

# Hon Andrew Bayly

Minister of Commerce and Consumer Affairs  
Minister for Small Business and Manufacturing  
Minister of Statistics



Jane Wrightson  
Retirement Commissioner  
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16 DEC 2024

Dear Jane,

## Government response to the 2022 Review of Retirement Income Policies

I want to thank you and your team for the work you have done on the 2022 Review of Retirement Income Policies. Retirement policy settings have significant, long-term implications for New Zealanders and it is important that these settings help to achieve the best retirement outcomes for all. The Commission's three-yearly reviews are essential to provide a basis for future government work programmes. I acknowledge the extensive work that went into preparing this report including the contribution of experts and the vast research underpinning the findings.

As you are aware, in July 2023, the previous Government issued an interim response to the 2022 Review. The intention was to provide a final response once additional recommendations relating to Māori were received in 2024/25. However, as no further work will be done on the 2022 Review, Cabinet has agreed to treat the interim response as the final response to the 2022 Review.

There are several work programmes ongoing across government that are undertaking work aligned to, or considering, a number of the recommendations made in the 2022 Review. As the interim response noted, the recommendations in the Review will continue to be taken into account where appropriate as work progresses. Thank you again for completing the 2022 Review.

## Terms of Reference for the 2025 Review of Retirement Income Policies

As required by section 84 of the New Zealand Superannuation and Retirement Income Act 2001, please also find attached at Annex 1 the Terms of Reference for the 2025 Review of Retirement Income Policies.

The Terms of Reference set out the topics the Government requires to be addressed in the Review.

The Government looks forward to receiving the 2025 Review final report in due course.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'A. Bayly'.

Hon Andrew Bayly  
Minister of Commerce and Consumer Affairs

## **Annex 1: 2025 Review of Retirement Income Policies Terms of Reference**

Issued by the Minister of Commerce and Consumers Affairs. Pursuant to section 83(c) of the New Zealand Superannuation and Retirement Income Act 2001, which requires the Retirement Commissioner to review retirement income policies every three years, I hereby request that the Retirement Commissioner undertakes a review of retirement income policies.

### **Context**

For decades New Zealand's retirement income policies have protected older New Zealanders from economic shocks and maintained standards of living in retirement.

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

This is reflected in pockets of need among older New Zealanders growing at the same time as pressure on government budgets is increasing.

Further, the KiwiSaver scheme has been in place for close to two decades and so it is now a good time to consider the scheme's settings and performance.

The purpose of this review is to identify practical policies and interventions that could maximise the ongoing performance of retirement income policies in New Zealand given this evolving environment.

### **Scope**

Having regard to the context above, I, as the referring Minister, request that the Retirement Commissioner undertakes a review of retirement income policies. The Retirement Commissioner should include:

#### *General*

- 1 Commentary on the purpose of retirement income policies, the performance of these policies, and developments and emerging trends since the 2022 review.
- 2 How these trends could play out in New Zealand over the next 25 years and their distributional and fiscal implications.
- 3 Evidence on retirement income policy innovation in other developed countries and lessons for New Zealand.
- 4 The diverse savings outcomes and experiences of women in retirement given they are the majority population of over 65s, and that there is a 25% gap on average in KiwiSaver balances between men and women.

#### *KiwiSaver and other private savings*

- 5 The performance of the KiwiSaver scheme, with a focus on default settings, opportunities to improve contribution rates, use of different KiwiSaver fund types, participation by the self-employed, and whether KiwiSaver has been effective in increasing the net national savings rate.
- 6 Government contributions to KiwiSaver, particularly the costs and benefits of government contributions, and which groups benefit most from receiving these contributions.

- 7 Whether any market distortions arise from the KiwiSaver model.
- 8 The role of (non-KiwiSaver) private savings in providing retirement income.
- 9 Opportunities for innovation and improvement of provider and industry guidance/products supporting the decumulation/drawdown of retirement savings and other assets.

#### *Governance*

- 10 Opportunities to enhance retirement income policy-making processes in New Zealand. This should include advice on the frequency and scope of the reviews of retirement income policy undertaken by the Retirement Commission and how to ensure retirement policies encourage ongoing trust in the system.

#### **Other Requirements**

In undertaking this review, the Retirement Commission should:

- Consult with key interest groups and affected parties.
- Engage with relevant government departments.
- Draw from international perspectives and experience.

#### **Timeframe**

A final report or reports must be submitted to the referring Minister by 31 December 2025. The Retirement Commission is also encouraged to produce any additional outputs that may facilitate public understanding or enhance the impact of their work, as they see fit.