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Action Item: **Financial Literacy and Retirement Income**

<b>Subject</b>	<b>Triennial Report of the Commission for Financial Literacy and Retirement Income.</b>
<b>Committee/Writer</b>	Parliamentary Watch Committee – Jean Fuller
<b>Action Item due date</b>	10 May 2013
<b>Documents at</b>	This is a different kind of Action Item. There is no document to be considered but members may like to view background papers at <a href="http://www.cflri.org.nz/retirement-income/policy-reviews/2013-review/background-papers-2013-review-retirement-income-policy">http://www.cflri.org.nz/retirement-income/policy-reviews/2013-review/background-papers-2013-review-retirement-income-policy</a>
<b>Responder, eg Name of Branch, NOS, individual</b>	
<b>Number of people contributing to response</b>	

Every three years the Commission for Financial Literacy and Retirement Income invites public submissions for consideration when it writes a report for the Government. NCWNZ has contributed to this process twice before and hopes to do so again this year when there is a particular interest in how women are coping with post-employment years and their preparation for this life stage.

In our S07/10 submission to the Commission for Financial Literacy and Retirement Income (this can be viewed on the NCWNZ website) we focussed on the entitlement age for universal superannuation, and financial planning for retirement with particular emphasis on the experiences of women. These issues remain important and we would like to present a submission on your views in 2013 and see if they have changed.

**Universal Superannuation:** Three years ago we were concerned that this policy might lapse when KiwiSaver became fully established. This does not seem as likely since Universal Superannuation has substantial cost-benefits in terms of administration, but there is little appetite to increase the funds to take account of rising costs, and there remains the issue of the entitlement age.

We would like to hear your opinions and especially your experiences on the following issues:

- 1. Whether you feel the present rate of universal superannuation is adequate to support a single woman. We note that women live longer than men so they will likely spend part of their lives alone. This means that they must consider the cost of



housing, transport and medical expenses as well as their personal expenditure. If you are in this age group how well are you managing? If you are looking ahead what sort of future do you see?

- 2. In 2010 NCWNZ was strongly in favour of retaining the age of eligibility at 65. Since then various proposals have been advanced for raising the age in stages, or allowing people to choose the age of retirement with the amount of superannuation being adjusted according to the time chosen. How would both of these proposals affect your retirement planning? What would make you accept a higher retirement age? If you still feel that 65 is the right age could you tell us what brings you to that view?
- 3. An issue which came up in 2010 was that women were having children later in their lives and therefore families were incurring expenses at time when they would have previously have been more inclined to save. It also places a greater cost on grandparents and may affect their retirement plans. What is your view of this idea?

### **Financial Planning for Retirement:**

In 2010 KiwiSaver was being heavily promoted as a retirement savings programme. Our concern was that broken work patterns and lower pay made it difficult for women to reach the targets that were being suggested. Anecdotally today we hear that many young people have withdrawn amounts to help finance homes, which weakens a long-term savings programme. This year the Government has raised the level of contributions which must be made.

- 4. What is the position among NCW members and their families? Do they find KiwiSaver a useful savings instrument? Have woman continued to pay into the scheme or in tightened circumstances has this become an expense which cannot be supported?

**Personal money** has always been a delicate subject in New Zealand Society and often this means that women, in particular, are not well informed when it becomes necessary for them to manage financial affairs.

- 5. When was the last time you discussed superannuation with a professional advisor, or member of your family, or a friend? Have you visited the Commission for Financial Literacy and Retirement Income web page recently or ever? Did you find it helpful? Could you tell us about any financial literacy programmes you have participate in during the last three years? How effective were they?

**Diversity:** During research for our 2010 submission we heard that there were differences in the way various ethnicities viewed money especially in relation to women. As the New Zealand population grows increasingly diverse this could be an unacknowledged challenge.



- 6. We would be interested in any further information on the differing attitudes to money, and retirement among other ethnicities.

**General:** If there are any other matters of concern regarding retirement income or financial planning we would be glad to hear the details.

Jean Fuller

NCW Representative on the Commission for Financial Literacy and Retirement Income NGO Reference Committee.