New Zealanders aged 50 years plus

Expectations for and experiences of retirement 2015
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Introduction and methodology

This survey looks at older New Zealanders’ expectations for and experiences of retirement. Research was conducted among those aged 50 years and over, and includes the views of those who are nearing retirement and those who have already retired.

Fieldwork was conducted between 10 and 22 April 2015.

The research was carried out online using Colmar Brunton’s Panel.

A total of 1,052 New Zealanders took part in the research.

Results are weighted by age, gender and household income to ensure they are representative of the New Zealand population aged 50 years and over.

The margin of error for overall results is +/-3.0%.

Unless otherwise stated any differences referred to are significant at the 95% level of confidence.
Sample profile

LIFESTAGE

Retired 42%
Yet to retire 58%

AGE BY HOUSEHOLD INCOME

Sampling quotas were set to match 2013 Census counts for age by total household income*

<table>
<thead>
<tr>
<th></th>
<th>Aged 50 to 64 years</th>
<th>Aged 65 years or over</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Up to $30k</td>
<td>&gt;$30k</td>
</tr>
<tr>
<td>New Zealand 50+ population (Census of Population &amp; Dwellings 2013)</td>
<td>8%</td>
<td>8%</td>
</tr>
<tr>
<td>Profile for this sample</td>
<td>8%</td>
<td>8%</td>
</tr>
</tbody>
</table>

*This includes income from all sources, including any salary or wages, self-employed income, child support payments, money from the Government, and investments, etc.

GENDER

Males 47%
Females 53%

REGION

Northland Region 5%
Auckland Region 29%
Waikato Region 9%
Bay of Plenty Region 8%
Gisborne Region 1%
Hawke's Bay Region 4%
Taranaki Region 3%
Manawatu-Wanganui Region 6%
Wellington Region 10%
Tasman Region 1%
Nelson Region 1%
Marlborough Region 1%
West Coast Region 1%
Canterbury Region 14%
Otago Region 7%
Southland Region 2%

LIVING SITUATION

Single 24%
Couple 76%
A quarter of retirees do not have the money to do the things they want in retirement.

Nearly half say they can afford some spending on top of the basics. Just over a quarter have the money to do all the things they want.

While most of those nearing retirement have some savings or investments to supplement NZ Super, a minority of 11% of those aged 50+ say they currently have enough to deliver the sort of lifestyle they want.

A large number of New Zealanders nearing retirement do not have a financial plan in place to enable them to live the sort of lifestyle they want.

Nearly half (46%) of those nearing retirement don’t have a financial plan to live the sort of lifestyle they want in retirement, and only a quarter (25%) have given ‘a great deal’ of thought to the sort of lifestyle they want when they retire.

Most people with a financial plan say they’ve ‘factored in’ NZ Super, and the expected time they will spend working. However, only a minority of those nearing retirement have actually calculated their desired income and required expenditure.

Only a third (34%) of those nearing retirement have worked out how much they will need, in addition to NZ Super, to have the sort of lifestyle they want.

Less than half (42%) of those nearing retirement have actually calculated what their regular expenses could be.

Eight in ten (78%) non-retirees plan to own their own home when they retire. Among those who plan to rent or to continue mortgage payments, nearly half (45%) have not calculated what those payments will be.

Age and income are key differentiators when it comes to retirement planning.

- Those who’ve planned most thoroughly tend to be aged 60 years or more and on a higher annual household income.

- Single people, those on low household incomes, and those aged in their early 50s are less likely to have done any planning for retirement.
SAVINGS AND INVESTMENTS AMONG THOSE APPROACHING RETIREMENT AND RETIREES

Summary

Savings and investments

Most non-retires and retirees have at least some savings and investments.

Those in low income households are much less likely than others to have savings and investments, and to have both KiwiSaver and non-KiwiSaver investments.

Investment strategies

Those nearing retirement

At the overall level, those nearing retirement typically choose low or medium risk investments, particularly those who do not have a financial plan to live the sort of lifestyle they want.

Those who have done at least some planning are more likely to spread their investments across lower, medium, and higher risk options.

Retirees

Retirees most commonly keep their money in lower risk investments, such as in a term deposit or savings account.

Those on lower incomes, and who do not yet have the money to do the things they want in retirement, tend to invest conservatively.
UNDERSTANDING RISK, RETURN AND DIVERSIFICATION

There is a general aversion to higher risk investments among New Zealanders aged 50 years and over. Although virtually all appreciate that investments with higher returns likely have higher risk (97% agree), and know a chosen level of risk should align with person’s circumstances and goals (97% agree), eight in ten people think high investment risk is something to avoid (83% agree), and seven in ten believe ‘most people’ should choose lower risk investments (71% agree).

Many New Zealanders aged 50 years and over may be unaware of their tolerance for investment risk.

Only a quarter (24%) have completed a risk profile questionnaire. Those who have completed a risk profile questionnaire are less likely than others to express a strong aversion to investment risk.

Some New Zealanders have high expectations for investment returns.

New Zealanders aged 50+ generally view a 5% return to be fairly low, 9% to be medium, and 15% to be fairly high.

Having said this, a very wide range of responses were given, especially for medium and high rates of return.

Those with higher expectations tend to be:

- Those in their early 50s
- Those on lower annual household incomes
- Those not yet retired – particularly, those who do not have a plan for how to live the sort of lifestyle they want in retirement, and those who do not currently have any non-KiwiSaver savings or investments.
Retirement reality and expectations – planning and preparedness
A quarter of retirees do not have the money to do the things they want in retirement. Nearly half say they can afford some spending on top of the basics. Just over a quarter have the money to do all the things they want.

Q4a: Which of these statements best describes your [and your partner’s] lifestyle in retirement?

Retirees’ view of their lifestyle in retirement

- I/We have enough money to allow me/us to do all the things I/we want in retirement (28%)
- I/We can’t do all the things I/we want in my/our retirement, but I/we can afford spending and some luxuries on top of the basics (46%)
- I/We don’t have the money to do the things I/we want in retirement, but I’m/we’re managing regular expenses fairly well (21%)
- I’m/we’re struggling to make ends meet in retirement (4%)

Retirees more likely to have enough money to do all the things they want in retirement are:
- Those who, before they retired, had a plan to live the sort of lifestyle they wanted in retirement (34%, cf. 20% who did not)
- Those who have savings/investments to supplement NZ Super (32%, cf. 4% who do not)
- Those with an annual household income over $30k (36%, cf. 13% on lower incomes)

Retirees more likely to be struggling to make ends meet are:
- Those who have no savings/investments to supplement NZ Super (20%, cf. 2% who do)
- Those who had no savings/investments when they retired (18%, cf. 2% who did)
- Singles (9%, cf. 3% of couples)
- Those on low annual household incomes, $30k or less (9%, cf. 1% on higher incomes)

Base: All retirees (n=452).
While most of those nearing retirement have *some* savings or investments to supplement NZ Super, a minority of 11% have enough to deliver the sort of lifestyle they want.

**Q3d:** Other than KiwiSaver, do you [and your partner] currently have any savings or investments that will supplement your New Zealand Superannuation payment in retirement of [$375 per week / $576 per week]?  
**Q3g:** Are you currently a member of KiwiSaver?  
**Q3c:** Bearing in mind what you will receive from NZ Super, do you [and your partner] currently have enough savings and/or investments to deliver the sort of lifestyle you want in retirement?

**Have enough savings / investments to deliver the lifestyle you want in retirement – those yet to retire**

- Won’t need more than NZ Super | 6%
- Yes - definitely | 11%
- Yes - maybe | 30%
- No – not yet | 47%
- Don’t know | 7%

**NON-RETIREES MORE LIKELY TO SAY THEY DEFINITELY OR MAYBE HAVE ENOUGH SAVINGS/INVESTMENTS TO LIVE THE SORT OF LIFESTYLE THEY WANT IN RETIREMENT ARE:**

- Those who have a financial plan for the sort of lifestyle they want (61%, cf. 15% who do not)
- Those aged 55 more (45%, cf. 29% in their early 50s).
- Those with high annual household incomes, over $100k (51%, cf. 34% on less)

**Have any savings / investments that will supplement NZ Super – those yet to retire**

- No | 9%
- Yes | 90%
- Don’t know | 2%

**NON-RETIREES MORE LIKELY TO SAY THEY DON’T HAVE ANY SAVINGS OR INVESTMENTS ARE:**

- Those who do not have a financial plan for the sort of lifestyle they want (17%, cf. 3% who do)
- Those with low annual household incomes, up to $30k (21%, cf. 7% on higher incomes)

**Base:** All those yet to retire (n=600). Results may not add to exactly 100% due to rounding.
Most retirees had at least some savings or investments at the time they retired, and most still have some savings and investments to supplement NZ Super.

Q4d: Other than KiwiSaver, when you retired did you [and your partner] have any savings or investments to supplement your fortnightly NZ Super payment? Q4e: Do you currently have any savings or investments to supplement your fortnightly NZ Super payment?

Had savings and investments when retired (other than KiwiSaver) - retirees

- Yes | 88%
- No | 11%

Currently have savings / investments to supplement NZ Super - retirees

- Yes | 88%
- No | 11%

Retirees more likely to have entered retirement with savings or investments:

- Those who, before they retired, had a plan to live the sort of lifestyle they wanted in retirement (94%, cf. 80% who did not)
- Couples (91%, cf. 80% of singles)
- Those aged 70+ (91%, cf. 84% of those under 70 years)

Base: All retirees (n=452).
Results may not add to exactly 100% due to rounding.
Nearly half of those nearing retirement don’t have a financial plan to live the sort of lifestyle they want in retirement. Around four in ten retirees entered retirement without a financial plan.

Q1b: Do you [and your partner] have a financial plan that will deliver the sort of lifestyle you want in retirement? Q4b: Before you retired did you [and your partner] have a financial plan to deliver the sort of lifestyle you wanted in retirement?

### Have a financial plan for retirement - those yet to retire

- Yes | 54%
- No or don’t know | 46%

### Had a financial plan when retired - retirees

- Yes | 61%
- No | 39%

## NON-RETIREES MORE LIKELY TO HAVE A FINANCIAL PLAN:

- Those who think they already have the money to live the sort of lifestyle they want in retirement (82%, cf. 37% who do not)
- Those aged 60+ (59%, cf. 50% of those aged under 59)
- Those on annual household incomes over $30k (57%, cf. 34% on less)
- Couples (58%, cf. 45% of singles)

## RETIREES MORE LIKELY TO HAVE HAD A FINANCIAL PLAN WHEN THEY RETIRED:

- Those on annual household incomes over $30k (69%, cf. 46% on less)
- Couples (66%, cf. 45% of singles)

**Base:** All those yet to retire (n=600) / all retirees (n=452).
Results may not add to exactly 100% due to rounding.
Only a quarter of those nearing retirement have given ‘a great deal’ of thought to the sort of lifestyle they want when they retire.

**Q1a: To what extent have you [and your partner] thought about the sort of lifestyle you want when you retire?**

![Bar chart showing thought given to lifestyle in retirement - those yet to retire](image)

- **75%** Less than a great deal of thought
- **25%** A great deal
- **44%** A fair amount
- **28%** A little
- **3%** Not at all

**NON-RETIREES MORE LIKELY TO GIVE ‘A GREAT DEAL’ OF THOUGHT TO THE SORT OF LIFESTYLE THEY WANT ARE:**

- Those who have a financial plan for the sort of lifestyle they want (35%, cf. 15% who do not have a plan)
- Those who are sure they already have the money to live the sort of lifestyle they want in retirement (54%, cf. 18% who do not yet have the money)
- Those aged 60+ (31%, cf. 21% aged 59 or under)

**Base:** All those yet to retire (n=600).

Results may not add to exactly 100% due to rounding. Rounding can also result in nett figures being 1% higher or 1% lower than sum of the percentages added together.
Fewer than half of those nearing retirement have *actually calculated* what their regular expenses could be. Of those who have, most include utilities, telecommunications, food, and transport expenses in their calculations. Fewer include travel, personal care, or leisure and recreation expenses.

**Q2a:** Have you [and your partner] calculated what your weekly, fortnightly or monthly expenses are likely to be in retirement? / **Q2b:** Have you [and your partner] factored in each of the following into your weekly, fortnightly or monthly expenses?

### Calculations factored in the following expenses

- **Utilities (e.g. power, gas and water)**: 99%
- **Phone / internet**: 96%
- **Food**: 96%
- **Transport, including car maintenance**: 95%
- **Health (e.g. medical insurance, doctor visits)**: 84%
- **Clothing**: 81%
- **Leisure and recreation**: 74%
- **Personal care (hairdressers etc)**: 67%
- **Travel (domestic and international)**: 65%

**NON-RETIREES MORE LIKELY TO HAVE CALCULATED THEIR REGULAR EXPENSES ARE:**

- Men (47%, cf. 38% of women)
- Those who have a financial plan for the sort of lifestyle they want (55%, cf. 27% who do not have a plan)
- Those who think they already have the money to live the sort of lifestyle they want in retirement (51%, cf. 37% who do not)
- Those aged 60+ (52%, cf. 34% of those aged under 60)

**Base:** Calculated likely expenses: all those yet to retire (n=600) / Factored in the following expenses: all those who have calculated likely expenses in retirement (n=256).
Most retirement plans factor in NZ Super and the expected time spent working. Fewer plans factor in the proportion of retirement that may be healthy.

Q1c: And thinking about your financial plan, have you [and your partner] factored in each of the following? / Did you [and your partner] factor in each of the following?

<table>
<thead>
<tr>
<th>Factor in financial plan for retirement</th>
<th>Those yet to retire</th>
<th>Retirees</th>
</tr>
</thead>
<tbody>
<tr>
<td>Whether you will need more each week than is provided by NZ Superannuation</td>
<td>96%</td>
<td>92%</td>
</tr>
<tr>
<td>How long you expect to continue working</td>
<td>89%</td>
<td>82%</td>
</tr>
<tr>
<td>How much money you'd need per week</td>
<td>75%</td>
<td>76%</td>
</tr>
<tr>
<td>How long you need your money to last</td>
<td>72%</td>
<td>66%</td>
</tr>
<tr>
<td>Your ability or wishes to leave an inheritance</td>
<td>72%</td>
<td>61%</td>
</tr>
<tr>
<td>What your weekly, fortnightly or monthly expenses will be in retirement</td>
<td>70%</td>
<td>76%</td>
</tr>
<tr>
<td>How much of your retirement you expect will be healthy</td>
<td>59%</td>
<td>58%</td>
</tr>
</tbody>
</table>

Base: All who have/had a financial plan that will deliver the sort of lifestyle they want in retirement: those yet to retire (n=335); retirees (n=283).
Age and income are key differentiators when it comes to retirement planning. Those who’ve planned most thoroughly tend to be aged 60 years or more, on a higher income, and living in Auckland or Wellington.

Those nearing retirement have been segmented, based on the extent to which they’ve planned for the sort of lifestyle they want in retirement.

### Planning segments – not yet retired

- **No planning**
  - 46%
  - Not thought about the sort of lifestyle wanted in retirement or do not have a plan to achieve it.

- **Some planning**
  - 9%

- **Good planning**
  - 17%

- **Thorough planning**
  - 28%

**NO PLANNING**

More likely to:
- be in their early 50s (51% cf. 44% aged 55 years or more)
- have a low annual household income (66% up to $30k, cf. 43% over $30k)
- be single (55%, cf. 42% of couples).

**SOME PLANNING**

More likely to:
- be in their early 50s (12% cf. 8% aged 55 years or more).

**GOOD PLANNING**

More likely to:
- be aged 65 or over (26%, cf. 16% aged up to 64 years)
- have an annual household income over $50k (20%, cf. 8% up to $50k).

**THOROUGH PLANNING**

More likely to:
- be aged 60 or over (33%, cf. 25% aged up to 59 years)
- have an annual household income over $100k (34%, cf. 25% up to $100k)
- live in Auckland (34%) or Wellington (38%)
- own a business (37%, cf. 25% who do not).

Base: All those yet to retire (n=600).
Only a third of those nearing retirement have worked out how much they will need, in addition to NZ Super, to have the sort of lifestyle they want. A small minority think they won’t need more than NZ Super to have the sort of lifestyle they want.

Q3a: To have the sort of lifestyle you [and your partner] want in retirement, do you think you will need more than the amount paid by NZ Super? The amount for [a person living alone is $375 per week/a couple is $576 per week]? Q3b: Have you worked out how much you [and your partner] would need each week in addition to New Zealand Superannuation?

**Worked out how much will be needed each week (in addition to NZ Super) to have the sort of lifestyle wanted in retirement – those yet to retire**

- Won’t need more than NZ Super | 6%
- Yes | 34%
- No or don’t know | 60%

**NON-RETIREE MORE LIKELY TO HAVE WORKED OUT WHAT THEY WILL NEED IN ADDITION TO NZ SUPER ARE:**
- Men (39%, cf. 30% of women)
- Those who have a financial plan for the sort of lifestyle they want (48%, cf. 18% who do not have a plan)
- Those who think they already have the money to live the sort of lifestyle they want in retirement (46%, cf. 33% who do not)
- KiwiSaver members (40%, 20% of non-members)
- Those aged 60+ (43%, cf. 27% of those aged under 60)

**NON-RETIREE MORE LIKELY TO THINK THEY WON’T NEED MORE THAN NZ SUPER ARE:**
- Those on low annual household incomes, under $30k (19%, cf. 4% on a higher income)

Base: All those yet to retire (n=600).
Eight in ten non-retirees plan to own their own home when they retire. Among those who plan to rent or to continue mortgage payments, nearly half have not calculated what those payments will be.

**Q2c:** When you retire do you [and your partner] plan to live in a home that you own, or will you rent? / **Q2d:** Have you [and your partner] calculated what your weekly, fortnightly or monthly [rent/mortgage] payments will be when you retire?

### Where plan to live in retirement – those yet to retire

- **Own home (without a mortgage):** 78%
- **Own home (with a mortgage):** 11%
- **Rent:** 6%
- **Don’t know:** 4%

### Calculated rent/mortgage payments in retirement

- **Yes:** 49%
- **No:** 45%
- **Don’t know:** 6%

**NON-RETIREES PLANNING TO LIVE IN THEIR OWN HOME MORTGAGE FREE ARE MORE LIKELY TO BE:**

- Those who have a financial plan for the sort of lifestyle they want (89%, cf. 64% who do not have a plan)
- Those who think they already have the money to live the sort of lifestyle they want in retirement (87%, cf. 72% who do not)
- Those on annual household incomes over $30k (81%, cf. 58% on lower incomes)

**Base:** Where plan to live in retirement: all those yet to retire (n=600) / Calculated rent or mortgage payments in retirement (n=101).
Savings and investments among those approaching retirement and retirees
One in ten (11%) non-retirees aged 50+ believe they currently have enough savings or investments to deliver the sort of lifestyle they want in retirement (this contrasts with the earlier result showing that 28% of current retirees have all the money they need to do all the things they want in retirement).

**Q3c:** Bearing in mind what you will receive from NZ Super, do you [and your partner] currently have enough savings and/or investments to deliver the sort of lifestyle you want in retirement?

**Have enough savings / investments to deliver the lifestyle you want in retirement – those yet to retire**

- Won’t need more than NZ Super | 6%
- Yes - definitely | 11%
- Yes - maybe | 30%
- No – not yet | 47%

**[Nett Yes | 41%]**

**NON-RETIREEs MORE LIKELY TO SAY THEY DEFINITELY OR MAYBE HAVE ENOUGH SAVINGS/INVESTMENTS TO LIVE THE SORT OF LIFESTYLE THEY WANT IN RETIREMENT ARE:**

- Those who have a financial plan for the sort of lifestyle they want (61%, cf. 15% who do not)
- Those aged 55 more (45%, cf. 29% in their early 50s).
- Those with high annual household incomes, over $100k (51%, cf. 34% on less)

**Those yet to retire by household income**

- Up to $30k
- >$30k to $50k
- >$50k to $100k
- >$100k

**Base:** All those yet to retire (n=600).
Results may not add to exactly 100% due to rounding.

**Base:** All those yet to retire earning up to $30k (n=56), >$30k to $50k (n=79), >$50k to $100k (n=220), >$100k (n=245)
Most non-retires have some savings and investments. Those in low income households are much less likely than others to have savings and investments.

Q3d: Other than KiwiSaver, do you [and your partner] currently have any savings or investments that will supplement your New Zealand Superannuation payment in retirement of [$375 per week / $576 per week]?

Q3g: Are you currently a member of KiwiSaver?

**Have any savings / investments that will supplement NZ Super – those yet to retire**

- **Yes | 90%**
  - 20% have KiwiSaver only
  - 19% have non-KiwiSaver savings or investment only
  - 50% have both KiwiSaver and other savings or investments

**NON-RETIREES MORE LIKELY TO SAY THEY DON’T HAVE ANY SAVINGS OR INVESTMENTS ARE:**

- Those who do not have a financial plan for the sort of lifestyle they want (17%, cf. 3% who do)
- Those with low annual household incomes, up to $30k (21%, cf. 7% on higher incomes)

Base: All those yet to retire (n=600).
Results may not add to exactly 100% due to rounding.

Base: All those yet to retire earning up to $30k (n=56), >$30k to $50k (n=79), >$50k to $100k (n=220), >$100k (n=245)
Most retirees had at least some savings or investments at the time they retired, and most still have some savings and investments to supplement NZ Super.

**Q4d:** Other than KiwiSaver, when you retired did you [and your partner] have any savings or investments to supplement your fortnightly NZ Super payment? **Q4e:** Do you currently have any savings or investments to supplement your fortnightly NZ Super payment?

**Base:** All retirees (n=452).
Results may not add to exactly 100% due to rounding.
INVESTMENT CHOICES UP UNTIL RETIREMENT: At the overall level, those nearing retirement typically choose low or medium risk investments.

Q3e: What do you plan to do with these savings and investments up until your retirement?

**Plans for non-KiwiSaver savings / investment up until retirement**

[| Investment Type                  | % Planning Each Investment |
<table>
<thead>
<tr>
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</thead>
<tbody>
<tr>
<td>Term deposit</td>
<td>46%</td>
</tr>
<tr>
<td>Savings account</td>
<td>42%</td>
</tr>
<tr>
<td>Residential property</td>
<td>31%</td>
</tr>
<tr>
<td>KiwiSaver</td>
<td>27%</td>
</tr>
<tr>
<td>Unit trust or managed fund</td>
<td>26%</td>
</tr>
<tr>
<td>Shares*</td>
<td>26%</td>
</tr>
<tr>
<td>Government bonds</td>
<td>5%</td>
</tr>
<tr>
<td>Commercial property</td>
<td>4%</td>
</tr>
<tr>
<td>More complex products</td>
<td>4%</td>
</tr>
<tr>
<td>Property companies or syndicates</td>
<td>3%</td>
</tr>
<tr>
<td>Another type of investment</td>
<td>17%</td>
</tr>
<tr>
<td>Don’t know</td>
<td>6%</td>
</tr>
</tbody>
</table>

*For the purpose of analysis we’ve consider shares ‘high risk’, however in reality this would depend on the individual portfolio.

**Type of KiwiSaver fund would choose**

- Conservative KiwiSaver fund: 33%
- Balanced KiwiSaver fund: 60%
- Growth KiwiSaver fund: 23%
- Don’t know: 5%

**Type of unit trust / managed fund would choose**

- Conservative managed fund: 31%
- Balanced managed fund: 67%
- Growth managed fund: 29%
- Don’t know: [Chart]

**Note:** residential property excludes own home; commercial property excludes own business

*Base*: All those who have yet to retire who currently have non-KiwiSaver savings/investments (n=453).

*Base*: All those yet to retire who plan to invest with KiwiSaver (n=123) or in a unit trust/managed fund (n=114). Please note multiple responses were allowed so results can add to more than 100%.
INVESTMENT CHOICES AFTER RETIREMENT: After retirement, non-retirees plan to reduce their use of medium and higher risk investments, including property, shares and growth managed finds.

Q31: Now a question about how you plan to invest when you retire. You said that you [have savings or investments that will supplement NZ Super/plan to withdraw and invest money from your KiwiSaver fund]. What do you plan to do with that money when you retire?

### Non-retirees’ plans for investing up until and after retirement

<table>
<thead>
<tr>
<th>% planning to each investment</th>
<th>Plans until retirement</th>
<th>Plans after retirement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Term deposit</td>
<td>46%</td>
<td>50%</td>
</tr>
<tr>
<td>Savings account</td>
<td>42%</td>
<td>41%</td>
</tr>
<tr>
<td>Residential property</td>
<td>31%</td>
<td>24%</td>
</tr>
<tr>
<td>KiwiSaver</td>
<td>27%</td>
<td>8%</td>
</tr>
<tr>
<td>Unit trust or managed fund</td>
<td>26%</td>
<td>16%</td>
</tr>
<tr>
<td>*Shares</td>
<td>26%</td>
<td>20%</td>
</tr>
<tr>
<td>Government bonds</td>
<td>5%</td>
<td>7%</td>
</tr>
<tr>
<td>Commercial property</td>
<td>4%</td>
<td>3%</td>
</tr>
<tr>
<td>More complex products</td>
<td>4%</td>
<td>4%</td>
</tr>
<tr>
<td>Property companies or syndicates</td>
<td>3%</td>
<td>3%</td>
</tr>
<tr>
<td>Another type of investment</td>
<td>17%</td>
<td>12%</td>
</tr>
<tr>
<td>Don’t know</td>
<td>6%</td>
<td>12%</td>
</tr>
<tr>
<td>Lower risk</td>
<td>66%</td>
<td>70%</td>
</tr>
<tr>
<td>Medium risk</td>
<td>58%</td>
<td>46% nett</td>
</tr>
<tr>
<td>Higher risk</td>
<td>34%</td>
<td>24%</td>
</tr>
</tbody>
</table>

*For the purpose of analysis we’ve consider shares ‘high risk’, however in reality this would depend on the individual portfolio.

### Type of KiwiSaver fund

- Conservative: 53%
- Balanced: 47%
- Growth: 15%
- Don’t know: 3%

### Type of unit trust / managed fund

- Conservative: 40%
- Balanced: 65%
- Growth: 18%
- Don’t know: 2%

**MORE LIKELY TO CHOOSE MEDIUM OR HIGH RISK INVESTMENTS WHEN RETIRED:**
- Men (53%, cf. 40% of women)
- Those with a financial plan (55%, 25% who don’t have a plan)
- Those sure they already have the money to live the lifestyle they want (68%, cf. 37% who don’t)
- Those on high annual household incomes, over $100k (57%, cf. 37% on lower incomes).

**Base (up until retirement):** All those who have yet to retire who currently have non-Kiwisaver savings/investments (n=453)

**Base (when retired):** All yet to retire who have savings/investments or plan to invest in KiwiSaver (n=449).

**Base:** Those yet to retire who plan to invest in KiwiSaver (n=37).

**Base:** Those yet to retire who plan to invest in a unit trust/managed fund (n=73).

Note: residential property excludes own home; commercial property excludes own business
Retirees most commonly keep their money in lower risk investments, such as in a term deposit or savings account.

Q4f: How are you currently investing these?

Where invested - retirees who currently have savings/investments to supplement NZ Super [% who hold each investment]

- Term deposit: 69%
- Savings account: 67%
- Residential property: 22%
- KiwiSaver: 19%
- Unit trust or managed fund: 22%
- Shares: 34%
- Government bonds: 7%
- Commercial property: 4%
- More complex products: 2%
- Property companies or syndicates: 3%
- Another type of investment: 12%
- Don’t know: 1%

% who hold each type of investment

- Lower risk: 92%
- Medium risk: 33%
- Higher risk: 39%

Type of KiwiSaver fund invested in

- Conservative KiwiSaver fund: 49%
- Balanced KiwiSaver fund: 27%
- Growth KiwiSaver fund: 22%
- Don’t know: 7%

Type of unit trust / managed fund invested in

- Conservative managed fund: 37%
- Balanced managed fund: 55%
- Growth managed fund: 24%
- Don’t know: 4%

Base: All retirees who have invested with KiwiSaver (n=83), or in a unit trust/managed fund (n=93). Please note multiple responses were allowed so results can add to more than 100%.

Note: residential property excludes own home; commercial property excludes own business.
Retirees who thoroughly planned for their retirement are more likely to have medium to high risk investments, in addition to lower risk investments.

Investments by planning segments – retirees

<table>
<thead>
<tr>
<th>Planning Segment</th>
<th>Lower Risk Investment</th>
<th>Medium Risk Investment</th>
<th>Higher Risk Investment</th>
</tr>
</thead>
<tbody>
<tr>
<td>All retirees</td>
<td>92%</td>
<td>54%</td>
<td>33%</td>
</tr>
<tr>
<td>No planning</td>
<td>91%</td>
<td>42%</td>
<td>26%</td>
</tr>
<tr>
<td>Some planning</td>
<td>94%</td>
<td>47%</td>
<td>28%</td>
</tr>
<tr>
<td>Good planning</td>
<td>92%</td>
<td>58%</td>
<td>34%</td>
</tr>
<tr>
<td>Thorough planning</td>
<td>93%</td>
<td>66%</td>
<td>41%</td>
</tr>
</tbody>
</table>

**Base:** All retirees who currently have savings/investments (n=404).
Understanding risk and return and diversification
There is a general aversion to higher risk investments among New Zealanders aged 50+. Although virtually all appreciate that investments with higher returns likely have higher risk, and know a chosen level of risk should align with person’s circumstances and goals, eight in ten people think high investment risk is something to avoid, and seven in ten believe ‘most people’ should choose lower risk investments.

Q5a: To what extent do you agree with the following statements?

### Understanding of investment risk

<table>
<thead>
<tr>
<th>Statement</th>
<th>% Agree</th>
<th>Retired</th>
<th>Not yet retired</th>
<th>Significantly higher/lower than retirees</th>
</tr>
</thead>
<tbody>
<tr>
<td>An investment with higher than average return is likely to have higher than average risk</td>
<td>97%</td>
<td>98%</td>
<td>52%</td>
<td></td>
</tr>
<tr>
<td>People should consider their risk profile and choose the level of risk that is right for their circumstances and goals</td>
<td>96%</td>
<td>98%</td>
<td>49%</td>
<td></td>
</tr>
<tr>
<td>High investment risk is something people should generally try to avoid</td>
<td>78%</td>
<td>89%</td>
<td>83%</td>
<td></td>
</tr>
<tr>
<td>In general, most people should choose lower risk investments</td>
<td>61%</td>
<td>84%</td>
<td>12%</td>
<td></td>
</tr>
</tbody>
</table>

**WHO HAS THE STRONGEST AVersion TO HIGHER RISK INVESTMENTS?**

**THOSE MORE LIKELY TO STRONGLY AGREE THAT ‘HIGH INVESTMENT RISK IS SOMETHING PEOPLE SHOULD GENERALLY TRY TO AVOID’:**
- Aged 70+ (39%, cf. 20% of those under 70 years)
- Retirees (33%, cf. 20% of those not yet retired)
- On lower annual household incomes, up to $50k (33%, cf. 20% over $50k)

**THOSE LESS LIKELY TO STRONGLY AGREE:**
- Non-retirees with a financial plan for how to live the sort of lifestyle they want (82%, cf. 78% of others)
- Non-retirees who are KiwiSaver members (82%, cf. 77% of non-members)
- Those under 60 years of age (83%, cf. 71% aged 60+)
- Those on high annual household incomes, over $100k (85%, cf. 71% on lower incomes)

Base: All (n=1,052).

Results may not add to exactly 100% due to rounding. Rounding can also result in nett figures being 1% higher or 1% lower than sum of the percentages added together.
Many New Zealanders aged 50+ may be unaware of their tolerance for investment risk. Only a quarter have completed a risk profile questionnaire.

**Q5d:** Have you ever completed a ‘risk profile questionnaire’? This is a questionnaire that helps you work out the level of investment risk which is appropriate for your circumstances.

**Completed a risk profile questionnaire**

- **Yes | 24%**
- **No | 73%**
- **Don’t know | 4%**

**THOSE MORE LIKELY TO HAVE COMPLETED A RISK PROFILE QUESTIONNAIRE ARE:**

- Those under 70 years of age (26%, cf. 18% aged 70+)
- Those on high annual household incomes, over $100k (35%, cf. 19% on lower incomes)
- Those who do not have a strong aversion to risk (25%, cf. 18% who strongly agree that people should generally avoid higher risk investments)
- Non-retirees who have worked out how much they will need in addition to NZ Super when they retire (36%, cf. 19% who have not)
- Non-retirees who think they already have enough savings/investments to live the sort of lifestyle they want in retirement (30%, cf. 21% who do not)
- Non-retirees who have a financial plan to live the sort of lifestyle they want in retirement (34%, 13% who do not)
- Retirees who, before they retired, had a financial plan to live the sort of lifestyle they wanted in retirement (32%, cf. 9% who did not)

**Base:** All (n=1,052).
New Zealanders aged 50+ generally view a 5% return to be fairly low, 9% to be medium, and 15% to be fairly high. Having said this, a very wide range of responses were given, especially for medium and high rates of return – suggesting some New Zealanders may have quite high expectations.

**Q5c:** Please think about a low rate of return on investment. Up to what rate do you consider ‘fairly low’? / About what rate do you consider ‘medium’? / In your view, at about what rate does a rate of return start to become ‘fairly high’?

**WHO HAS HIGHER EXPECTATIONS FOR INVESTMENT RETURNS?**

**ACROSS ALL RATES OF RETURN (LOW, MEDIUM AND HIGH) THOSE LIKELY TO STATE RATES OF RETURN ABOVE THE 75TH PERCENTILE ARE:**

- Women
- Those in their early 50s
- Those on lower annual household incomes
- Those not yet retired – particularly, those who do not have a plan to live the sort of lifestyle they want in retirement, and those who do not currently have any non-KiwiSaver savings or investments

**MORE LIKELY TO STATE RETURNS ABOVE THE 75TH PERCENTILE**

(75th percentile = 8% for a fairly low return, 15% for a medium return, and 25% for a fairly high return)

- Women
- Those in their early 50s
- Those on lower annual household incomes
- Those not yet retired – particularly, those who do not have a plan to live the sort of lifestyle they want in retirement, and those who do not currently have any non-KiwiSaver savings or investments

**KEY**

WHO HAS HIGHER EXPECTATIONS FOR INVESTMENT RETURNS?
For further information please contact:

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