



**BUSINESS SCHOOL**

**Retirement Policy and Research Centre**

***Forum: Retirement Policy in an Age of  
Uncertainty***

***Some conundrums***

**University of Auckland, 20 April 2017**

**Susan St John**

<http://www.rprc.auckland.ac.nz>

# Conundrum 1

**NZ has**

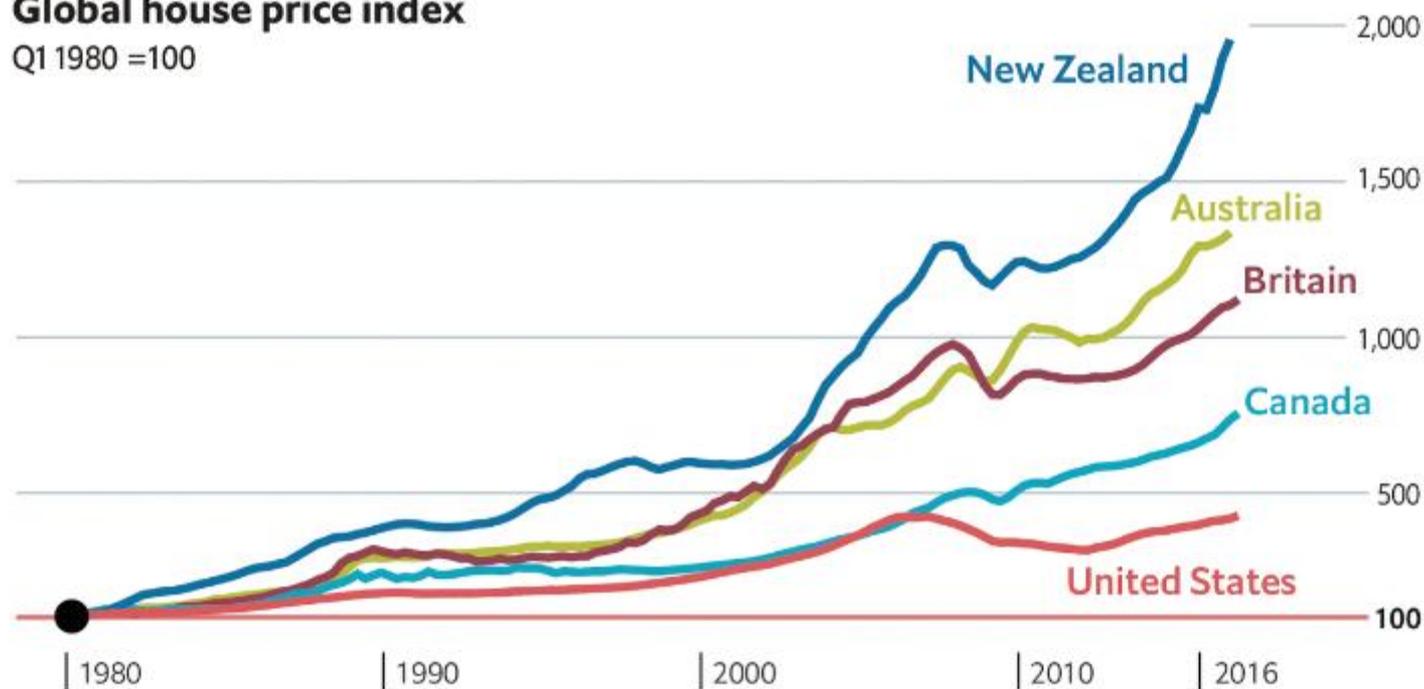
- Tax neutral savings for retirement
- Tax breaks for housing

# Global house prices

*Our interactive guide to bricks and mortar across the world*

## Global house price index

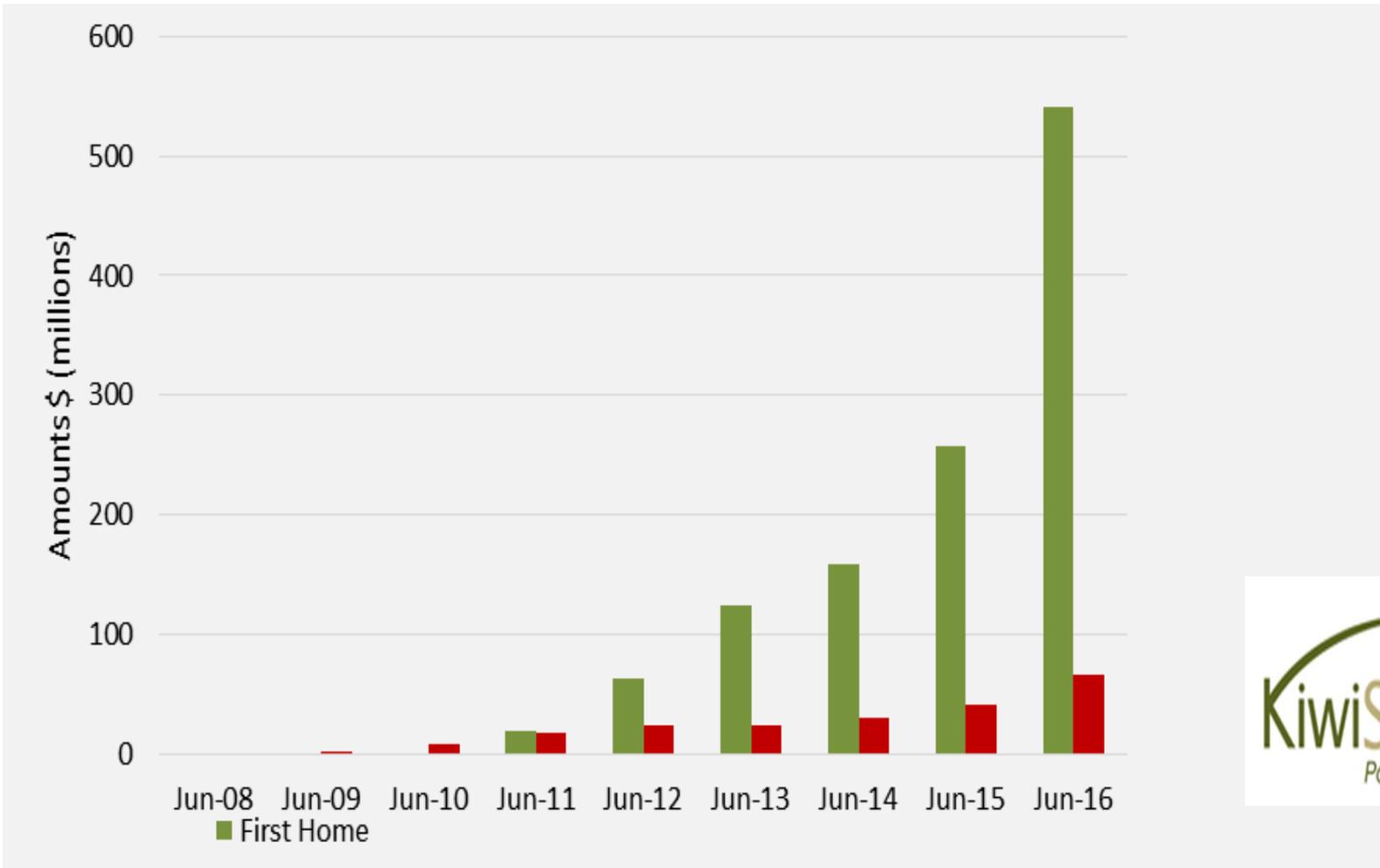
Q1 1980 = 100



# Conundrum 2

- KiwiSaver is increasingly used for housing
- What then will provide income for retirement?

# Should there be withdrawal of KiwiSaver funds for housing?





SLANE  
CO. NZ

I DON'T  
THINK  
FEEDING  
IT MORE  
SUBSIDIES  
IS HELPING!

HOUSING  
CRISIS

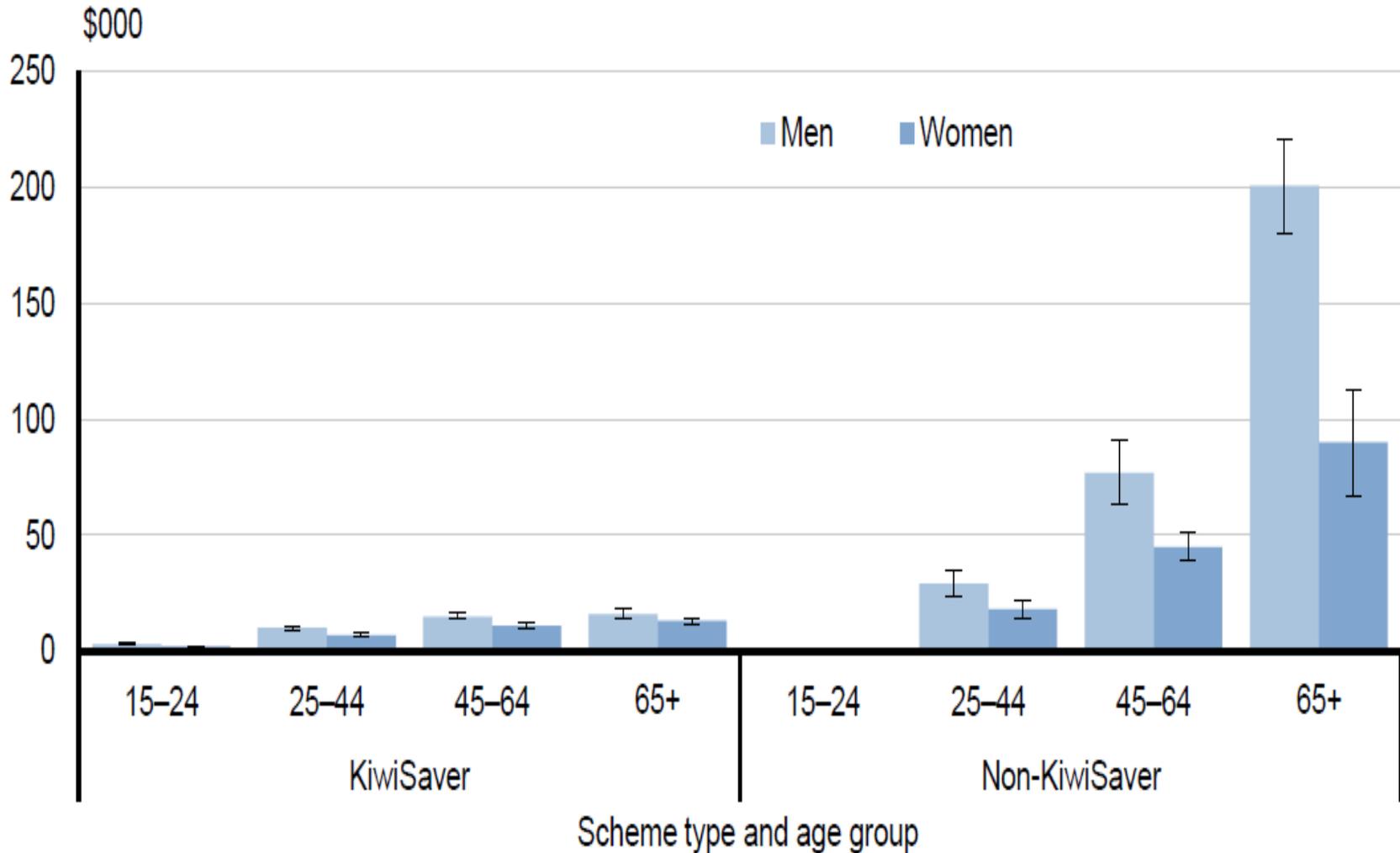
# Conundrum 3

- KiwiSaver has largely replaced other super schemes
- But it is lumpsum only

# Median value of private superannuation

By age group, scheme type, and sex

Year ended June 2015



# Conundrum 4

- Long term care can be huge arbitrary cost
- NZ has draconian means test and no insurance

# Decumulation

- Largely Ignored
- Rule of thumb drawdowns
- A small private start has been made with the lifetime income product  
but no generic product
- Is a '*KiwiSpend*' life annuity needed with a long term care rider?
- Needs government support/provision



# Conundrum 6

- NZ Super is proudly an individual entitlement
- The spousal provision remains intact leaving people to fight it on their own

# Are the courts the way to go?

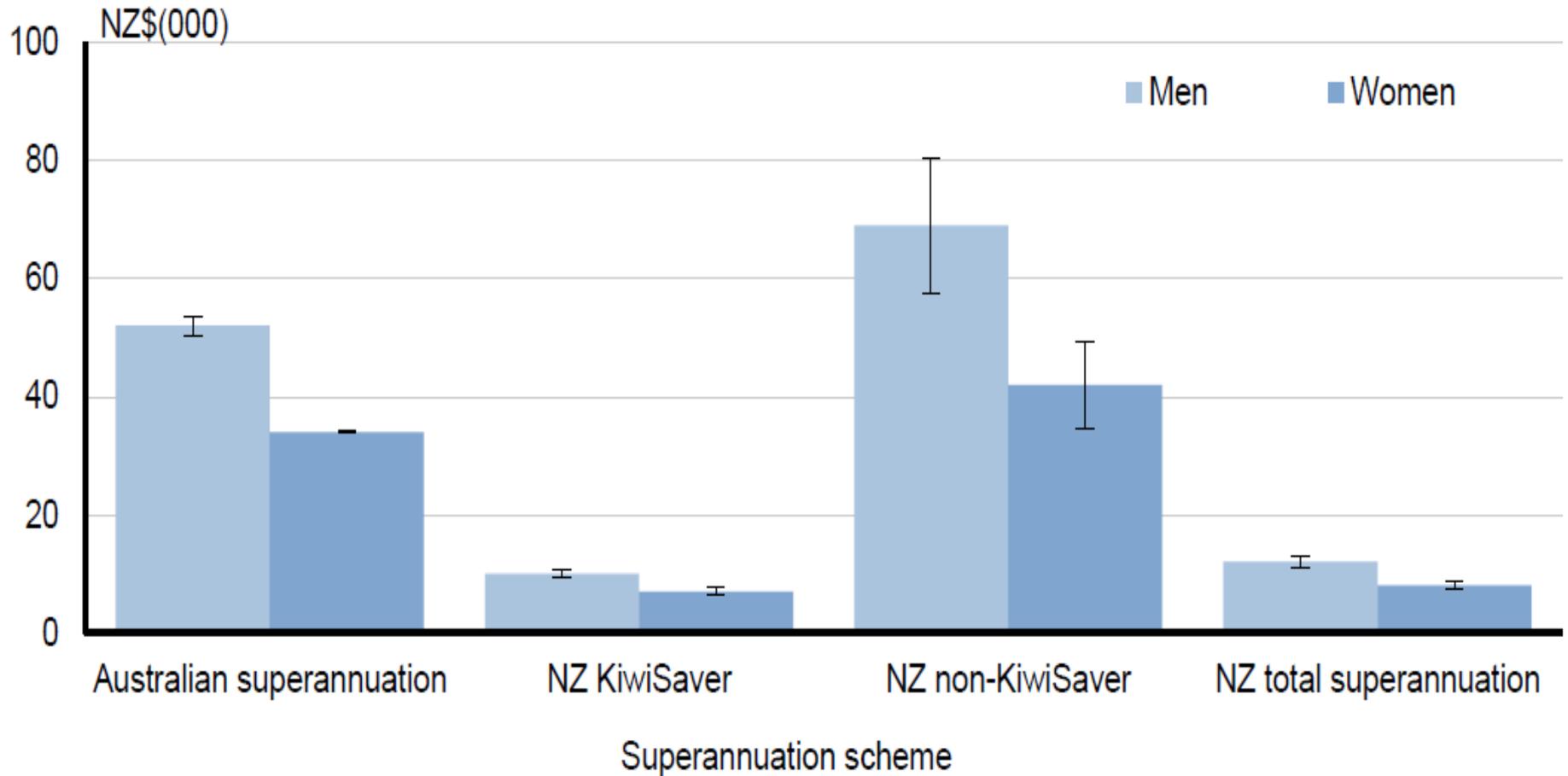
- The proceedings regarding the spousal deduction policy are due to be heard in March 2018 in Wellington. A number of steps need to occur before then: the parties need to retrieve and disclose their relevant documents, draft their evidence (and evidence in reply) and draft their legal submissions. We are also constrained by the dates available to the Tribunal, which is under a significant workload.

# Conundrum 7

- Gender issues will be at the forefront of the next decades
- Policy is mired in the mid 1970s

# Median value of private superannuation in Australia and New Zealand

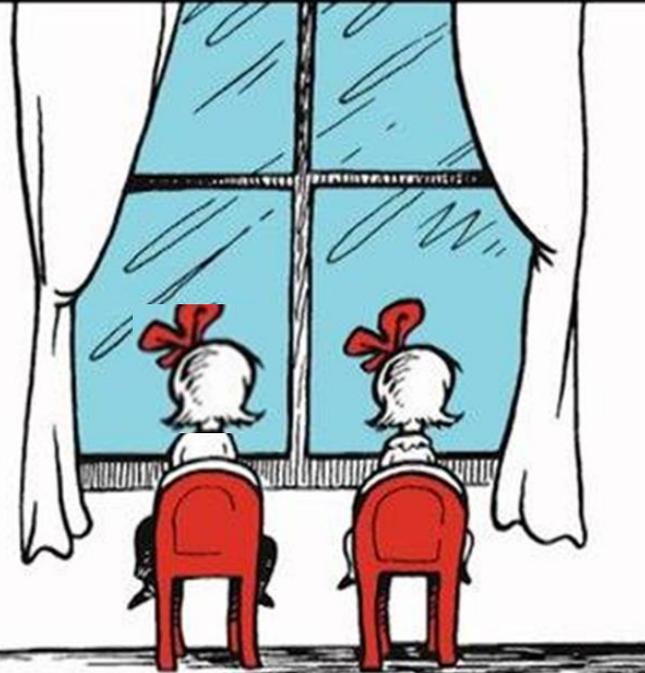
By scheme type and sex, ABS 2013/14, Stats NZ 2014/15



Note: NZ dollars. People with both NZ scheme types are included in both.

Source: Stats NZ, Australian Bureau of Statistics

And we did not like *it*.  
Not one little bit.

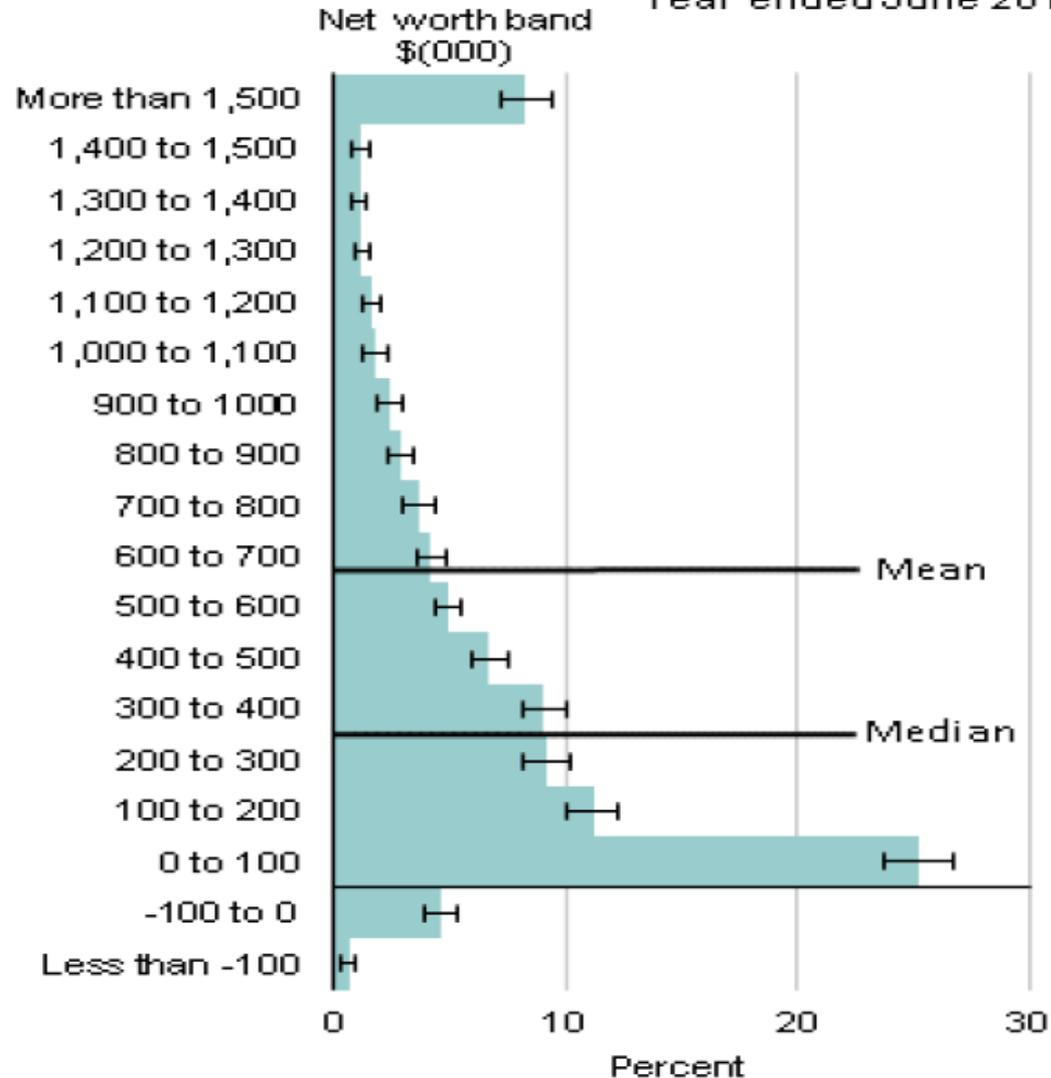


# Conundrum 8

- If there is a problem of poverty, inequality and intergenerational equity right now
- Raising the age wont save any money for decades

# Distribution of household net worth

By net worth bands  
Year ended June 2015



# What will the future hold?

- More people reaching retirement with very little extra
- More facing high accommodation costs
- Higher care costs
- Work opportunities will be very different

**Commission for an ageing population?**



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**With the Centre for Applied Research in Economics (CARE) presents**

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# **Open discussion**

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