

KiwiSaver Balances

SUMMARY

Te Ara Ahunga Ora (TAAO) commissioned Melville Jessup Weaver (MJW) actuaries to collect previously unknown data about KiwiSaver balances across age groups and gender. MJW's report contains data on 2,944,050 members with total balances of \$85.44 billion as at 31 December 2021. This represents approximately 93% of the total KiwiSaver member base.

The MJW report highlights the popularity of KiwiSaver across all ages, including the over 65s, and the higher average balances for men than women at all ages.

When comparing current balances to what would have been possible for a median wage earner to have accrued over the 14 years of KiwiSaver, we see that they are lower, on average, across all age groups. Explanations for this include first home deposit withdrawals and saving suspensions.

While the current cohort of 'pre-retirees' (aged 55+) have only had 14 years of KiwiSaver (like everyone else) younger cohorts will have had access to KiwiSaver over their whole working life. In future, balances for those nearing retirement may be higher.

Table 1 – Average balance by age cohort and sex (Source: MJW, 2022:4)

Average balance (\$) Age	Total	Female	Male	Male/Female
17 and under	2,677	2,638	2,681	102%
18-25	7,971	7,586	8,804	116%
26-30	16,088	15,256	17,646	116%
31-35	20,269	19,141	22,738	119%
36-40	26,138	24,335	29,805	122%
41-45	33,331	30,072	38,715	129%
46-50	40,335	35,902	47,422	132%
51-55	45,212	40,023	53,420	133%
56-60	49,206	43,798	57,518	131%
61-65	53,579	48,457	61,606	127%
66-70	60,773	57,687	66,753	116%
71-75	64,529	61,363	70,358	115%
76-80	66,881	64,579	71,801	111%
81-85	213,928	212,261	216,979	102%
86 and over	228,903	259,586	190,636	73%
Unknown age	14,395	13,163	19,516	148%
All ages	29,022	27,061	32,553	120%



MAIN MESSAGE

KiwiSaver is a retirement savings scheme that is closely associated with the labour market. Contributions are most often made by employees, as a percentage of their salary/wages, and are matched by minimum contributions by employers. As a result, gender differences in the labour market are reflected in KiwiSaver balances, with women having lower average balances than men.

KEY POINTS

- 40% of KiwiSaver members have a balance of less than \$10,000
 - 19% of those with less than \$10,000 are aged 17 and under
 - 24% of those with less than \$10,000 are aged 18-25
 - 22% of those with less than \$10,000 are aged 26-35
 - However, 21% of those aged 51-65 also have less than \$10,000 and they may not have saved as much as they would have liked for their retirement.
- Men have a higher average balance than women across all groups (except over 86)
 - Even in the under 17s and the 18 to 25-year-old age brackets (see Table 1)
 - The gender pay gap only explains some of the difference in male and female KiwiSaver balances – not all of it (details by age in Table 2)
- The widest gaps are between men and women in their 40s and 50s
 - On average, women in their 40s have approximately \$10,000 (or 30%) less KiwiSaver than men
 - On average, women in their 50s have approximately \$13,000 (or 32%) less KiwiSaver than men
 - This likely reflects the combined impact of the gender and ethnic pay gaps, time out of paid work, and the higher percentage of women than men that work part-time
- Overall, the balances are lower than would be expected for people who had contributed regularly, without suspensions or withdrawals. This suggests that members have taken one or more suspensions or a withdrawal for their first home deposit or have not been KiwiSaver members for the full 14 years of the scheme (details in Table 3).
 - Home ownership leads to greater wellbeing in retirement but savings suspensions reduce the funds available to live on during retirement.
- There are fewer members aged 65+ compared to younger cohorts (5.2% of members) but they have higher average balances than those under 65.
 - As this cohort was already 50 when KiwiSaver was introduced, they are less likely to have made first-home buyer deposit withdrawals, but may have transferred other savings into KiwiSaver or contributed greater proportions of their earnings
- Some people aged over 80 are using KiwiSaver (0.03% of members) and they have significantly higher average balances than younger age groups
 - This cohort would not have had access to KiwiSaver before the age of 65.
- There are more women than men with KiwiSaver, as there are in the total population, although the KiwiSaver gender ratio is slightly higher (see Table 4).
- Across all groups aged 18-65 KiwiSaver is popular, with 92% of the total population of 31-35 years old in KiwiSaver.

Table 2 - Gender Pay Gap and KiwiSaver balances

This table shows that the gender differences in KiwiSaver balances can be partly – but not fully – explained by the gender pay gap. The gender pay gap is less than 4% for under 30s yet the difference in KiwiSaver balances for that age cohort is much greater. Those with lower balances early in their working lives will be further disadvantaged over time due to the impact of compounding, which will be more beneficial to those with higher initial balances.

Age	Difference in average KS balance	Gender pay gap*	Residual difference
17 under	1.6%	0.0%	1.6%
18-25	16.1%	3.6%	12.5%
26-30	15.7%	1.8%	13.9%
31-35	18.8%	10.8%	8.0%
36-40	22.5%	11.7%	10.8%
41-45	28.7%	16.7%	12.0%
46-50	32.1%	13.3%	18.8%
51-55	33.5%	12.1%	21.4%
56-60	31.3%	13.0%	18.3%
61-65	27.1%	15.0%	12.1%
66-80	13.8%	8.3%	5.5%
All ages	20.3%	9.1%	11.2%

*Table created by TAAO from data sourced from Stats NZ based on median hourly earnings 2021.
Note: age bands do not match exactly as Stats NZ uses slightly different age bands.

Table 3 - KiwiSaver balances and scenario comparisons

This table shows hypothetical scenarios for people who had invested in KiwiSaver for 14 years (the maximum time possible) without making any withdrawals. The median wage for each cohort was used to determine the contribution amount (minimum employee and employer) and government incentives were included.

Balances are lower, on average, across all age groups but more pronounced for younger people (age 44 and under). This cohort may be more likely to have made first home deposit withdrawals than those aged 45 and over. Gender differences are evident within potential fund balances because median wages for each gender were used in the calculation.

KiwiSaver Projections - Female

Age in 2007	Age in 2021	Average member balance at December 2021 \$	Conservative fund member		Balanced fund member	
			Projected December 2021 balance \$	Difference \$	Projected December 2021 balance \$	Difference \$
20	34	19,141	46,878	27,738	58,289	39,148
25	39	24,335	60,331	35,996	74,939	50,604
30	44	30,072	64,445	34,373	80,072	50,000
35	49	35,902	56,580	20,679	70,332	34,430
40	54	40,023	54,941	14,918	68,380	28,357
45	59	43,798	59,369	15,571	73,706	29,908
50	64	48,457	56,970	8,514	70,818	22,361

*This table was calculated by MJW



KiwiSaver Projections - Male

Age in 2007	Age in 2021	Average member balance at December 2021 \$	Conservative fund member		Balanced fund member	
			Projected December 2021 balance \$	Difference \$	Projected December 2021 balance \$	Difference \$
20	34	22,738	53,381	30,643	66,433	43,695
25	39	29,805	65,543	35,738	81,456	51,651
30	44	38,715	74,240	35,525	92,267	53,552
35	49	47,422	75,300	27,879	93,599	46,177
40	54	53,420	74,262	20,841	92,314	38,894
45	59	57,518	75,300	17,782	93,599	36,081
50	64	61,606	76,525	14,920	95,112	33,506

*This table was calculated by MJW

Table 4 - Number of members (Source: MJW, 2022:3)

Age	Total	Female	Male	Female	Male
17 under	230,177	112,111	117,771	48.8%	51.2%
18-25	420,564	197,432	201,524	49.5%	50.5%
26-30	325,709	154,062	156,797	49.6%	50.4%
31-35	334,517	158,894	156,441	50.4%	49.6%
36-40	287,570	138,508	132,246	51.2%	48.8%
41-45	251,026	124,092	114,263	52.1%	47.9%
46-50	255,330	129,613	114,420	53.1%	46.9%
51-55	249,960	128,501	111,464	53.5%	46.5%
56-60	238,014	122,685	107,047	53.4%	46.6%
61-65	197,816	102,553	89,009	53.5%	46.5%
66-70	97,097	50,302	44,155	53.3%	46.7%
71-75	43,743	22,453	20,277	52.5%	47.5%
76-80	11,384	5,739	5,409	51.5%	48.5%
81-85	493	246	241	50.5%	49.5%
86 +	276	150	125	54.5%	45.5%
Unknown	374	99	159	38.4%	61.6%
Total	2,944,050	1,447,440	1,371,348	51.3%	48.7%

