

# Kiwi Saver, Annuities and Superannuation

## Protection Association New Zealand Incorporated

**Kaspanz.wordpress.com**

### NEWS SHEET NO 1, 2014



This is News sheet No 1 of Kaspanz. The intention is to produce 2 members' news-sheets per annum, chatty, simple and informative. The Kaspanz website <http://kaspanz.wordpress.com/> is our primary information tool, but a news sheet always adds value. New sheets are never easy to write, too much detail, not enough detail, material not always interesting, challenging or indeed accurate, one can go on. Comment from readers is welcomed. Snippets of information and comment will be the approach!

Where to begin?

#### **CHINA**

I noted an interesting article on Pension age in China. Current national average retirement age is 55, with standard retirement age for women 50 or 55, and 60 for men. Gradual increase to the retirement age is government policy, with the current debate to rise the age by 5 years each. Decisions are expected by 2020, but note the debate on age, are underscored by reforms of the pension system itself. China has a range of schemes including rural and urban, no national scheme, lots of regional and provincial authorities involved, but the Government view is strong. Average age of life expectancy is 75.

#### **NATIONAL BUSINESS REVIEW**

Pleasing to see the National Business Review in its April 11 issue, headlined issues relating to Section 70 and the overseas Pension issue. The article "*Fury grows over state "stealing" migrants "savings"*" recognized there is a big issue, and fairness and equity should be applied. Kaspanz supports a review of the current situation, and the current Government blind eye approach to this issue, and associated issues of annuities and taxation, is an embarrassment to both John Key and the National party, and a contradiction to Keys statements that Government tax policy will be fair.

## THE FUTURE IS NOW FORUM

On April 17, 2014, The Auckland business school, Retirement Policy and Research Centre ran a Forum, 'THE FUTURE IS NOW', reviewing current recommendations for New Zealand retirement income policy, and a clearing house for discussion of trends and developments. Kaspanz was in attendance, looking to see if the Bernard Hickey, Fran Sullivan's, Rob Hosking, Brian Easton, Matthew Hooton, Amanda Morrell, Brian Gaynor to name a few of the media commentators who selectively comment on retirement income issues, were present. Bernard Hickey's name was on the labels, but he only got to the afternoon session, like others affected by the weather. Tamsyn Parker was there, and Brian Easton apologised.

David Harris, well known in the international financial services industry and managing director of TOR Consulting was the key note speaker, and he heralded the fact that not only is the NZ Super model sound, but many overseas countries' including United States are trumpeting New Zealand's Kiwi Saver/NZ Superannuation package as the model to copy/adopt "NZ is the clever retirement country".

### Bullet point comments

- Kiwi Saver contribution rates are not high enough
- Decumulation (disbursements) of Lump sum savings schemes e.g. Kiwi Saver needs prompt attention.
- Annuities remain out of favour, but flexi products including a combination of annuities and lump sums when people cashing up is an emerging trend overseas
- Intergenerational tensions e.g. Baby Boomers, Generation X and Y
- Increasing longevity but older people remaining in the workforce is a booming trend "*extent, speed and effect of population aging have been exaggerated, because the classic aged dependency ration does not account for either falling mortality or increasing employment at older ages*"
- *Productivity (growth) and labour force participation are key policy areas*
- *Health expenditure upwards spiral require addressing*

## KASPANZ SUBSCRIPTIONS ARE DUE

1. As a member or supporter of Kaspanz the time has come to collect the annual \$10 per family household fee. This is due now, and the Kiwi bank account for your payment is Kiwi Bank 389015011140900.
2. You can pay by any method you wish, e.g. direct debit, telephone, or call into Kiwi bank and pay your \$10.00 directly into that account number.
3. Remember its \$10 and put your surname when you pay, so we can identify the payment

\*New members need to fill in an application form from our website

## QUESTION

The 2 organisations below are both Crown entities. Why are they not just one entity, an umbrella grouping, with specific functions? The cross overs and similarities of the two raise in laymen's terms, the issue of economy of scale, administration costs, management and contractual fees, duplication etc.

- The Government Superannuation Fund Authority is an autonomous Crown Entity, established in October 2001. Its functions are to manage and administer the Government Superannuation Fund ("GSF" or the "Fund") and the GSF Schemes in accordance with the [Government Superannuation Fund Act 1956](#) and subsequent amendments ("the GSF Act").
- The New Zealand Superannuation Fund invests money, on behalf of the Government, to help pay for the increased cost of superannuation entitlements in the future

Alec Waugh

Chairman Kaspanz

[alwaugh@xtra.co.nz](mailto:alwaugh@xtra.co.nz)

**kaspanz.wordpress.com**

