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KiwiSaver reflects the changing face of retirement

Over two thirds of kiwis aren't touching their KiwiSaver accounts when they become eligible at 65 years old, according to data from New Zealand's biggest KiwiSaver provider ANZ Investments.

Of the members of ANZ's KiwiSaver schemes who became eligible to make a withdrawal in the 12 months to April 2022; 71% made no withdrawal, 17% made a partial withdrawal and 12% withdrew all their savings.

"The way we have traditionally thought about retirement is changing. We are living a lot longer, and more people are working beyond the official retirement age," said ANZ Managing Director for Funds Management, Fiona Mackenzie.

"For some this is out of necessity, but for many working into their late sixties and even seventies this is a choice.

"Rather than talking about retirement, it might be more appropriate to talk about life after 65."

The data shows people need to pay close attention to how much they will need to supplement NZ Super to support the lifestyle they want after they turn 65.

Over the past four years the average balance for ANZ's KiwiSaver members aged 65 or over has increased by almost 75%, now sitting at approximately \$48,700.

This compares to an average balance of just over \$28,000 in 2018 and just over \$20,000 in 2016.

"It is encouraging to see those KiwiSaver balances growing. The data can't tell us the whole story, but it is a good way of sparking a conversation and getting people to think about what sort of lifestyle they'd like to have after 65, and whether they are on track financially."

The data shows the average balance for ANZ's KiwiSaver members aged 61 to 64 is around \$47,800 and the average balance for 56 to 60 year olds is \$45,700.

The data also shows 34% of members aged 66 to 75 and 11% of members aged over 75 are making employee KiwiSaver contributions.

"Keeping their money in an unlocked KiwiSaver fund gives people a lot of flexibility" says Ms Mackenzie "They can contribute to, or withdraw their funds, at any time."

Ms Mackenzie said while retirement might feel like a long way off it was never too early, or too late, to start planning for what that stage of your life might bring.

“Right now we know that people are under pressure with increased costs of living. Planning for retirement can seem daunting. But there are some really simple things people can do right now which will help set them up for the future.

“You should make sure you are in a fund that suits your age and risk profile and also try to make regular contributions.”

Members of ANZ’s KiwiSaver schemes can access financial advice to help them understand their current financial situation and set future goals.

ANZ Investments manages more than a quarter of the KiwiSaver accounts of New Zealanders aged over 65, worth a combined value of over \$2 billion.

5 TIPS TO PREPARE FOR RETIREMENT

Imagine life after 65

It helps to picture what sort of lifestyle you’d like. Will you still be working beyond 65? Or do you want to retire immediately?

Make a plan

The earlier you start the better. But it’s never too late. If you don’t know how or where to start, ANZ offers free financial advice.

Use ANZ’s online calculator to check whether you are on track for the retirement you want

The calculator will tell a projected amount you may have by 65; the amount you might need and whether you have a shortfall or a surplus in retirement.

Check on your KiwiSaver fund

Check you are in the right KiwiSaver fund for your age and risk profile.

Review your KiwiSaver contributions

Check how much you’re contributing. If you’re aged between 18 and 64 and mainly live in New Zealand, the Government will generally contribute 50 cents for every \$1 you contribute, capped at \$521.43 per year.

If you are an employee, aged between 18 and 64, and contributing at least 3% of your before-tax pay, you will generally be eligible for a 3% contribution from your employer (before tax).

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