



**TE ARA
AHUNGA ORA**
Retirement Commission



Pension tension: Summing up the Super Summit



Te Kāwanatanga o Aotearoa
New Zealand Government



Te Ara Ahunga Ora Retirement Commission
is a Toitū certified carbonreduce organisation

Ngā Ihirangi

Contents

Foreword from the Retirement Commissioner	2
Executive summary	4
NZ Super at a glance	8
Superannuation – a fiscal challenge or opportunity?	10
Key themes	11
Summary of the panel discussion	12
NZ Super and the next generation – hopes, fears, and realities	16
Key themes	17
Summary of the panel discussion	18
Purpose and principles – what’s NZ Super for?	22
Key themes	23
Summary of the panel discussion	24
Politics – is political agreement on NZ Super possible?	28
Key themes	29
Summary of the panel discussion	30
Conclusion	33
Next steps	34
Appendix: A snapshot of New Zealand’s retirement income history	36



Foreword from the Retirement Commissioner

Our purpose for hosting a one-day summit in March 2024 focusing on NZ Superannuation was to encourage rigorous, respectful, and evidence-based discussion about a central pillar of New Zealand's retirement income policy system. Four expert panels took a wide-ranging look at NZ Super and its environment.

This aligns with Te Ara Ahunga Ora Retirement Commission's statutory role to monitor the effectiveness of retirement income policies, to advise government on the issues, and help public understanding of retirement income matters.

We describe the purpose of NZ's retirement income system as follows:

A stable retirement income framework enables trust and confidence that older New Zealand residents can live with dignity and mana, participate in and contribute to society, and enjoy a high level of belonging and connection to their whānau, community and country.

To help current and future retirees to achieve this, a sustainable retirement income framework's purpose is twofold:

1. To provide NZ Superannuation to ensure an adequate standard of living for New Zealanders of eligible age. NZ Super is the government's primary contribution to financial security for the remainder of a person's life.
2. To actively support New Zealanders to build and manage independent savings that contribute to their ability to maintain their own relative standard of living.

The retirement income system sits within the broader government provision of infrastructure also needed to enable older New Zealanders to live well, such as health care, housing, and transport.

There has been growing interest and debate regarding our retirement income policy settings amongst political leaders, officials, and the general public. It's fair to say the debate is not always well informed as it needs to be, which is what I want to change.

The Retirement Commission was established in 1993, in a previous moment of debate on the future of pensions policy, to promote system stability and inject ideas and analysis: in other words, to shine a light on the issues, not add heat. So, through the Super Summit we wanted to create an opportunity to have a focused and informed conversation about New Zealand, canvassing important economic, social, and equity themes. Prior to the summit we released an issue and options paper to stimulate thinking.¹

Our panellists were selected to offer a range of informed views from their different disciplines. They were briefed to discuss the fiscal context of NZ Superannuation (NZ Super), to look ahead from an intergenerational perspective, to share their views on the principles that underpin how NZ Super operates and could, or should, guide any policy changes. Finally, to consider the political environment in terms of the possibilities for fostering dialogue and policy stability over the longer term.

¹ [TAAO-RRIP-NZ-Super-issues-paper.pdf \(retirement.govt.nz\)](#)

Across the globe, pension policy is a sensitive area for politicians and officials given the critical social contribution publicly funded pensions make to underpin the wellbeing of older citizens, and the fiscal contribution required to provide and sustain them.

It's important to note that based on our ongoing research and analysis, most recently referenced in our NZ Super: Issues and Options paper, I believe NZ Super is generally in good shape with solid foundations.

I've previously made my view clear that the age of eligibility should stay at 65 for the immediate and mid-term future. Fairness is a key component, as set out in our issues paper.

There are several important features of NZ Super that make it an enviable system:

- It's a comparatively simple scheme and easy to administer. Not many systems are as streamlined, and no other welfare payment is.
- Its universal access for eligible over-65s. Access is granted regardless of a recipient's gender, marital status, or income history over the life course.
- Its social impact: NZ Super broadly keeps the basic income of older citizens in line with the incomes of working age New Zealanders. Our income poverty rate for older citizens is well below that recorded in Australia.
- NZ Super protects against longevity risk. It doesn't run out regardless of how long a person lives.
- NZ Super doesn't penalise people for saving, nor does it discourage people from paid employment over the age of 65.

If decision-makers feel differently, crucial decisions like changing the age must not be taken in isolation. Public policies, including well established ones, are not static and the possibility for innovation and adaptation to change is always present. However, for policies that underpin the security and wellbeing of many, considerable care must be taken. Any change proposed should align with evidence and be weighed very carefully, considering the range of effects, and thinking about the different economic lives of New Zealanders.

So, the Super Summit was deliberately designed to broaden and deepen the policy conversation on NZ Super. It presented an opportunity to have leading thinkers from a variety of backgrounds canvas critical social and economic themes from their perspective. This record of the day, from what was a thoughtful and collaborative summit, is intended to discuss the competing tensions, to isolate the key issues that should always be considered together, and to contribute a public resource that canvasses and provides useful perspectives for decision-makers and other interested parties.

My personal thanks to all the panellists and moderators who gave up their time to participate in the 2024 Super Summit and shared their expertise so openly and honestly throughout. A special thanks to my policy team members Dr Jordan King, Dr Suzy Morrissey, and Dr Michelle Reyers for pulling the event together.

I would also like to thank Hon Louise Upston, Minister for Social Development, and Social Services and Community Committee chair Joseph Mooney MP, for attending part of the day at relatively late notice with the Minister speaking briefly about the Government's priorities relating to NZ Super. Their attendance in a very busy parliamentary week was most appreciated.



Jane Wrightson

May 2024

Executive summary

The Super Summit took place on 21 March 2024 in Wellington hosted by Te Ara Ahunga Ora Retirement Commission. Focused on dissecting New Zealand's superannuation system, it presented a comprehensive analysis of the fiscal challenges and opportunities inherent in pension policy.

Some of the country's leading academics, political commentators, current and former politicians, journalists, and economists took part, sharing their views, insights, and recommendations to help shape the future of NZ Super.

Across four panels, experts delved into the complexities of current policy settings, future projections, and the social, economic, and political landscapes shaping retirement income. Key themes emerged, reflecting a nuanced understanding of the issues at hand and the importance of evidence-based decision-making to ensure the sustainability and equity of the retirement system.

1.

Superannuation – a fiscal challenge or opportunity?

The first panel tackled the fiscal realities and challenges of NZ Super. Discussion centred around the divisive debate on pension policy sustainability, with perspectives ranging from raising the age of eligibility to means-testing. Affordability emerged as a recurring theme, highlighting the need to balance fiscal implications with broader societal goals.

Professor Gail Pacheco picked up the 'pension tension' that historically frames policy discussions and emphasised the importance of evidence-based analysis. She advocated for investments in health and education to address disparities in life expectancy and intergenerational equity concerns.

Associate Professor Susan St John critiqued the universality of the current pension system and proposed reallocating resources to support younger generations.

Max Rashbrooke emphasised NZ Super's role in combating poverty and cautioned against solely focusing on fiscal considerations. Dr Bryce Wilkinson argued that it was logical to raise the age of eligibility with increasing life expectancies. To fail to do so was to aggravate the burden of an ageing population on those of working age.

Overall, the discussion highlighted the complexity of pension policymaking, with panellists supporting the need for some reform to ensure affordability, equity, and administrative efficiency. Despite differing viewpoints on some aspects, there was a consensus on the importance of addressing intergenerational equity and fiscal sustainability in New Zealand's pension system.

2.

NZ Super and the next generation - hopes, fears, and realities

Panel 2 focused on generational perspectives and the evolving financial realities of younger demographics. Concerns were raised over equity in retirement income settings, which have been exacerbated by declining homeownership and the housing crisis. The session also addressed the sustainability of the retirement system amidst changing demographics and technological advancements. Panellists talked about the importance of cross-generational solidarity and the need for a strengthened retirement system to ensure dignity and security for older New Zealanders.

Kendall Flutey highlighted the influence of technology and social media on financial behaviour, emphasising the need for equity in retirement income settings.

Oliver Neas discussed the challenges posed by declining homeownership rates and advocated for strengthening the current retirement system.

Ricardo Menéndez March stressed NZ Super's role as a vital safety net and criticised recent restrictions on residency access from 10 years to 20 years.

Max Salmon acknowledged the importance of ensuring dignity for older New Zealanders but, given the ageing population and the growing costs to the country, argued the system is not sustainable in its current form.

The panel collectively stressed the necessity of comprehensive solutions that consider the interconnectedness of societal issues and prioritise the wellbeing of both current and future generations in retirement planning.



3.

Purpose and principles – what’s NZ Super for?

The third panel delved into the social purpose of NZ Super and the guiding principles for retirement income policymaking. Panellists critically reflected on current policy settings, emphasising NZ Super’s role in social cohesion and its non-contributory nature.

Dr Alison O’Connell highlighted NZ Super’s universality and its significance as a backstop income for all individuals, regardless of wealth or age.

Associate Professor Sacha McMeeking stressed the importance of addressing inequities in society to ensure the sustainability of retirement entitlements and advocated for dignity as a central principle guiding policy.

Todd Kriebel approached the discussion from a public policy perspective, viewing NZ Super as a tool to support wellbeing and security in old age, emphasising the value of its universality, and challenged the dominant view that New Zealand cannot fiscally sustain NZ Super.

The panel collectively also highlighted the need to view NZ Super alongside other social policies. Any proposed policy interventions need to address structural inequalities while maintaining social cohesion and ensuring the wellbeing and security of all citizens in retirement.





4.

Politics – is political agreement on NZ Super possible?

The final panel of former ministers addressed the politically sensitive nature of pension policy and the challenges in achieving cross-party consensus. Historical context illuminated past policy shifts, while proposals for collaborative decision-making processes aimed to restore trust and transparency in policymaking.

Hon Peter Dunne traced the historical evolution of pension schemes in New Zealand, highlighting significant policy shifts and challenges. He proposed a broader approach to retirement security, advocating for consensus-building efforts beyond superannuation alone.

Hon Lianne Dalziel raised concerns about the impact of erosion of trust, proposing collaborative decision-making processes like citizens' assemblies. She stressed the need for fairness, security, and trust in shaping retirement policies.

Hon Simon Power highlighted the importance of constructive debates and bipartisan agreements, emphasising the need for deep understanding and long-term planning. He appreciated the holistic approach to retirement planning proposed by the Retirement Commission and stressed the importance of considering the entire retirement ecosystem.

Collectively, the panel emphasised the need for holistic approaches to retirement planning, considering broader social issues and the roles of the Super Fund and KiwiSaver in ensuring stability and optionality for future retirees.

In summary

Overall, the Super Summit provided a comprehensive analysis of New Zealand's superannuation system, highlighting the complexities and challenges ahead. The discussions made the case for informed, inclusive decision-making to navigate the fiscal challenges and demographic shifts shaping the country's retirement landscape, ensuring a dignified and sustainable future for all age groups.

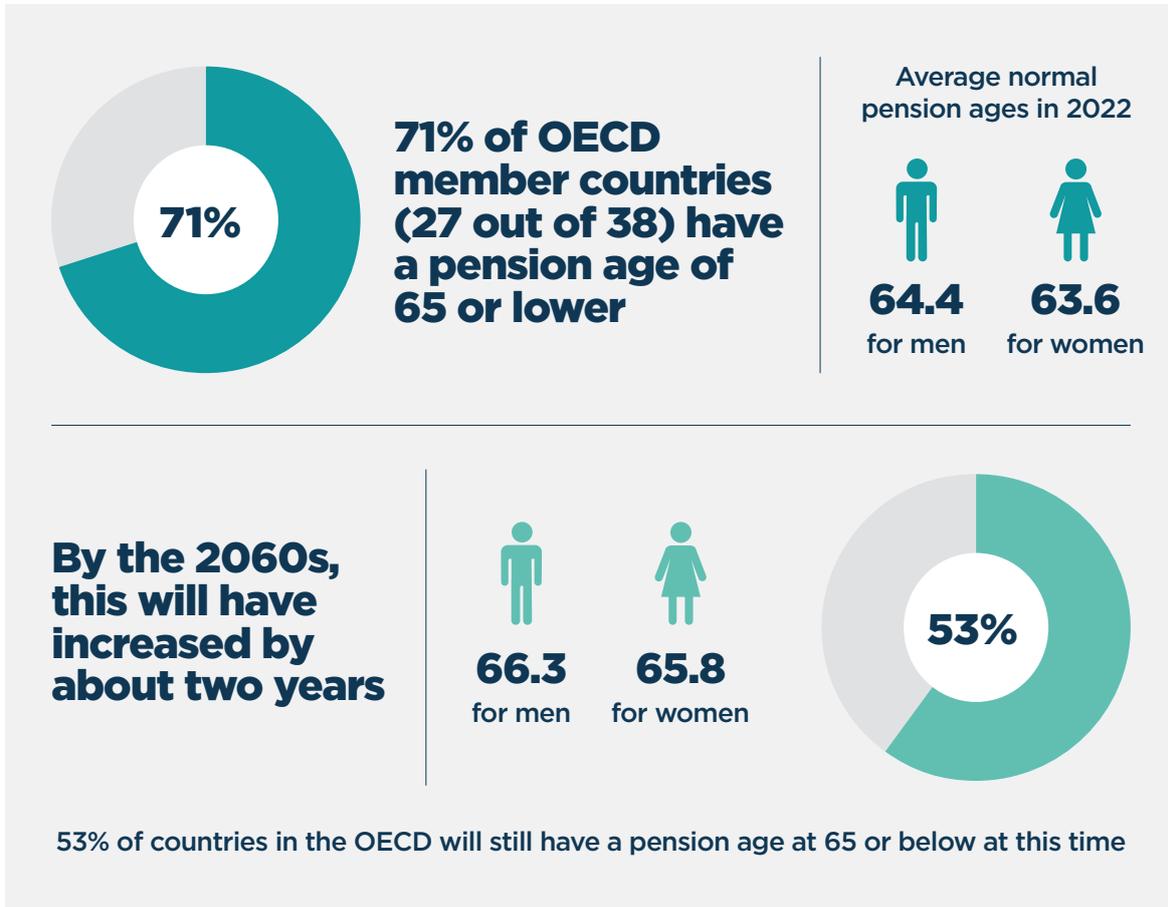
The following sections provide an overview of the discussions from the day, highlighting the key themes that emerged across the four panels. A summary is provided of the views and insights shared by each of the panellists, including some of their recommendations or ideas to support future policy thinking.²

² Opinions expressed do not necessarily reflect the view of Te Ara Ahunga Ora Retirement Commission.



NZ Super at a glance

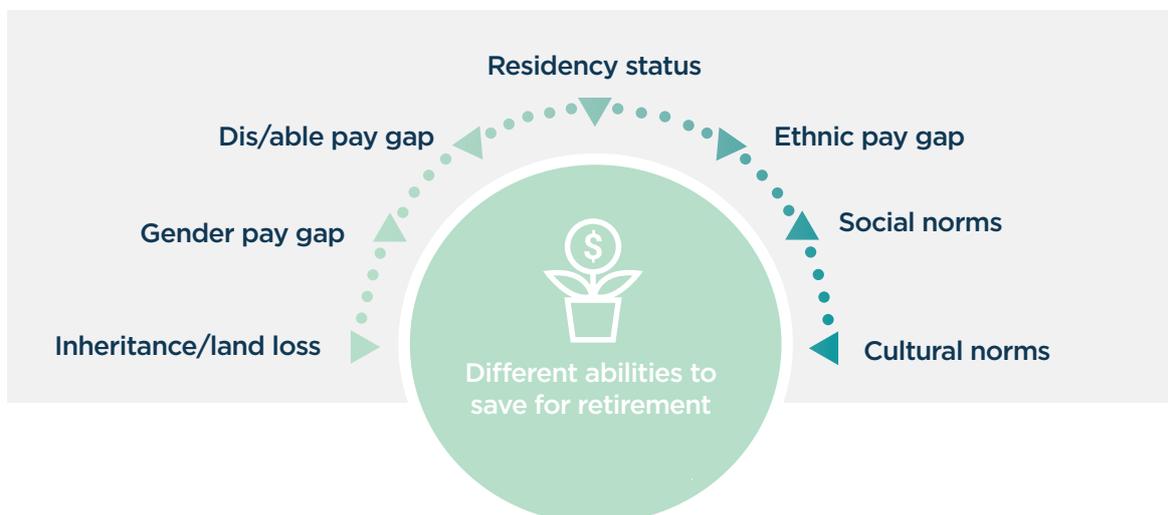
OECD pension ages comparisons



Source: Created from data in OECD (2023). Pensions at a Glance.

A critical lens on the ability to save in retirement

Any debate about retirement income, and when considering changes to existing settings, needs to consider the variety of factors that impact on ability to save for retirement – recognising that it is by no means a level playing field for all.

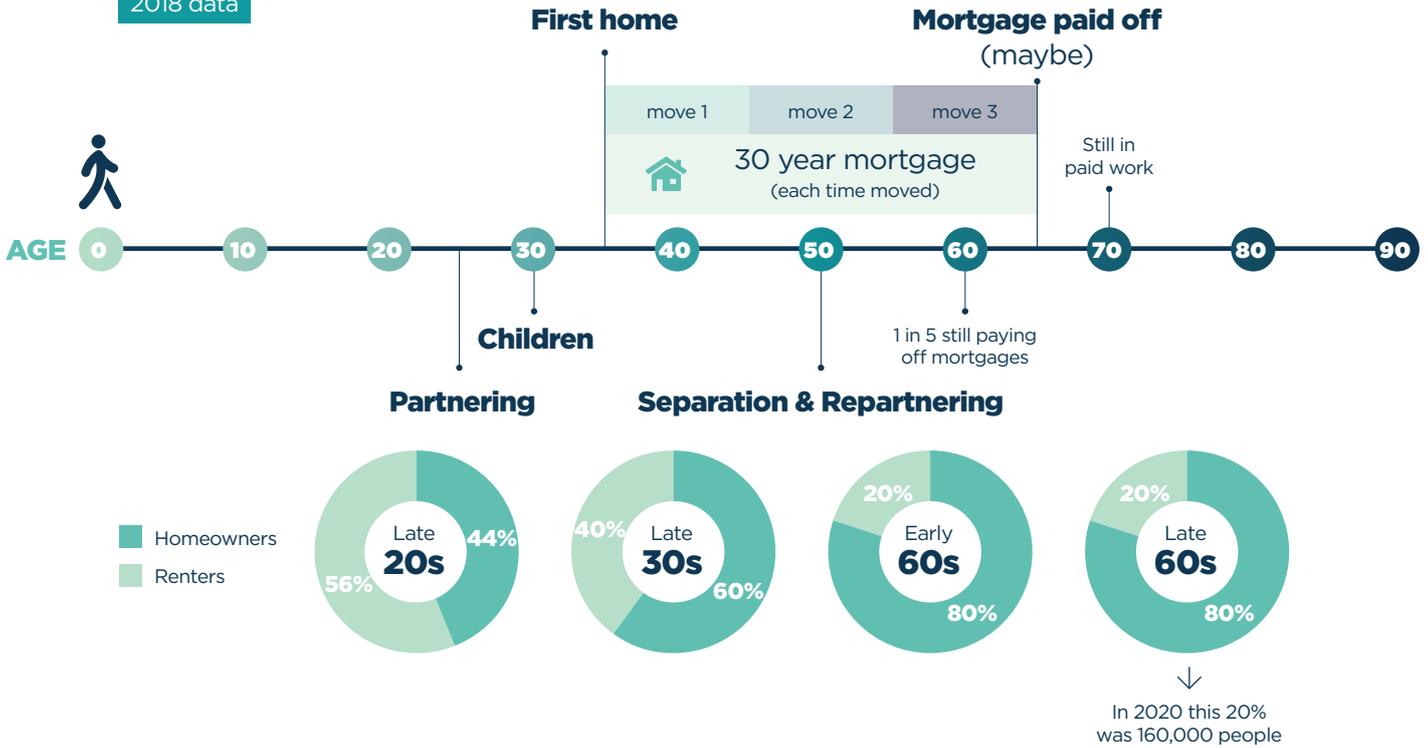


Housing impacts – today and tomorrow

When NZ Super was introduced, it was with the underlying assumption that those accessing it would be mortgage-free homeowners. Today, the reality is very different. There are declining home-ownership rates and more people needing to continue working longer because they still have mortgages to pay, are paying rent, or haven't been able to save enough to retire. Based on current trends, there is going to be a 100% increase in people renting aged 65 and over.

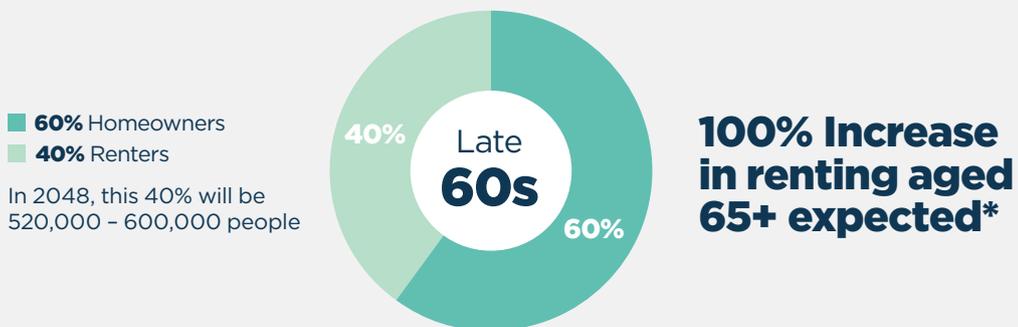
Current life stages

2018 data



Future housing projections impacting over 65s

2048 estimate



*Assumes previous pattern of renter in late 30s = renter in retirement continues

Superannuation – a fiscal challenge or opportunity?

This session dived into the fiscal realities and challenges of NZ Super, both now and in the future. Panellists shared their views on current policy settings and offered their assessment of the social and economic case for maintaining the policy status quo or pursuing change.

The discussion highlighted the complexity of making changes to superannuation policy, balancing fiscal realities with social equity and long-term sustainability. The panellists generally advocated for a nuanced approach that considers both immediate and future implications of superannuation policy, with an emphasis on the need for evidence-based analysis to inform decisions.

Moderator:

Patrick Smellie
BusinessDesk



Panellists:

Professor Gail Pacheco
Professor of Economics and Director of the NZ Policy Research Institute, AUT

Max Rashbrooke
Senior Research Fellow (adjunct), School of Government, Victoria University

Associate Professor Susan St John
Pensions and Intergenerational Equity (PIE) Hub, University of Auckland

Dr Bryce Wilkinson
Senior Fellow, The New Zealand Initiative



Key themes

- **Pension tension:** The debate around the fiscal sustainability of pension settings was described as divisive. Various perspectives were presented on options such as status quo, raising the age of eligibility, means-testing, income testing, and the overall structure of the pension system.
- **Affordability and opportunity cost:** Affordability was a recurring theme and panellists discussed the fiscal implications of pension policies and potential trade-offs between different spending priorities. There was a focus on examining the cost-effectiveness of various policy options and ensuring that fiscal decisions align with broader societal goals.
- **Equity and intergenerational considerations:** The panel debated the equity implications of pension policies, particularly concerning ethnic differences in life expectancy and the potential intergenerational impacts of current policy settings. They talked about the burden placed on younger generations to support an ageing population and advocated for measures that balance the needs of different age groups.
- **Life expectancy and demographic trends:** The increasing life expectancy and demographic changes were highlighted as factors influencing pension policy. Speakers referenced historical trends and projected future challenges posed by an ageing population and the need for sustainable pension solutions.
- **Policy complexity and administrative efficiency:** There was a debate regarding the complexity of pension policy and the value of the administrative efficiency of today's NZ Super. They discussed the trade-offs between simplicity and effectiveness in pension design, as well as the potential benefits of introducing greater complexity to target resources more effectively.
- **Role of taxation and public spending:** The role of taxation, including proposals for a capital gains tax, was discussed as a means of funding pension expenditure and addressing intergenerational equity. Panellists highlighted the broader implications of tax policy on pension affordability and social welfare outcomes.
- **Pension poverty:** They shared views on the adequacy of NZ Super in the future as more homeownership erodes and the lack of suitable housing for older populations being available.



Summary of the panel discussion



Professor Gail Pacheco

Pacheco kicked the discussion off with insights into the “pension tension” that has historically polarised policymakers and the public.

“It’s a highly debatable area and very divisive and unfortunately that’s meant we haven’t made much headway since the last time we made a significant change.”

Pacheco considered the debate about NZ Super’s affordability through two perspectives: equity and intergenerational lenses. Under the equity lens, she talked about the ethnic disparities in life expectancy, particularly among Māori, affecting their pension benefits regardless of the eligibility age. She discussed the opportunity cost of pension spending in terms of spending on Māori health and education at a younger age, which could be more beneficial for increasing life expectancy and bridging the gap.

From an intergenerational perspective, Pacheco raised concerns about the fairness of making a shrinking working-age population support a growing retiree demographic, especially as they also contribute to the NZ Super Fund. She emphasised the opportunity cost of pension spending (rather than affordability per se), advocating for investment instead in children. This she said could have significant intergenerational and equity impacts, considering New Zealand’s demographic profile shift with more children being Māori or Pacific People.

The final point she made was to argue that now is the time for New Zealand to make a change because of our very young population relative to other countries in the OECD.

“If there was a time to do something, now is the time to take that opportunity given this demographic profile. We don’t want to end up at a stage like Italy where they need to spend a much higher share of their GDP or we don’t want to end up at a stage like the 1990s where New Zealand had to make that sudden shift from 60 to 65 and do it very, very quickly.”





Associate Professor Susan St John

St John's discussion centred on the intergenerational equity challenges posed by the current superannuation framework.

"We're facing enormous problems in society today. At the same time as we're paying a very generous pension to everybody at the age of 65, whether they're millionaires or multiple property owners. And that raises some very important questions for change. If we are to do it, it's best to do it in a reasoned way and to do it sooner rather than later to avoid the knee-jerk reactions that we've seen in the past."

She commended the system's universalism and non-contributory nature but cautioned "not to be beguiled by our own cleverness". St John particularly raised concerns about using international comparisons because of the different ways countries structure their pension systems.

"In particular, other countries have higher replacement rates for middle-income people. There is a gap in the New Zealand system, and NZ Super on its own offers an inadequate protection against the longevity risk many middle income people face."

She advocated for a more nuanced approach, reallocating funds from the wealthy to support the younger generation. She highlighted the social challenges for young people and suggested that investing in youth could benefit society as a whole, including the older age group. St John also proposed administrative changes, such as making the winter energy payment opt-in and redirecting the savings towards improving access to the accommodation supplement for older New Zealanders.

When asked if NZ Super was doing a good enough job in alleviating poverty, St John responded:

"Back when NZ Superannuation was introduced, we could say we'd solved their poverty problem. But we definitely have not solved the poverty problem now, which suggests again that we need to reorganise the money that we're spending on NZ Super."

Finally, St John disagreed with the framing of the Retirement Commission's paper, which focused its recommendations on only making changes to NZ Super if it was essential to find fiscal savings. While agreeing with the consensus emerging around not raising the age, she argued for a shift in emphasis towards addressing current shortcomings and reorganising resources for better outcomes.

She suggested one approach would be introducing a tax clawback so those at the top end essentially pay for their basic income. A surcharge had previously operated for 13 years but stopped in 1998, and St John believes there's an opportunity to do it much better than was done in the past and provide very useful savings.





Max Rashbrooke

Rashbrooke expanded on the theme of intergenerational equity. He pointed out the evolving nature of the labour market since the 1990s and its impact on the effectiveness of pension policies.

He said NZ Super is often discussed in terms of its fiscal impact, but its primary purpose is as an anti-poverty measure, providing security in the later stages of life. He argued it's a misconception that NZ Super was designed to preserve a fixed period of retirement enjoyment. Instead, it's about extending the benefits of financial security as far as possible, within fiscal constraints.

“Michael Joseph Savage originally said, ‘it gives people security in the evening of their life’ and if that’s a positive achievement, then it’s something that we should be trying to extend as far as possible and then say, ‘well, does the fiscal situation allow us to do that?’ But I think that’s the frame that we need.”

Rashbrooke added that the current debate centres on whether to raise the eligibility age for NZ Super as life expectancy increases. However, this overlooks the scheme’s role as a social safety net, particularly for those in physically demanding jobs who may not have the luxury of working beyond 65 due to health issues. He noted the socioeconomic disparities in life expectancy are stark, with a significant difference between the wealthiest and poorest areas.

He encouraged people to look beyond the gross cost and look at the net cost of NZ Super. Rashbrooke said economist Bill Rosenberg looked at this in 2017, at a point when the gross cost of NZ Super was projected to go from 5% of GDP to about 8% of GDP in 2060. However, after accounting for taxes paid by superannuitants and the NZ Super Fund, the actual increase in net cost of NZ Super over 40 years was only going to rise from 5% to 5.9% of GDP.

“That is much less scary and seems fairly affordable to me,” said Rashbrooke.

“I do think broadly speaking that NZ Super is sustainable in its current settings. So, the question for me is should we aim to keep the age of eligibility at 65 and extend those benefits as broadly as possible in the evenings of people’s days? Does the fiscal situation allow us to do that? And I would agree broadly speaking with the Retirement Commission’s analysis that it does.”

Rashbrooke added that although there were concerns about the dependency ratio (the ratio of working age people to older people), if one included children in the calculations of “dependents”, the dependency ratio in 2060 was set to be not very different to that in the 1970s, as the much larger proportion of older people would be balanced out by a much smaller proportion of younger people.

Rashbrooke did concede that there are things we could do to improve NZ Super, but cited the impact of homeownership and how that affects people’s ability to maintain an adequate standard of living.

“We’ve got a lot of people hitting 65 and not owning their own home, right, which is what NZ Super was always premised on. So that’s more a problem that’s a failing of the housing market. I don’t think that’s a failing, per se of NZ Super, which I think has mostly been very successful in those objectives.”

He also raised the absence of any comprehensive capital gains tax, something he said that if implemented, and when up and running fully, could raise in the order of \$4 billion a year. And that’s money he argued would be very well spent on children.

“I think you want to ensure a basic good income, above the poverty line level of existence for everyone who’s retiring. Then on top of that, you want to encourage people to save themselves individually, so they enjoy a bit more than that base level. So, for me, the combination of NZ Super available to everyone plus KiwiSaver, with those incentives for individual saving, is at least certainly in the ballpark or the right balance between the collective and the individual responsibility.”



Dr Bryce Wilkinson

Dr Wilkinson agreed with Professor Pacheco and Susan St John about the opportunity costs. He emphasised that choosing not to raise the age of eligibility for NZ Super is a decision to not allocate funds elsewhere.

He argued that raising the age of eligibility is sensible given the increase in life expectancy, and even more so due to the demographic pressure from the population ageing, placing greater burdens on each worker generation.

Dr Wilkinson challenged the Retirement Commission's fairness argument in the Super Options and Issues Paper, questioning whether it's fair to those who fund the system now.

Dr Wilkinson used three illustrative figures to emphasise his view that NZ Super is a growing intergenerational burden:

- In 1898, life expectancy at age 65 was about 13 years, compared to 22 years in 2001, and 23.6 years in 2024. By 2044, it's projected to be 25.7 years.
- The pension amount in 1898 was equivalent to \$4,100 in 2023 dollars, increasing to \$21,000 in 2001, and \$24,500 in 2024. It's expected to rise further by 2044, adjusted for wage rate increases over CPI inflation.
- The eligible proportion of the population aged 65 or older was 4.1% in 1901, 12% in 2001, 17% in 2024, and could reach 22% by 2044.

"So, in short, each generation of people of working age bears a higher burden than the generation before," said Dr Wilkinson.

He also highlighted the increased public healthcare spending for the ageing population, which, combined with NZ Super, could account for 18% of GDP by 2060, up from 11.4% in 2024.

He criticised the pay-as-you-go (PAYGO) scheme for its intergenerational transfer and "Ponzi nature", warning that without adjustments, the system will become unsustainable. He compared New Zealand's average income per capita with Australia's, which is nearly 40% higher, to underline the allure of Australia for younger working-age New Zealanders if tax burdens in New Zealand become too onerous.

"I just look at our income gap with Australia, look at the burden we're putting on young people to work towards owning a home. They're trying to bring up kids, hold down a job, and buy unaffordable housing. I think the idea of 'it's easy to find lots more money' just isn't right.

"Raising the age of eligibility helps affordability, but not by enough to make things look sustainable. Issues such as means-testing and benefit levels are also policy options that need to be factored in.

"Our scheme is clearly of a safety net nature. Its intention is not to replace the income you had when you were working. The intention is to avoid poverty in old age. But our benefit system for those under age 65 has the same rationale. And the question is, why pay less to someone on Jobseeker Support who does not have a job at age 64 than NZ Super pays them after they turn 65?

"Is there an answer to that question that someone who's aged 64 could be expected to agree with? So that's a relativity question."



NZ Super and the next generation - hopes, fears, and realities

What do younger people think of NZ Super? Panellists shared their views on the social, economic, and political landscape shaping younger lives. They discussed the role NZ Super could, or should, play for the generation of New Zealanders reaching the age of eligibility for NZ Super in the 2060s.

Moderator:

Jack Tame
Broadcaster



Panellists:

Kendall Flutey
Co-founder and CEO, Banqer

Ricardo Menéndez March
Green MP and Spokesperson for Social Development

Max Salmon
Research Fellow, New Zealand Initiative

Oliver Neas
Writer, Barrister and Editorial Director, Policy.nz



Key themes

- **Generational perspectives and changing financial realities:** The discussion highlighted the generational differences, particularly between millennials, Gen Z, and Gen Alpha, and how each generation perceives financial realities differently. Panellists recognised that traditional financial milestones (e.g. homeownership) may be less attainable for younger generations.
- **Equity and retirement income:** The panel raised concerns about equity in retirement income settings, including disparities faced by different demographic groups such as Māori and shift workers.
- **Challenges with housing and retirement:** Panellists highlighted the impact of declining homeownership and housing crises on retirement planning. They discussed the challenges faced by older New Zealanders in securing affordable housing and the potential for growing inequities in later life.
- **Sustainability of retirement system:** Panellists raised concerns about the sustainability of the current retirement system in the face of demographic shifts and increasing costs, leading to debate around alternative models such as mandatory contributory systems.
- **Cross-generational solidarity:** The importance of cross-generational solidarity in addressing retirement challenges was emphasised, highlighting the shared responsibility of ensuring a dignified and sustainable future for all age groups.
- **Need for strengthening retirement system:** A call to strengthen the retirement system to ensure dignity and security for older New Zealanders, with many panellists (not all) placing emphasis on the importance of universal superannuation and the need to resist policies that may restrict access.
- **Role of technology and future workforce:** Discussion on the impact of new technologies like AI on the workforce and the importance of ensuring the right support as we transition to prevent displacement and poverty, particularly for older workers. Also raised was the influence of social media on financial behaviour and in shaping comparison culture and encouraging non-essential consumption.



Summary of the panel discussion



Kendall Flutey

Flutey started by contextualising the discussion from the perspective of a millennial, noting the profound influence of technology, particularly social media, has on their communication patterns, engagement levels, and financial landscapes. She talked about the impact of social media on shaping aspirations and fostering a culture of comparison, contributing to more non-essential spending. She reflected on the evolving nature of financial milestones and acknowledged the shifting expectations and challenges in attaining traditional markers of financial success, such as owning your home.

Flutey expressed scepticism about the certainty that the country can keep supporting NZ Super in its current form. She advocated for equity in retirement income settings which addressed the diverse needs of various demographics, including shift workers and Māori.

She said she doesn't personally expect NZ Super as an entitlement but sees it an important function in our financial system. Flutey said that KiwiSaver and her personal savings schemes, including homeownership, are more relevant to her retirement portfolio because it's something she can influence and have control over.

"I think the purpose of NZ Super is really noble and I think that increasingly is what really resonates with our generation. Something that's fair, it exists to serve everyone, it exists so that our future is to some extent, as stable as it can be. That's something that I think really would resonate with our generation and the generation below us. But the reality is we know we'll be working longer. We know we're going to have reduced financial security. And we know that we've got other factors such as climate change to contend with, and all these other things that are shaping and shaking our world."

Despite admitting to having a pessimistic outlook from her own perspective, she shared insights gleaned from younger generations, particularly 13-16 year olds engaged in financial education. The findings from her research showed this younger cohort were surprisingly optimistic about their financial futures. She pointed to the correlation between financial confidence, engagement in financial matters, and positive outlooks, highlighting the necessity of ensuring access to financial education from a young age to support future resilience-building efforts.

She also discussed the importance of considering the broader socioeconomic implications, such as climate change, in shaping future retirement provisions. She said we need adaptable and resilient participants in the economy and advocated for comprehensive education to prepare individuals for the dynamic landscape of retirement planning.





Oliver Neas

Neas reflected on how his views on retirement and superannuation have been shaped by the experiences of older generations, particularly his grandmother's story after her husband passed away. Her transition to a retirement village prompted him to contemplate the importance of financial planning and the implications of not having adequate support in old age.

In his role as journalist, he delved into New Zealand's retirement system and discovered its heavy reliance on assumptions of homeownership. However, with declining homeownership rates and a growing housing crisis, Neas said the system faces challenges as more seniors find themselves with mortgages or renting, while options for affordable housing dwindle, leading to growing inequity in later life.

"If you look at the private market, retirement villages rely on residents selling their family homes to pay for the price of entry. Then even the funding settings for residential care assume that most people will have housing wealth that they can contribute to offset the cost on the State. So, if you don't have wealth, the options are becoming more and more limited."

He also talked about the increasing insecurity and precarity many older New Zealanders face with no real guarantees of dignity.

"You can be retired comfortably for 10 years and then something happens. Your partner leaves you, you've got to sell the house, but the proceeds aren't enough to buy another place yourself, and suddenly you're 75 and you've got flatmates. That's a really destabilising picture."

Neas emphasised that these issues extend beyond current retirees and impact future generations. He advocated for strengthening the retirement system rather than diminishing entitlements. He questions the narrative of intergenerational conflict often used to justify cuts to superannuation, highlighting the historical context of diminished entitlements for younger generations.

"I see universal NZ Super as a treasure. It is something really special and I think younger people should be cautious to resist this idea that inevitably things have to change for the worse, because I don't think they do."





Ricardo Menéndez March, MP

Menéndez March offered a perspective on retirement and superannuation that challenges mainstream discourse. He highlighted the growing number of people over 65 seeking hardship grants to cover basic costs, debunking the assumption that older individuals are financially secure. Menéndez March argued that NZ Super is a vital safety net, especially for those without other means of support.

“It’s a treasure that needs to be protected because without it, for those people that get to 65 and don’t have the means to survive it’s a vital safety net.”

He criticised proposed restrictions on access to superannuation for newer residents, arguing that such measures only exacerbate hardship and fail to save the government money in the long run.

Menéndez March said we need to address housing insecurity among older New Zealanders, advocating for income-related rents to ensure affordability.

“More people are renting, and I think renting doesn’t have to be something that is seen as a negative. I don’t think we need to have this kind of aspirational continuum that home ownership is the only way in which you’ll have a safety net because not all renters are the same. And they’re not all in the same type of housing. In fact, where people have things like income-related rents, a.k.a where you only have to pay say 25% of your income, that rent affords you with a safety net that allows people to live with NZ Super for example, and to still be able to afford their rent.

“What I think we need to discuss as part of the conversation on the future of NZ Super is the future of all the new parts of the economy, including thinking about public housing specifically.”

He also called for a comprehensive approach to income support systems throughout people’s lifetimes, integrating considerations for health conditions and disabilities. He opposed means-testing for NZ Super, suggesting that taxation is a more effective way to address wealth inequality.

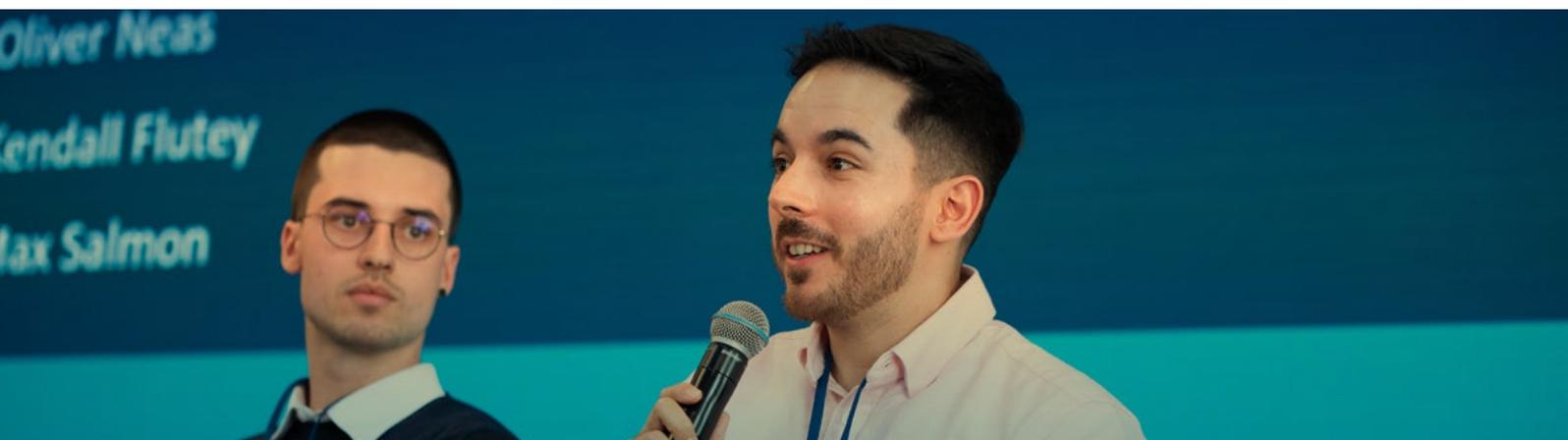
Menéndez March also commented on the impact of new technologies on the workforce, stressing the importance of having transition plans in place to avoid displacement and poverty. He urged for cross-party conversation around how new technologies will impact the workforce.

He stressed we should not get caught in a reductive debate about the cost of NZ Super because, as evidenced in the Retirement Commission’s paper, New Zealand does spend a smaller proportion of GDP compared to others in the OECD.

“For ordinary people, the amount may look humongous because I mean it is in terms of just the number itself. But as a proportion of our economy, it’s not huge, and when we restrict access to the safety net, all we’re doing is passing those costs elsewhere.

“We’re passing it to our healthcare system because people will be in hardship and will get sicker sooner. We pass it on to our main benefits and it actually just creates a complicated merry-go-round. Ultimately the main goal here should be about how we design a system that ensures people can age with dignity.”

Menéndez March supported the Retirement Commissioner’s call for a cross-party consensus on the retirement system.





Max Salmon

Salmon started by saying while he wanted to be able to see his grandparents and parents retire with dignity, they don't want to see him "crushed under the burden of an unsustainable system".

He said that principles guiding retirement policies must prioritise the ability of older New Zealanders to retire with dignity and the sustainability of the system itself.

"How do we achieve an equal and equitable system and are we achieving it now? What principles would this system need to embody?"

Highlighting concerns about the rising number of older individuals facing hardship despite superannuation, he stressed the need for a system that prevents homelessness and ensures adequate support for vulnerable older people. He cautioned against policies that are doomed to fail or burden certain segments of society excessively, advocating for sustainability as a guiding principle.

He critiqued the Retirement Commission's report for insufficiently addressing the issue of sustainability, citing projections of increased government spending on superannuation and an ageing population. He argued that the burden of financing the pension system falls disproportionately on the younger population, necessitating alternative approaches.

"In doing so, I think it runs the danger of advocating for a model that cannot last and which will slowly play an eventually untenable burden on the younger population."

He outlined the proportion of GDP used to pay for NZ Super is rising, which means we forgo spending on other areas and put an increasing tax burden on the working population.

"Raising the age can only do so much, given the root of the problem is not just increased longevity. But also the overall demographic population of the country switching to preventing poverty and absolute terms instead of relative and indexing the pension solely to CPI, I think will only take us so far. Waiting for productivity to be the tide that raises all boats also seems unwise, given New Zealand's recent experience. So then we must turn to other models."

Considering potential reforms, Salmon discussed the merits and drawbacks of a contributory model similar to that of Australia's mandatory scheme.

"I think there's something deeply appealing about the streamlined and sustainable nature of the model for contributory systems and then your taxes. Mandatory contributions are still a tax paid for your retirement; the money is, for the contributor, likely to be more productive than it might have otherwise been, which is good for everyone.

"You're no longer taking from young Peter to pay for old Paul, and you've introduced a significant amount of autonomy back into the welfare state. I think most importantly, population demographics are then cast off as a defining factor in retirement policy."



Purpose and principles – what’s NZ Super for?

This session examined the social purpose of NZ Super and the principles that should guide retirement income policymaking in the years ahead. Panellists shared critical reflections on current policy settings and their views on how to ensure the New Zealand retirement income system is equitable and fair for all.

Moderator:

Dr Jordan King, Retirement Commission



Panellists:

Dr Alison O’Connell

Retirement Income Interest Group,
Researcher on longevity, pensions and risk

Associate Professor Sacha McMeeking

Co-director of the Child Wellbeing Research
Institute, University of Canterbury

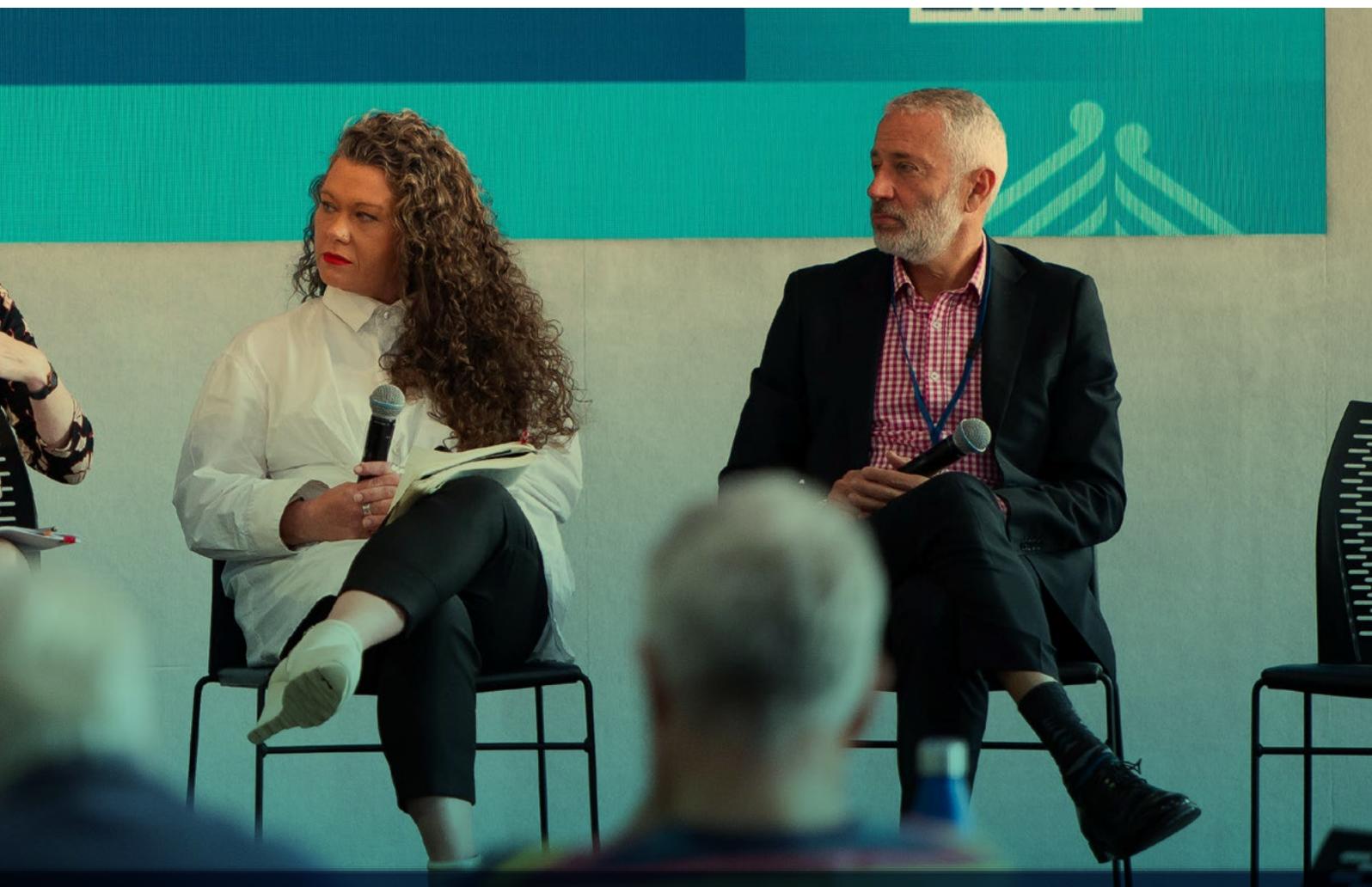
Todd Krieble

Deputy Chief Executive, NZIER



Key themes

- **Social purpose and principles:** The panel discussed the social purpose of NZ Super, emphasising its role in social cohesion due to its universal nature. They explored the values and principles that should underpin retirement income policy in the future, connecting these to policy design and public finance.
- **Policy reflections:** Panellists were asked to critically reflect on current policy settings and the ideas that support them. The discussion aimed to ensure that the retirement income system remains equitable and fair.
- **Longevity risk:** A significant point made was that NZ Super serves as insurance against longevity risk, ensuring individuals can rely on it regardless of how long they live or what circumstances they encounter after retirement.
- **Universal and not means-tested:** NZ Super is characterised by its simplicity, universality, and lack of means-testing, which encourages saving and employment among all ages.
- **KiwiSaver comparison:** NZ Super is non-contributory, meaning it doesn't penalise individuals for time taken out of paid work for care responsibilities or other reasons, unlike KiwiSaver, which is a workplace-based contributory system.



Summary of the panel discussion



Dr Alison O'Connell

O'Connell opened the discussion with her view on what she believes the primary purpose of NZ Super is. She talked about the important role NZ Super plays in social cohesion due to its universality. However, for herself and the actuaries she works with, the main purpose is to provide insurance against living longer than people think. In other words, it's insurance against longevity risk.

“And not just when you get to the age of eligibility, but for what might be a very long time period after that, when a whole load of other things can happen to you. All those risks of inflation, investment, what's happening to the economy, whether or not you'll be one of those people who needs aged residential care, whether you have high health costs or not, or just stuff happening. You know, you might need a new roof, or a new car. NZ Super is the dependable product that you have during that time.”

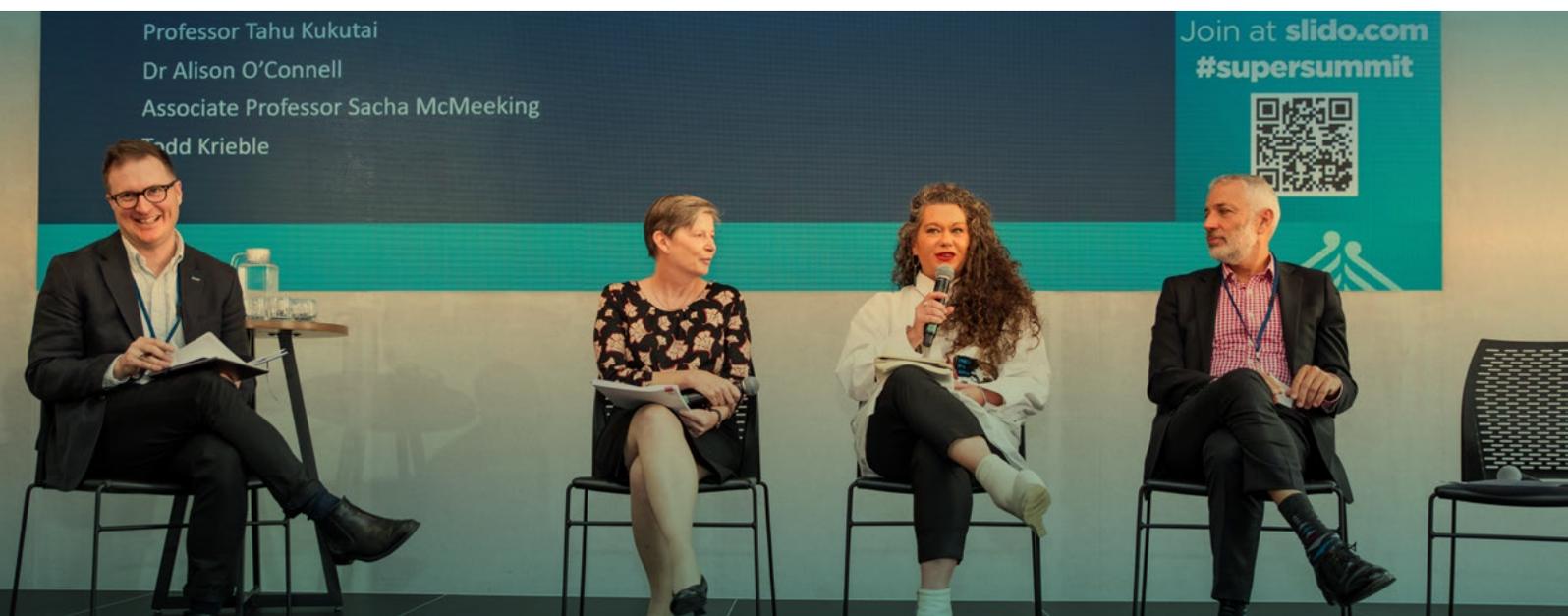
Unlike other retirement products, NZ Super ensures lifelong payments, mitigating the risk of outliving someone's savings. She pointed to the absence of annuities in New Zealand reinforcing the importance of NZ Super in managing longevity risk.

She argued for NZ Super's universality, stressing its significance as a backstop income for all individuals, regardless of wealth or age. She discussed the common underestimation of life expectancy and advocated for factoring in future improvements in mortality when planning for retirement.

Despite debates over the cost of NZ Super, O'Connell highlighted its value to every New Zealander, especially younger generations facing challenges like homeownership and saving. She proposed reframing discussions away from intergenerational conflict to understanding the evolving needs of individuals over their lifetimes.

“Younger people are likely to need NZ Super more than older people do now because of all the trends we've been hearing about in homeownership and ability to save. So, when [the previous panel] were talking about robbing young Peter to pay old Paul, I think the different way of framing that is talking about young Jane becoming older Jane, and what Jane needs during her lifetime.

“And however young or old you are at the moment, NZ Super is going to be there at the end of your life when you're going to need it most. However much money you've got now, there is still that dependable benefit to give you certainty later in life. So, to me, that's the purpose.”





Associate Professor Sacha McMeeking

McMeeking began by addressing the inequities in society, emphasizing that without addressing these disparities, funding retirement entitlements becomes unsustainable.

“If we don’t fix the inequity in our society, we can’t pay for our retirement entitlements.”

She suggested that the purpose of retirement entitlements is to uphold the social contract ensuring dignity for all individuals. Despite acknowledging the philosophical challenges of the social contract, she argued that its essence lies in the expectation of reciprocity.

“It’s a monetary term, but we know that our contributions to the world are far more than the income tax that we pay, and that is particularly so in the evening of our lives.

“Our older population are giving more to the necessities of life that are unpaid. Looking after mokopuna, in rescuing people from all kinds of bad life choices. So, I think that kind of reciprocity principle should be fundamental to how we think about our entitlements.”

She asserted that dignity should be the central principle guiding retirement entitlements, with poverty alleviation serving as an instrumental value towards achieving this goal. She challenged the focus on poverty alleviation as outlined in the Retirement Commission’s paper, advocating for a higher-order principle centred on dignity.

She proposed a contextualised approach to reciprocity, considering social insurance across the entire life course rather than solely at the age of eligibility. McMeeking argued that with increasing workforce instability and the need for professional reinvention, retirement entitlements should adapt to support individuals throughout their lives.

Additionally, she discussed the tension between universalism and fairness in retirement entitlements. McMeeking said while universalism avoids moral debates about deservingness, it may overlook the diverse lived realities of minorities. She stressed the importance of addressing this disparity to ensure fairness in entitlements.

“When we get into moral debates about who is deserving, we contribute to the political polarisation which we are witnessing locally and globally at this time. So, I think any ideas about who is most deserving heads into the territory of high political and moral hazard. But then on the other side, universalism is pernicious and cruel because universalism is based on a one-size-fits-all model and it’s rubbish.” As in, universalism best suits those who are most likely able bodied and mortgage free.

Finally, she reflected on the potential for a political accord regarding retirement entitlements and broader societal challenges. She questioned whether such an accord would necessitate the fundamental changes needed to democracy, urging for thoughtful consideration of the implications.





Todd Krieble

Krieble approached the discussion from a public policy perspective, viewing NZ Super as a tool to support wellbeing and security in old age, aligning with broader social policy objectives. He argued that universality simplifies administration and fosters social cohesion, enhancing efficiency and equity within the system.

“When you do evaluate public policy, you tend to really think about it in terms of equity and efficiency. And if I think about NZ Super’s universality it actually keeps it quite simple and easy to administer. So, from an efficiency point of view, it sort of passes a pretty high test on that and I would also say that universality can support social cohesion, which is an important objective in its own right as well.”

Regarding fiscal sustainability, he challenged forecasts of escalating expenditure on health and superannuation, suggesting that demographic shifts and immigration policies could mitigate potential challenges. He argued that funding retirement entitlements is a social choice, rejecting the pessimistic outlook and proposing demographic and policy interventions as potential solutions.

Krieble expressed concerns about means-testing, cautioning against diminishing access and adequacy, advocating for universality to ensure inclusivity and shared responsibility. Drawing parallels with health policy, he highlighted the importance of addressing structural inequities through comprehensive policy reform rather than targeting specific entitlements.

“I think means-testing is the thin edge of the wedge. It’s a genie that once it’s out of the bottle I think it’s hard to put back in, and I think it can really affect access and adequacy.”

He suggested addressing longevity risk requires a holistic approach, focusing on improving health expectancy and implementing equitable policies across the lifespan.

“I’d argue that we need to change some of the things we do around those other policies if we did decide we wanted to raise the age. It does seem to me it’s probably more important to be thinking about how we increase health expectancy and do some things and policies there that bring about a more equitable situation so that we’re not necessarily having two different systems running.

“If we’re also able to manage and maintain greater health expectancy, it means people can choose to continue to work if they want and participate in society irrespective of whether they have universal access to a pension.”





Politics – is political agreement on NZ Super possible?

Across the OECD, pension policy is sensitive and politically contentious to navigate. New Zealand is no different, with previous reforms (or proposals to reform) NZ Super proving controversial. This session explored the importance of, and difficulties with, cross-party dialogue and consensus on pensions policy.

Moderator:

Linda Clark
Former Political Journalist



Panellists:

Hon Peter Dunne
Former leader United Future Party Leader and Senior Cabinet Minister

Hon Lianne Dalziel
Former Labour Party Senior Cabinet Minister

Hon Simon Power
Former National Party Senior Cabinet Minister



Key themes

- **Political contentiousness of pension policy:** The session highlighted that pension policy is a politically sensitive issue worldwide. The panellists discussed the complexities surrounding retirement entitlements, including affordability concerns, political opposition, and the need for stability and certainty in retirement planning.
- **Cross-party dialogue and consensus:** They emphasised the importance and challenges of achieving cross-party dialogue and consensus on pension policy.
- **Historical context of pension system and policy evolution:** All panellists reflected on the historical evolution of pension schemes in New Zealand, highlighting significant policy shifts and challenges faced by policymakers over time.
- **Policy adjustments and public concern:** Various adjustments have been made by successive governments to the pension system, such as changes in eligibility age, tax changes, and wage floor adjustments, and the public concern these changes elicited.
- **Policy changes and innovations:** The session covered the abolition of the previous surcharge, the introduction of a compulsory superannuation scheme (and its removal), the rise in the age of entitlement, and the emergence of significant innovations like the NZ Super Fund and KiwiSaver.
- **Trust and collaboration:** Concerns about the erosion of trust between governments and the public were raised. Some proposed collaborative decision-making processes, such as citizens' assemblies or juries, to restore trust and ensure transparency in policymaking.
- **Holistic approach to retirement planning:** Some panellists emphasised the need for a holistic approach to retirement planning, considering healthcare, access to services, and broader social issues. They highlighted the importance of considering the entire retirement ecosystem, including the roles of the Super Fund and KiwiSaver, in ensuring stability and optionality for future retirees.



Summary of the panel discussion



Hon Peter Dunne

Dunne delved into the historical evolution of pension schemes in New Zealand, tracing back to 1898, highlighting significant policy shifts, particularly in 1974, and the subsequent introduction of the current New Zealand Superannuation scheme.

Quoting from the original pension legislation, he said, “In 1898 the government gave a small means-tested pension to elderly men and women with few assets who were of good moral character and have been leading a sober and reputable life for at least the previous five years.”

Reflecting on past challenges, including affordability concerns and political opposition, he acknowledged the complexities surrounding retirement entitlements. Dunne discussed the failed attempts to achieve consensus, citing the political baggage associated with superannuation policy.

“I was there in the caucus when Roger Douglas announced the [1984] surcharge to us about an hour before releasing it in the budget, and it was announced in very soothing terms. ‘Don’t panic, it will affect only 25% of superannuitants, and only those earning more than an additional \$100 a week. It won’t be a problem.’

“Well, within probably 20 minutes of the announcement, the phones were running hot. All of us were getting angry calls from superannuitants, and the superannuation war had begun. That carried on through to 1990 when in a commitment by Jim Bolger, the surcharge went to be replaced by something somewhat more pernicious. So, the problem was that by the early 90s both the major parties had no credibility on superannuation.”

He said he was sceptical around the notion that we can develop a consensus around NZ Super because, “there’s too much political baggage involved and too much political game playing in terms of who wins and loses.”

Dunne proposed a broader approach to retirement security, incorporating healthcare, access to services, and broader social issues. Dunne suggested that consensus-building efforts should extend beyond superannuation alone to address the diverse needs of senior citizens comprehensively.

“It was interesting to hear Minister Upston say that nothing’s going to happen. We’re not going to do anything. In one sense, that’s a sort of a victory for apathy, but in another sense, it’s quite a good setting of some time and some space. We’re not under pressure. So, the opportunity to build a broader cross-party consensus on bigger issues than superannuation I think exists in a way that hasn’t done perhaps for the last 40 years if not longer, but there are always going to be problems.”

Highlighting past policy proposals, such as Dunne’s own ‘Flexi Super’, he acknowledged resistance from political opponents and bureaucratic hurdles. However, he emphasised the importance of exploring innovative solutions to meet the evolving needs of an ageing population.





Hon Lianne Dalziel

Dalziel reflected on the recurring nature of discussions surrounding retirement entitlements, invoking the adages “the more things change, the more they stay the same” and “the definition of insanity is doing the same thing over and over again, expecting a different result.”

She also recalled the historical context of the introduction of superannuation schemes in New Zealand, emphasising the political implications and challenges faced by policymakers. Dalziel remembered the time she first ever heard about NZ Super during the 1975 election.

“I asked my father why [the National Party ads had] Cossacks dancing across the television. It had something to do with NZ Super and the fact that this was going to lead to communism by stealth.”

The campaign was Muldoon’s response to the compulsory superannuation scheme introduced by the Kirk government. She commented on NZ Super becoming a political football over the years – which started as part of the 1975 election.

“There is an element of timing, there is an element of personality, and there’s an element of individual leadership that sits at the front of debates such as this. I’ve always felt that there were some things that should be above the political fray, determined on a cross-party basis and not subject to election ‘bidding wars’. Superannuation is one of them.”

Drawing from personal experiences and historical events, she highlighted the complexities and political manoeuvring surrounding superannuation policy, particularly during election campaigns. She acknowledged the need for stability and certainty in retirement planning, advocating for a cross-party consensus as the way forward. She said the one precondition on this is to build trust.

Dalziel expressed concerns about the erosion of trust between governments and the public, and proposed a shift towards collaborative decision-making processes, such as citizens’ assemblies or juries. She cited international examples, such as the abortion debate in Ireland, to illustrate the effectiveness of inclusive and transparent deliberative processes.

Through her remarks, Dalziel underscored the importance of fairness, security, and trust in shaping retirement policies. She emphasised the potential for constructive dialogue and cooperation among political rivals, drawing from her experiences as a Minister working across party lines on regulatory frameworks for the non-bank financial sector, which was completed by the incoming Minister of Commerce Hon Simon Power.

Ultimately, she highlighted the need for innovative approaches to address the challenges of retirement security, rooted in principles of fairness, transparency, and public participation.



Hon Simon Power

Power reflected on the importance of constructive debates, often behind the scenes and overlooked by the public, in shaping legislation, drawing from his experiences in Parliament.

Highlighting the significance of personalities in political agreements, Power discussed the enduring impact of bipartisan efforts, such as the implementation of the Capital Markets Development Task Force recommendations, a project originally commissioned by Hon Lianne Dalziel. He emphasised the need for deep understanding and long-term planning in crafting bipartisan agreements, noting the sovereignty of Parliament to change laws.

“Accords require more than a very compelling report or a working group. They require the right personalities to lead those discussions, deep understanding of the legislative impacts, and an acknowledgement ultimately that Parliament remains sovereign and is able to change its mind.

“Strangely, the kind of norms and values that can lead to cross-party agreements are often opaque and sometimes quite elusive, but they’re definitely worth pursuing.”

Power expressed appreciation for the Retirement Commission’s paper, particularly its focus on intergenerational issues and the holistic approach to retirement planning. He highlighted the importance of considering the entire retirement ecosystem, including the roles of the NZ Super Fund and KiwiSaver, in ensuring stability and optionality for future retirees.

“You do have to consider the settings for the whole retirement ecosystem. So, the role of the Super Fund, KiwiSaver and private investments, obviously, is essential to maintain that balanced role of the State in taking care of its most vulnerable and needy. And those who obviously benefit most directly from NZ Super and its smoothing role and the fiscal implications that likewise might come to be. Here I would say, we need to do a little bit more than think about the Super Fund and KiwiSaver as just smoothing the lines out into the future.”

Power said two words kept leaping to his mind as he prepared for the Super Summit: stability and optionality. He agreed with the important role that stability plays in NZ Super but said we should not lose sight of the opportunities for optionality as well.



Conclusion

Following on from the Retirement Commission's NZ Super: Issues and Options paper, the Super Summit provided a wider platform to host a respectful and evidence-based debate about NZ Super.

All panellists provided insightful and critical views from their various areas of expertise. There was lively debate about the fiscal sustainability of NZ Super and what that looks like for the generations to come.

The operating principles that underpin NZ Super were canvassed on how they could, or should, be used to guide any policy changes. Panellists agreed that providing older New Zealanders with mana and dignity in retirement was a sound basic principle.

Interestingly, the discussion across the four panels had more consensus on the key issues than expected, despite the variety of views presented. It was widely acknowledged that raising the age of eligibility should not be undertaken without including options to ameliorate the negative impact on some groups. Other participants were of the view that there was no compelling case to make any change to the age of eligibility at this time.

If raising the age of eligibility is something future governments wish to pursue, associated policy changes need to be spelt out carefully well ahead of time. Most panellists referenced the need for any policy changes to ensure people are not left disproportionately worse off in retirement. Women, Māori and Pacific Peoples are particularly vulnerable when it comes to raising the age of eligibility.

There was widespread appreciation for the simplicity of the scheme, noting that how NZ Super is being administered was a strength and that any change needed to be managed very carefully.

The majority agreed on the critical need for long-term thinking, beyond one election term and beyond electioneering. Political consensus could be achievable but might need to consider the entire retirement system, rather than NZ Super in isolation. While a political accord may be harder to attain, a principles-based framework to guide and support any change could be developed.

As mooted in the Retirement Commission's NZ Super: Issues and Options paper, a legislated periodic review of, say, every 10 years, where the government of the day could set terms of reference in consultation with opposition parties, would encourage longer-term thinking using current data to inform decisions. This would embed a formal pathway for reviewing NZ Super beyond elections and provide both better system stability and a process for change consideration. Such a review could be incorporated within the existing statutory Review of Retirement Income Policies by amending timelines and adding an explicit task and process.

In summary, the Super Summit thoroughly examined New Zealand's superannuation system, shedding light on the intricate hurdles and forthcoming challenges.

The conversations highlighted the importance of well-informed, inclusive decision-making to tackle the financial obstacles and the demographic changes influencing the nation's retirement outlook.

Public policies, even those firmly established, are not set in stone. There's always room for innovation and adjustment in response to change. However, when it comes to policies crucial for the security and welfare of many, caution is paramount. Any proposed changes should be grounded in evidence, meticulously evaluated and, along with analysis of fiscal impact and opportunity cost, take into account the diverse economic circumstances of New Zealanders, and the changing face of New Zealand itself.

Next steps

The Retirement Commissioner will approach the:

Ministers of Social Development and Seniors:

1. to assess whether a cross-party forum can be established to support the development of an agreed approach to NZ Super over a longer period and
2. a scheduled formal review process for NZ Super can be developed and legislated

Minister of Commerce and Consumer Affairs:

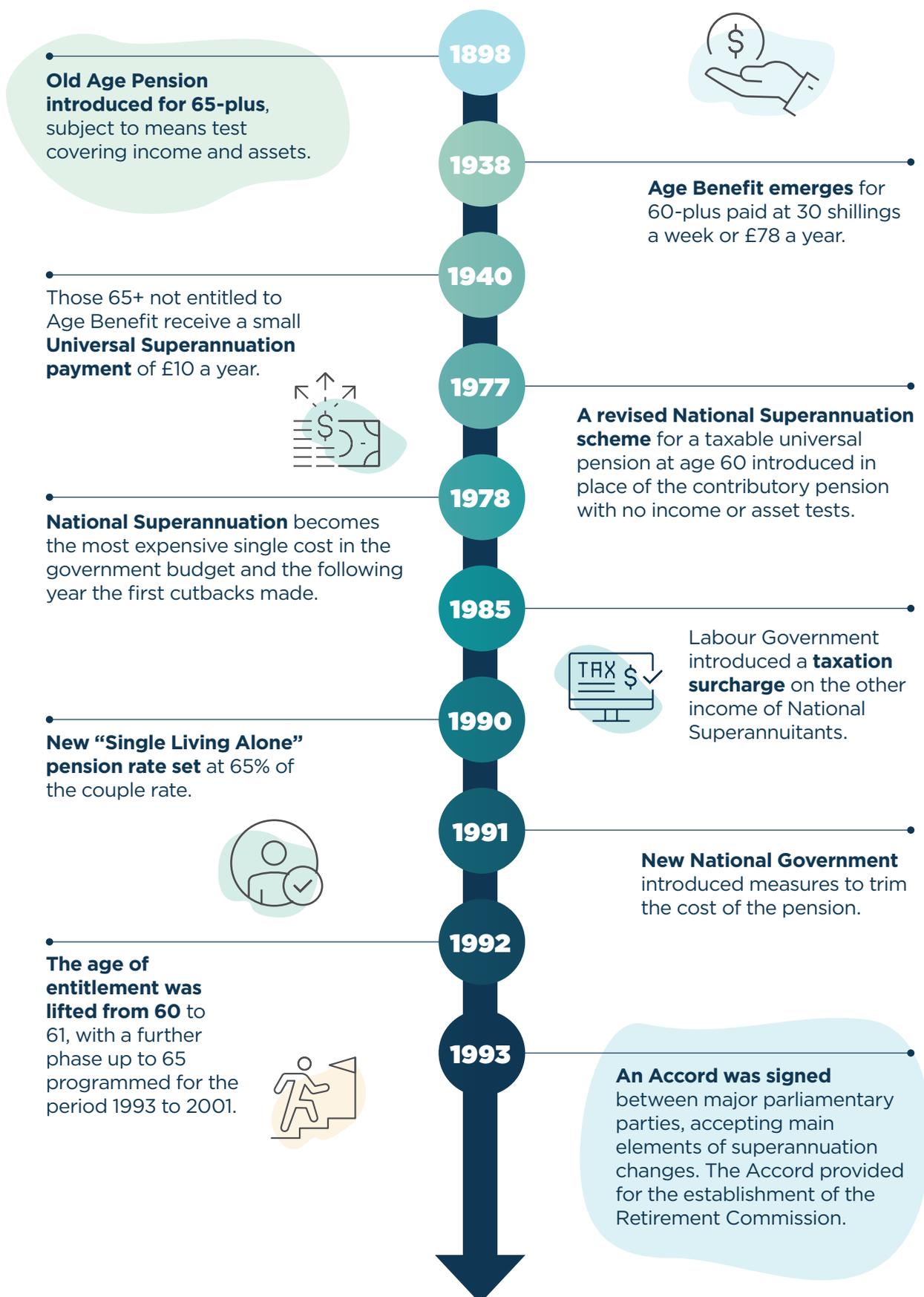
3. to ascertain if there are aspects of NZ Super policies, and KiwiSaver policies as they may apply, that should be included for analysis or review in the terms of reference for the Review of Retirement Income Policies 2025

Chair of the Social Services and Community Select Committee:

4. to request an opportunity to brief committee members on key ideas and themes emerging from the Super Summit, and next steps.



Appendix: A snapshot of New Zealand's retirement income history



1996
General Election resulted in a coalition between National and New Zealand First. New Zealand First favoured a compulsory superannuation savings scheme.

1996

1997
Referendum on Compulsory Retirement Savings Scheme was rejected by 91.8% of voters.

1997

1998
The Coalition Government dissolved, and legislation passed that removed the 65% “floor” on the pension wage ratio and adjusted subject to a new 60% pension-wage ratio floor.

1998

1999
The Labour-Alliance coalition restored 65% floor for ratio of Married couple rate to average net ordinary time wages.

1999

2001
The entitlement age rose to 65 per the Accord. **The NZ Super Fund** was created to finance part of projected future NZ Superannuation expenses.

2001

2007
KiwiSaver introduced by the Labour-led Government launched as a new voluntary contributory retirement savings scheme.

2007

2008
The NZ Super Fund had accumulated over \$14 billion in investment assets.

2008

2009
National-led Government suspends payments to the NZ Super Fund. Contributions were proposed to resume in 2020/21 once the net debt to GDP ratio returned to below 20%.

2009

2017
Labour-led Government resumes payments to the NZ Super Fund.

2017

2023
The NZ Super Fund has accumulated \$69.66 billion.

2023



*Source material up to 2008 drawn from Retirement Income in New Zealand: the historical context, David Preston

Te Ara Ahunga Ora Retirement Commission

Level 15, 19 Victoria St W, Auckland and Level 2 Solnet House, 70 The Terrace, Wellington.
PO Box 106-056, Auckland City 1143. Phone +64 9 356 0052.
retirement.govt.nz sorted.org.nz sortedinschools.org.nz

