it to 3% if they requested it. ' Default' just means the rate an employee automatically contributes unless they specify otherwise.*

*Please note the difference between 'minimum' and 'default'. Defaults can be manually changed by the contributor, but minimums represent the base contribution rate.

Share statement about increase to 4%:

For those contributing 3%

- What are your initial / first reactions to the proposed changes?
- What would it mean for your organisation? (Explore legal compliance, recruitment, retention, employee financial security, organisation's bottom line, etc).
- For your employees?
- What barriers or challenges do you face in increasing KiwiSaver contributions?
- What do you think the benefits would be e.g. business wise, employee wise, NZ Inc etc?

For those already contributing 4%+

- As a business already contributing 4%+ what do you think this will mean? For the business? For employees? For NZ as a whole?

Share statement about including under 18s and over 65s:

Currently an employer is not required to make KiwiSaver contributions before an employee turns 18 or after the employee turns 65. As a result, people in these age groups may have less incentive to make their own contributions. The Retirement Commission has recommended employer KiwiSaver contributions also be required for under 18s and over 65s. This will result in more equitable treatment of all employees and does not discriminate based on age.

- What are your initial / first reactions to the proposed changes?
- What would it mean for your organisation? (Explore legal compliance, recruitment, retention, employee financial security, organisation's bottom line, etc).
- For your employees?
- What barriers or challenges do you face in increasing KiwiSaver contributions to these age groups?
- How do economic factors, such as inflation and wage growth, impact your decisions on KiwiSaver contributions and/or extending contributions to under 18s and over 65s?
- What do you think the benefits would be e.g. business wise, employee wise, NZ Inc etc?

How could these messages be communicated and delivered in a way and time frame that is understandable and palatable to employers? 15 mins

Purpose: Explore key components of messaging and way of introducing the concept that government can use to effectively implement the contribution changes (i.e. enhance likeliness of acceptance and avoid aspects that might aggravate resistance).

For those contributing 3%:

- If KiwiSaver employer contributions were increased by, for example 1% (from 3% to 4%), what are your preferences with respect to timing (specific lead time of x years, or coinciding with upturn in economic cycle?)
- What about your preference to quantum of change (e.g. smaller incremental increases over next few years versus once off change at a single point in time)?
- An example might be half a percentage point each year over two years, or it could be 1% increase at once.
- If KiwiSaver employer contributions were extended to cover those employees under 18 and over 65 what would be your preference in terms of timing (e.g. specific lead time of x years or coinciding with upturn in economic cycle?)
- Assuming your preferred approach to phasing in the increase is taken, what impacts, if any, would your organisation experience?
- How would an increase affect other employee benefits such as pay rises?
- Would you prefer to give a pay-rise to employees rather than higher contributions? How come?
- What about giving employees a smaller pay rise plus the higher contribution rate?
- What impact do you think this will or should have on employee contribution rates? (Do employers feel that if they are forced to contribution 4% then employees should contribute 4% as well?)

For those contributing 4%+:

- Can I ask about how you introduced the contribution rate – was it incremental or a one-off change? What made that the best fit for the business?
- How did you decide when to introduce it?
- What impact did it have on any other employee benefits?
- If we want the rest of NZ employers to also contribute 4%, how do you think this should be done? *(Share stimulus and questions as above.)*

If not discussed probe the following statements:

- In Australia, contributions are only made by the employer and have increased over time to now sit at around 12% of the employee's pay. What are your thoughts on this?
- KiwiSaver is an important employee benefit and can play a role in attracting and retaining staff particularly in light of Australia's retirement savings programme.
- By helping increase national savings KiwiSaver can help businesses grow and increase the size of markets in New Zealand.

Close

Thank you for your time, I think we have covered everything we need to. Your input has been extremely useful.

- Any questions you would like to ask me?
- Remind participant of incentive arrangements – Prime to manage donation or
- Thank and close

Appendix B: Recruitment Guide

Retirement Commission Employer KiwiSaver

Ipsos Recruitment Screener

Job Name:	Employer KiwiSaver Contribution	25 x 1 hour in-depth interviews

Location & Time

- 25 x 1 hour in-depth interviews
    - 3rd April – 24th April 2025
- Location:
    - 100% Online- Microsoft Teams

Topic / objective

The Retirement Commission (TAAO) is required by law to carry out a Review of Retirement Income Policies every three years. Their report responds to terms of reference set by the Government, and advises on the effects of retirement income policies and identifies any emerging issues for the future.

Under the KiwiSaver Act, New Zealand employers are required to contribute a minimum of 3% of an employee's gross pay if the employee is a contributing member of KiwiSaver.

However, the environment for these policies is evolving. It is reflective of the aging population, the changing nature of work and caregiving, changing rates of home ownership, and insurance protection gaps.

TAAO's recommendation is to increase mandatory KiwiSaver contributions from 3% to 4%

The Commission now require market research involving a range of New Zealand employers (size and industry) to understand their response to a proposed increase in the minimum KiwiSaver contribution rate from 3% to 4% (e.g. perceived barriers to acceptance, potential consequences on employee remuneration, preferences for implementation over time).

They would also like to understand the response to widening the eligibility for the employer match for employees younger than 18 and older than 65.

Incentive

- $150 or equivalent donation to charity of choice (PFI to manage incentive – charity donation or $150 Koha)

Target Sample

N= 25 participants who are involved in the decision-making process regarding the KiwiSaver Contribution their business makes.

They are likely to be;

- Business Owners
- GM’s
- Members of Finance Leadership team
- HR Leads

Industry Type	Financial & Insurance Services, Public Administration & Safety, Accommodation and Food Services, Education and Training, Agriculture, Forestry, Fishing and Mining, Professional, Scientific and Technical Services and more
Business Size	1-9 employees, 10-19 employees, 20-49 employees, 50-99 employees, 100+ employees
Business Type	Including Māori-owned enterprises, New Zealand-owned vs. international (but New Zealand based)
Geographic Regions	North Island, South Island, Auckland, Wellington, Christchurch, rural vs. urban areas
Employer Contribution Rates	Some businesses contributing 4% or more for various employee age groups

Hello, my name is _____________ from [Recruitment Company]. We are calling on behalf of Ipsos, a market research company who are conducting some research for The Retirement Commission. They are interested to understand the decision-making process around KiwiSaver Contributions amongst businesses in NZ. **They are interested to hear about the things you consider when deciding on the employer contribution amount.** The research comprises of participating in a 1-hour interview.

The discussion dates and times are:

- 3rd April – 24th April 2025

To say thank you for taking part, you will receive **$150** for your time or equivalent donation to your charity of choice.

Before I can ask you to participate, I need to ask you a few questions:

Q1. Record gender:

Male	1	Continue
Female	2	Continue
Gender neutral / gender diverse	3	Continue
Prefer not to say	4	Continue

Q2. Can you please tell me if you are involved in the decisions being made about the rate of Employer KiwiSaver contributions for the business?

Yes, I am the main decision maker	1	Continue (go to Q4)
Yes, I play a role in decision making	2	Continue (go to Q4)
No, I am not a decision maker	3	Continue (ask Q3)

Q3. Would you please be able to direct me to who that person is?

Note: Only ask if code 3 was selected from Q4. Record decision maker's name below then thank & terminate.

Decision-maker:	Thank & terminate

Q4. Which region of NZ is your business or head office based in?

Note: Recruit a range of locations.

Northland		Continue
Auckland		Continue
Waikato		Continue
Bay of Plenty		Continue
Hawke's Bay		Continue
Manawatu-Wanganui		Continue
Wellington		Continue
Tasman		Continue
Nelson		Continue
Christchurch		Continue
Otago		Continue
Southland		Continue
Prefer not to say / don't know		Thank & terminate

Q5. Can you please tell me how many employees your company has that are based in New Zealand?

Note: Ensure range of business sizes

Less than 30 employees	1	Continue (aim for n=4-5)
30–99 employees	2	Continue (aim for n=4-5)
100–199 employees	3	Continue (aim for n=4-5)
200+ employees	4	Continue (aim for n=4-5)
I don't know	99	Thank & terminate

Q6. And which of these industries does your company fall under?

Note: Ensure range of industries

Financial & insurance services	1	Continue
Public administration & safety	2	
Accommodation & food services	3	
Education & training	4	
Agriculture & forestry	5	
Fishing & mining	6	
Professional, scientific & technological services	7	
Other, please specify:	8	
I don't know	99	Thank & terminate

Q6a. Please describe your business and the nature of your company – what do you do?

Open ended

Business description:	Continue

Q7. Do any of the following apply to your business?

Māori owned	1	Continue (Min n= 2)
NZ owned	2	Continue
Overseas owned	3	Continue

Q8. Can you please tell me a little bit more about your role regarding KiwiSaver decision making?

Note: We are looking for people who are quite involved in the process, i.e., someone who makes the final call or influencers to decision makers.

I am the sole decision maker	1	Continue
I am one of the joint decision makers	2	Continue
I influence the decision making but the final say isn't mine	3	Continue (discuss with Ipsos)

Q9. And can you please tell me what your role in the business is?

Note: Ensure recruitment from a range across the sample.

Finance Team Member	1	Continue
Human Resources / Human Resources Manager	2	
CEO	3	
CFO (Chief Financial Officer/Controller)	4	
COO (Chief Operating Officer)	5	
Business Owner	8	

General Manager	9	
Other (please specify):	11	

Q10. And what specific role do you play in decision-making?

Note: Record role below

Role in decision-making:	Continue

Q11. How much does the business currently contribute to employees KiwiSaver?

Note: recruit n=5 who contribute 4% or more

3%	1	Continue
4%	2	Continue (n=5)
More than 4%	3	

Q12. Do you have employees who are under 18 or over 65?

Note: minimum n=5 'yes'

Yes	1	Continue (minimum n=5)
No	2	Continue

IF Q12 = YES ask:

Q12a. Do you contribute to KiwiSaver for these employees? (Employees who are under 18 or over 65)

Note: Ensure range

Yes	1	Continue
No	2	Continue

Q13. I identify my ethnicity as:

Note: recruit mix

NZ European or Pākehā	1	Continue
Māori	2	Continue
Samoan	3	Continue
Cook Island Māori	4	Continue
Tongan	5	Continue
Chinese	7	Continue
Japanese	9	Continue
Indian	12	Continue
European	16	Continue
Some other ethnic group (please specify)	17	Continue
Prefer not to say	99	Thanks & terminate

Thank you for your time to complete these questions – we'd love to invite you to contribute to our research by taking part in a 1 hour in-depth interview with one of our researchers! You will need access to the internet, Microsoft Teams, and a quiet place to take part in the interview.

Can you please tell me if you are available to participate? (Yes/No)

____

Arrange date and time for the interview to take place

Date: _____________________ Time: _____________________

Final Confirmation

To assist our researchers in their analysis the interview may be audio and video recorded. Your business and your name would not be included in this report. All information gathered during the discussion is used for research purposes only. Are you still happy to participate in this research?

Confirm acceptance of this: Yes / No

Remind them of the date and time.

So that we can send you out an email confirmation of this interview, could I please check these details?

Name:

Phone:

Email:

Interviewer Signature: Date:

If you have any questions about this research, please feel free to contact Dr Jo Gamble (Research Lead at Te Ara Ahunga Ora | Retirement Commission) at **jo@retirement.govt.nz**