

Retirement Commissioner seeks employer support in helping employees prepare for retirement

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A comprehensive programme aimed at encouraging employers to help staff deal with financial planning for retirement has been launched by the Office of the Retirement Commissioner.

Called *Retire at Work*, the programme encourages employers to use a specially developed, easy-to-use, video-based seminar to deliver financial planning information in the workplace.

"Planning for retirement is everybody's business. We want employers to deliver the message because our research shows that employees feel comfortable dealing with retirement issues in the workplace," said Retirement Commissioner Colin Blair.

"Employees generally look up to their employers. They see them as successful role models with financial success and knowledge in money matters. Employees generate the income to make retirement savings from their jobs, so the work environment is a logical place in which to discuss the vital question of retirement planning.

"The minimum we are asking employers to do is to run a *Retire at Work* Seminar for their staff. It only need take around 30 minutes to get employees to start seriously thinking about how to provide for their retirement. It can be one of the most valuable and cost effective benefits any employer can offer staff, and requires minimal effort in set up and delivery time. It can be run during lunch or after work – whenever it is convenient."

Mr Blair said that a key feature of the programme is that it leaves employers to decide how far they want to help their employees.

"There are choices to suit the employer. They can just deliver the *Retire at Work* Seminar. They can provide further access to retirement planning information, by contacting one of our sponsor organisations or another provider of financial services.

They can actively help employees save through diverting wage or salary deductions into savings schemes, providing access to a group savings scheme or arranging low cost group insurance cover.

"Or they can offer more help by providing financial incentives which encourage saving, such as meeting the administration cost of a group savings scheme or setting up an employer-subsidised group savings or superannuation scheme."

Retire at Work is financially supported by extensive television and print advertising aimed at gaining employer support for the programme. An 0800 line (0800 42 62 82) and web site (www.retireatwork.org.nz) is available for employers seeking information on how the programme works.

The programme is supported by Bank of New Zealand, the New Zealand Stock Exchange, Royal & SunAlliance and Tower.

Retire at Work is a fresh new extension of the Office's highly successful *Take Action* and *How Much?* campaigns, which are designed to encourage action on retirement planning among the general population.

The programme has been structured to appeal to businesses of all size, and while pricing of the Employee Seminar is based on the number of employees, it costs less than \$10 per employee. For example, a kit for businesses of between 1-5 staff costs \$45; for between 11-20 staff it is \$100 and for between 41-50 staff it is \$225.

"Less than \$10 per employee is a very small investment with positive returns for everyone involved.

"For employers, it's an investment in staff relations, a way of showing you care about your employees, and a way to help people move positively from work to retirement.

"For employees, it provides access to independent advice and offers a credible and accessible way of making sure their retirement needs are seriously addressed," said Mr Blair.

The Retire at Work programme – meeting demand for retirement planning information in the workplace

1. Need for workplace-based retirement information

Research conducted by ASFONZ and the Office of the Retirement Commissioner (1996) concluded that:

- "there is an unmet demand for retirement income programmes provided through employers. Interest is greatest for employer subsidised schemes. But the survey shows there is demand for education and information programmes, and for employers to provide access to financial planning services."
- American research is also positive. The USA's National Bureau of Economic Research has stated (papers 5655 and 5667) that:
- "...our findings indicate that employer-based retirement education strongly influences household financial behaviour."
- "Rates of saving, both in general and for the purposes of retirement, increase significantly with the provision of employer-based education."
- "Our results indicate that retirement seminars are generally associated with significantly higher rates of participation and contributions, at least when the frequency of these offerings is high."

2. Response to demand

In response, the Office of the Retirement Commissioner's *Retire at Work* programme has targeted the workplace for the delivery of financial planning information. Its approach is to:

- Stage one – target employers through the nationwide print and television *Retire at Work* advertising and promotions campaign, highlighting the mutual benefits to employers and employees of delivering information through the workplace, and encouraging employers to seek more information via an 0800 information line and web site;
- Stage two – provide a cost and time effective education and information seminar for employers to deliver in the work place in the form of the video-based *Retire at Work* Seminar.
- Stage three – (if the employer chooses) follow up the *Retire at Work* Seminar with activity designed to help employees take action on saving – for example: set up payroll deductions to savings schemes; arrange one-on-one counselling with financial service providers; pay the administration costs of a master trust; organise group life cover etc.

3. Provide education and information

The initial communication with employers results from calling 0800 42 62 82 or visiting www.retireatwork.org.nz. They receive a pack entitled *Retire at Work* – helping your employees plan their financial future.

This outlines:

- the programme, some options for the provision of education and information, helping employees to save, and providing financial assistance for saving;
- how employers can order the *Retire at Work* Employee Seminar.

The Seminar comprises:

- A video presentation (17 minutes long)
- A guide to running the seminar
- Copies of the following –
- *Retirement Action Planner* booklet
- *How much will you need in retirement?* brochure
- *How to pick an investment* brochure
- *Test before you invest* brochure
- *Looking after yourself in retirement* – financial planning for women brochure
- *Saving at Work* – Company Super Schemes brochure
- Posters designed to promote the seminar in the workplace.

In most cases, the *Retire at Work* Seminar will take about 30 minutes to complete, which makes it handy for lunchtime or after work presentations. While the guide will help employers to run the seminar, some may elect to bring in professional help from a representative of a financial service organisation.

The Office of the retirement Commissioner's financial supporters in the *Retire at Work* programme are Tower, Bank of New Zealand, Royal & Sun Alliance the New Zealand Stock Exchange. All are able to help employers run the seminar or provide individual or group retirement savings.

Of course, employers are not restricted to the programme's supporters. They can choose whoever they wish to conduct the seminar and provide ongoing financial planning advice.

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