

## **Retirement Income Policy Review identifies new concerns**

Diana Crossan, the Retirement Commissioner, has completed the 2007 Retirement Income Policy Review - an independent assessment of government retirement income policies that is statutorily required every three years.

Ms Crossan said this year's report (expected to be tabled in Parliament by the Minister of Social Development on December 17<sup>th</sup>, 2007 at 4pm) was an opportunity to assess the effectiveness and stability of current retirement income policy.

The report says New Zealand's retirement income policy is "working reasonably well for the currently retired and those approaching retirement", but to ensure continuity of effective policy this review noted areas requiring both monitoring and potential adjustment in the future – including the financing of New Zealand Superannuation.

The Review examines the possibility that people may live for a lot longer than current policy planning expects, which would result in the New Zealand Superannuation scheme costing much more.

"On balance, New Zealand's retirement income policy has been remarkably successful and is world leading but there are some unknowns creeping into the environment, some early signals that make us concerned, such as the cost of housing. Owning a home is a significant contributor to wellbeing in retirement for many Kiwis. "The problems are manageable if dealt with in advance. So the Review recommends a programme of work to get the measure of some of these issues," Ms Crossan said.

The Review welcomes the arrival of KiwiSaver, as the 2003 Review had recommended that the Government design a portable and flexible workplace-based superannuation saving scheme.

It cautions that the final form of KiwiSaver, with its generous incentives, has increased the complexity and cost of NZ's retirement income policy.

"The complexity means New Zealanders must learn more about financial matters, and will have an increased need for information on things like the fees charged by KiwiSaver providers, so people can deal with the financial opportunities available to them," Ms Crossan said.

It says KiwiSaver will need continued close monitoring and forecasting to check no groups are missing out on access to the savings scheme. It will also be important to assess the long term costs to the nation.

*For a copy of the report and background papers please go to [www.retirement.org.nz](http://www.retirement.org.nz).*

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