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Are your retirement plans OK, boomer?

Research for ANZ Investments shows clear differences between the generations when it comes to how they plan to fund life after 65.

“Gen Z and Millennials particularly view KiwiSaver as their main way of saving for a comfortable retirement,” says Fiona Mackenzie, Managing Director of ANZ Investments. “Whereas older Kiwis also place a lot of importance on NZ Super.”

- 69 per cent of respondents aged 18 to 24 said they plan on using KiwiSaver to fund their retirement. Only 17 per cent said NZ Super.
- Among respondents aged 55 to 64, 67 per cent said KiwiSaver and 69 per cent said NZ Super.
- 63 per cent of all adults surveyed by Horizon Research said they intend using KiwiSaver to fund their retirement, compared to 50 per cent who said they will use NZ Super.

“KiwiSaver is 16 years old, and we wanted to understand what importance our members place on KiwiSaver as opposed to other forms of saving and investing.

“The findings tell a really interesting story and remind us of the impact socio-economic factors can have on different generations.”

The survey allowed people to nominate multiple sources of income to help fund their retirement.

“23 per cent of people told us they planned on using term deposits or bank savings to help pay for their retirement. And 21 per cent intended using other investments, like managed funds.”

Property also factored into some people’s retirement plans.

12 per cent of respondents said they intended using the equity from the sale of their home, 11 per cent said they’d use rental income to help fund their retirement and 6 per cent said they’d use proceeds from the sale of an investment property.

“The research also revealed a worryingly high number of people don’t know how they will fund their retirement,” said Ms Mackenzie.

“14 per cent of those surveyed said they didn’t know how they will fund their retirement.”

When it comes to older generations, it turns out everything may not be ok for boomers with 13 per cent of people aged 55 to 64 saying they don’t know how they will fund their retirement.

“KiwiSaver was introduced in 2007 so many older members have not had the benefit of KiwiSaver for their full working lives,” Ms McKenzie says.

“What is encouraging is that our customer data shows that many of older members who have joined KiwiSaver are actively using it to help them save for their retirement years.”

By the numbers

- 59 per cent of ANZ Investments’ KiwiSaver members aged 55 – 64 are making employee contributions and 15 per cent are making voluntary contributions.
- That compares to 54 per cent of all members who are making employee contributions and 9 per cent of all members who are making voluntary contributions.
- 32.5 per cent of our baby boomer members aged 65 and over are making employee contributions and 18.5 per cent are making voluntary contributions.

“It might seem surprising that almost a third of our baby boomer members aged 65 and older are still contributing to their KiwiSaver accounts,” said Ms Mackenzie.

“But it reflects how the way we think about retirement is changing. For many people 65 is no longer the finish line. They’re still working, through choice or necessity.”

Ms Mackenzie says there is a misconception you need to withdraw your savings as soon as you turn 65 – but that’s not the case.

“You can leave your money in your KiwiSaver account until you decide to withdraw some or all of it.

“If people are working, they can choose to make regular contributions from their salary or wages, as many of our members are doing. They can also make lump sum contributions at any time.”

ANZ Investments has an online KiwiSaver account calculator. It allows people to not only calculate how much they might save by the age of 65, but also how much they might be able to withdraw on a regular basis.

The assumptions in the calculator allow for people to input costs like rent, mortgage, and other housing costs, as well as expenses like food, transport, insurance, and health costs.

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The findings of the survey by Horizon Research are based on an online survey of 1,632 respondents, representing the New Zealand population, aged 18 years and older. There is a margin of error on the overall sample of plus or minus 2.4 per cent.

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