

Summit:

2019 Retirement Income Policy Review and You

Retirement Policy and Research Centre | Public Policy Institute | TOR Financial Consulting Ltd

Welcome

Purpose of the day

Resource materials **online and in pack**

Proceedings after event

Terms of reference

New well-being focus

Today- taster of the debates to come

5 major themes



1. Looking back to go forward

Susan St John

Michael Littlewood

Diana Crossan



The 1975 election choice

Compulsory savings scheme

Or

National Superannuation?

1978

At age 60 fully universal non means tested pension at 80% of average wage for a couple

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1985 The bitterness of the Surcharge

Tempus fugit



SUPERANNUATION IN NEW ZEALAND

Averting the Crisis

Toni Ashton and Susan St John



Ashton, T., & St John, S. (1988). Superannuation in New Zealand. Averting the Crisis, Wellington: Institute of Policy Studies.

What is the purpose of retirement incomes policies?

- Poverty amelioration
- Poverty prevention
- Belonging and participation
- **Income continuance**

Value judgements needed.

What does it look like we try to achieve in NZ?

Retirement income policies

Private Pensions in New Zealand: Can they Avert the 'Crisis'?

Susan St John and Toni Ashton

Institute of Policy Studies

Private

1. Private voluntary savings
2. Private, tax-encouraged savings
3. Compulsory, private savings
4. Compulsory, state savings scheme
5. Social insurance
6. Pensions paid for by earmarked taxes
7. Non-contributory, tax-funded, flat-rate, universal pensions
8. Non-contributory, tax-funded, flat-rate, income-tested pensions
9. Welfare benefits

Public

1991 Budget watershed

NZ was, briefly, the most
extreme of all countries

1. Voluntary saving

-
-
-

9. Welfare benefit



(Tom Scott, *The Dominion*, July 1991)

By end of 1991

We were back to

- Basic state pension
- Tighter surcharge
- Age to rise to 65 over ten years

- Desire to solve the mess with private provision

Taskforce 1992

- Michael Littlewood

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Private Provision for
Retirement

The Options

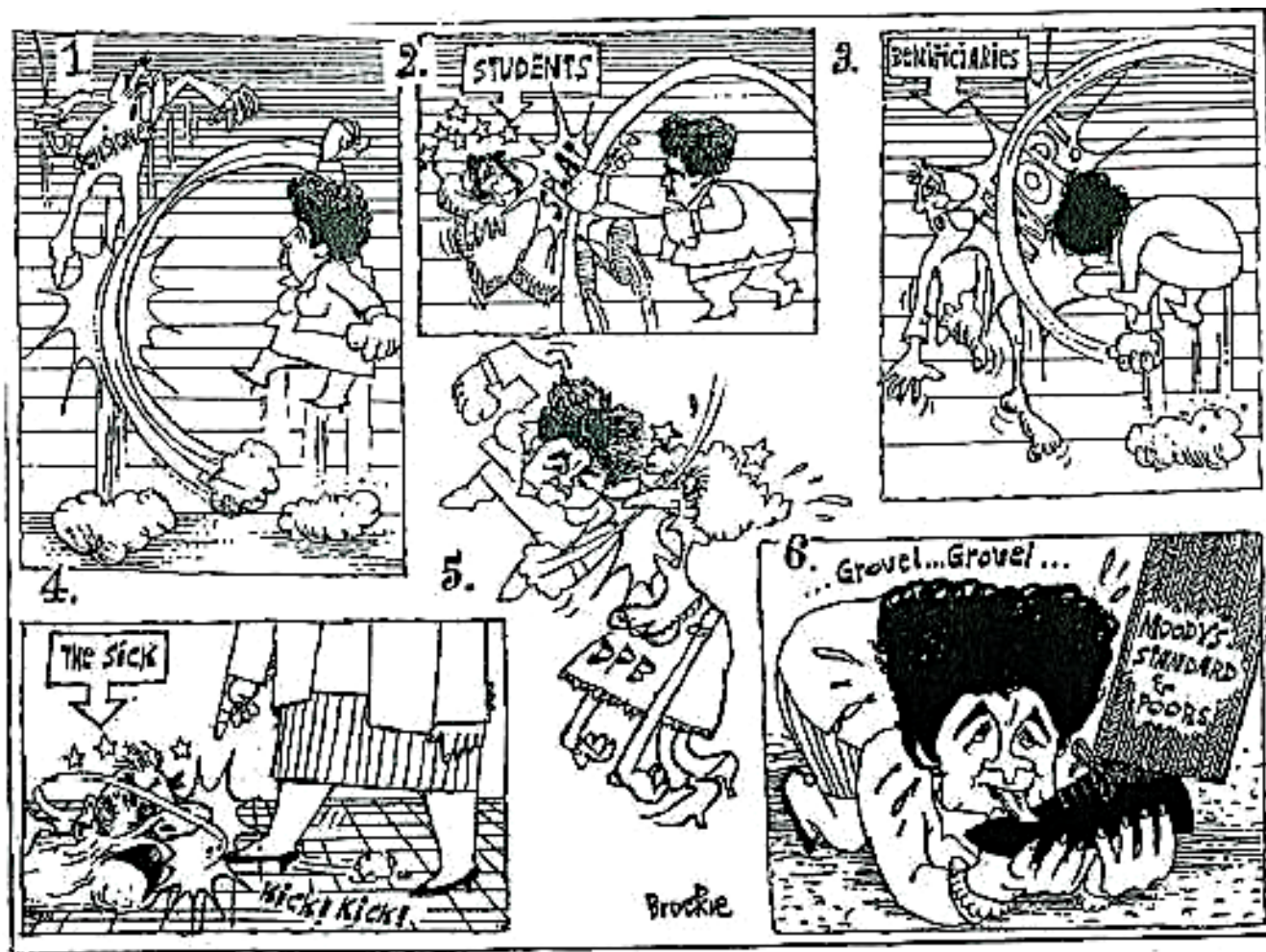
Report of the Task Force on
Private Provision for Retirement
August 1992

The 1992 Task Force

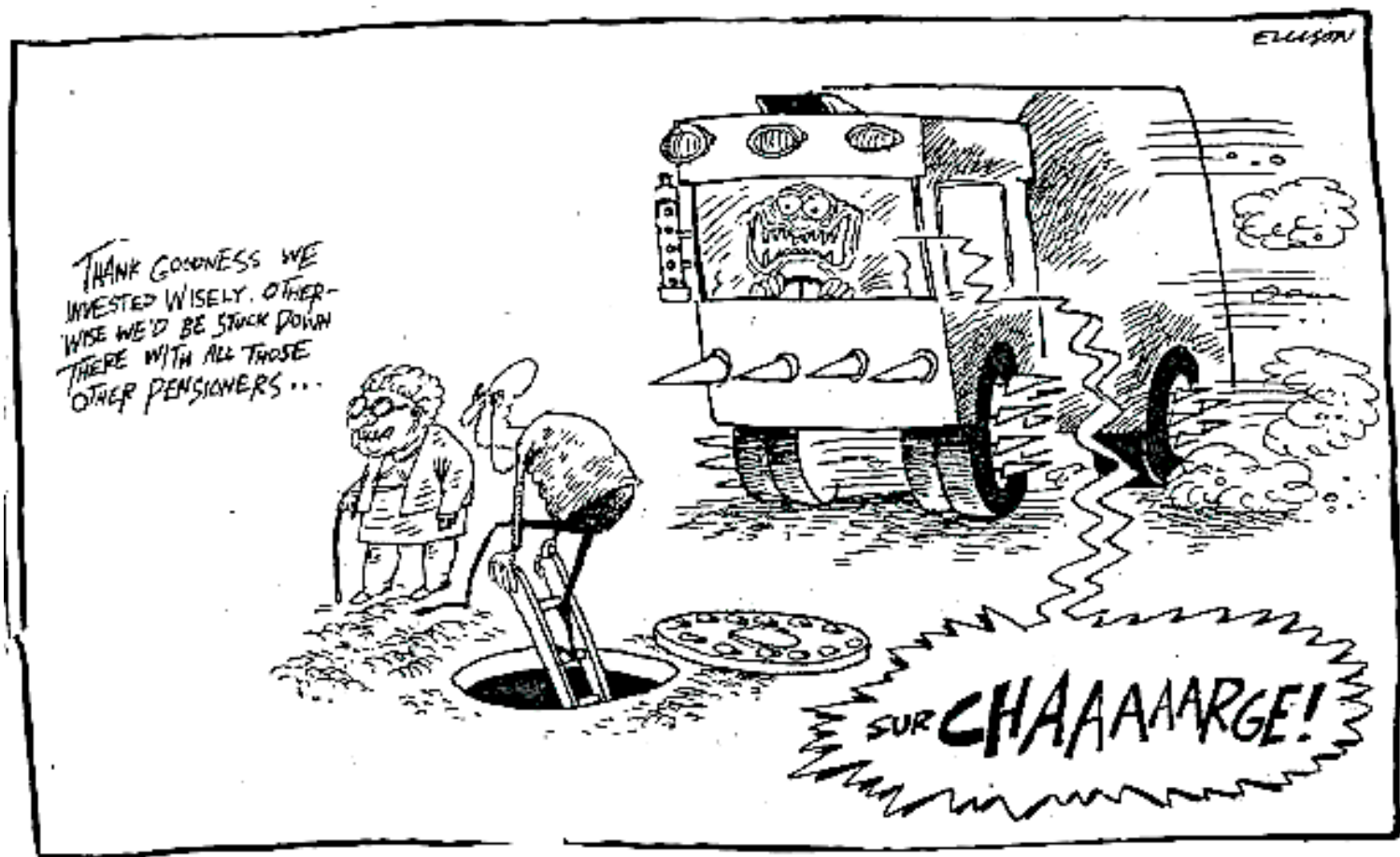
- and the 1993 Accord

Michael Littlewood

'The Mother of all Budgets'



Surcharge becomes clawback



The reports

Private Provision for
Retirement

The Issues

*Interim Report of the Task Force on
Private Provision for Retirement
December 1991*

October 1991

Private Provision for
Retirement

The Options

*Report of the Task Force on
Private Provision for Retirement
August 1992*

August 1992

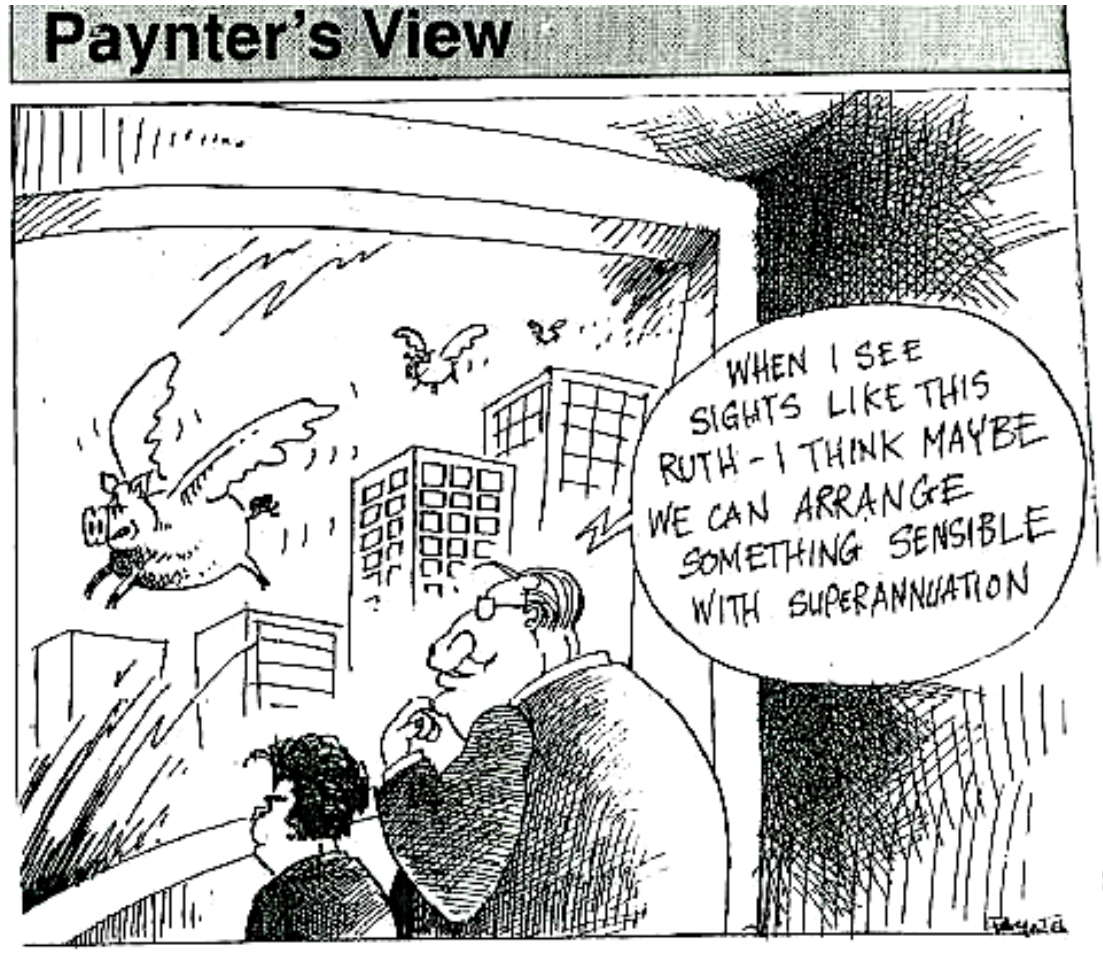
Private Provision for
Retirement

The Way Forward

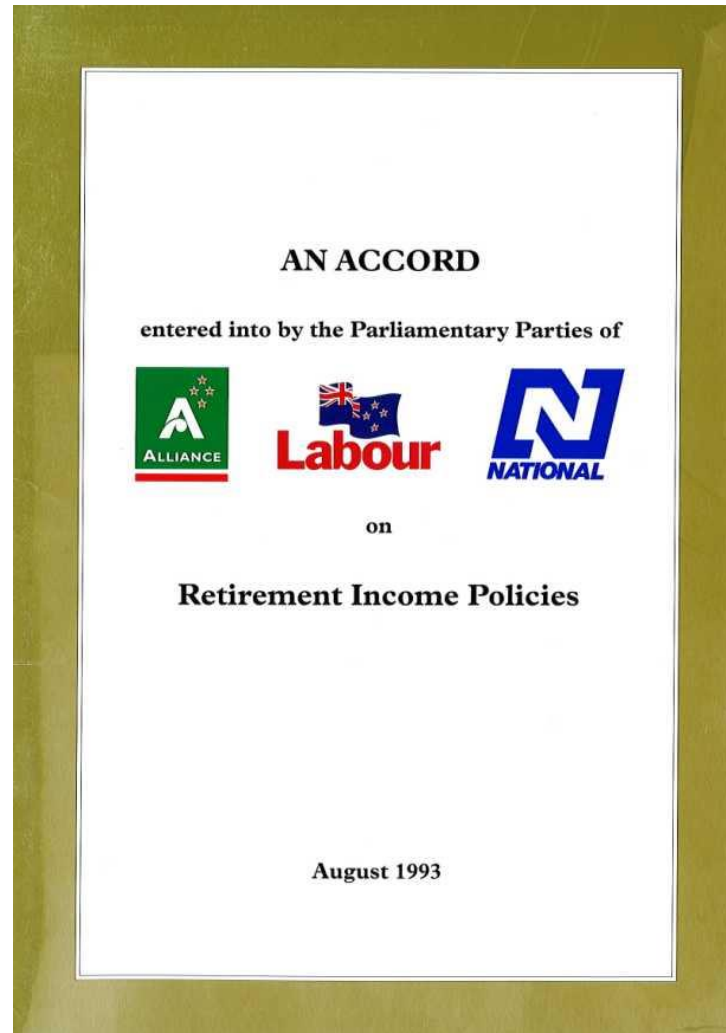
*Final Report of the Task Force on
Private Provision for Retirement
December 1992*

December 1992

Agreement on super?



The Accord – August 1993



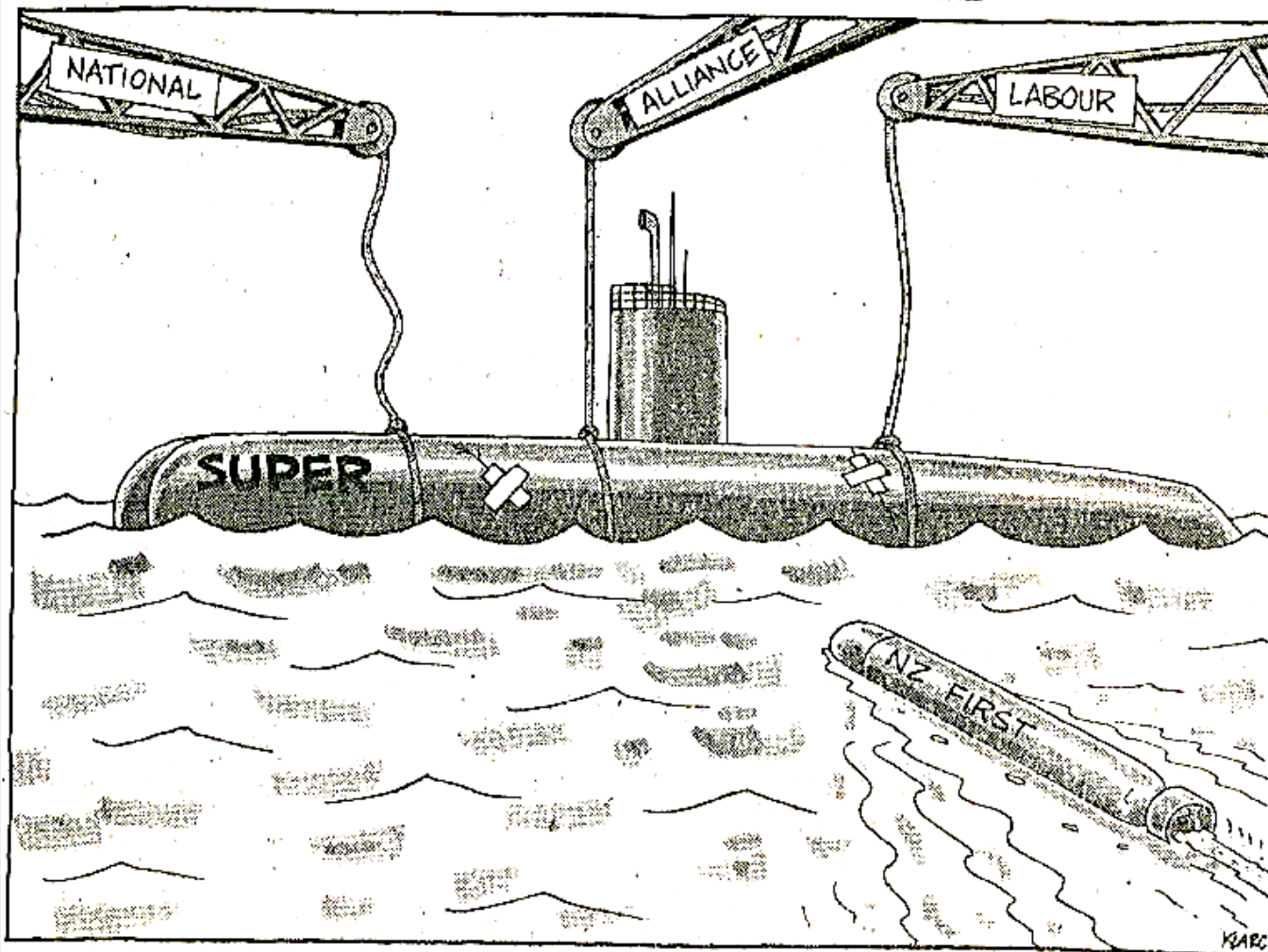
... but the body language?



Agreeing to agree — party leaders Jim Bolger, Jim Anderton and Mike Moore at yesterday's superannuation accord signing. They weren't sure but they thought it was the first time leaders had acted together in such a way outside wartime.

Evening Post
26 Aug 1993

NZF's threat to Accord



NZ Herald
26 Aug 1993

The threat materialises

- National & NZF 1996 coalition
 - Referendum on compulsion & removal of surcharge ‘the price’
- Referendum and 1997 Review coincided
- Interim report July 1997
- Referendum result October 1997 – 92:8

Some reflections

- My damascene experience
- What went well
- Mistakes we made
- Lessons for 2019 and beyond

Retirement Income Framework

**Aotearoa
New Zealand**

2003 – 2013

Diana Crossan



THE OBJECTIVES

Longevity risk pooling

Citizenship dividend

Taking responsibility

Sound fiscal position

Wellbeing

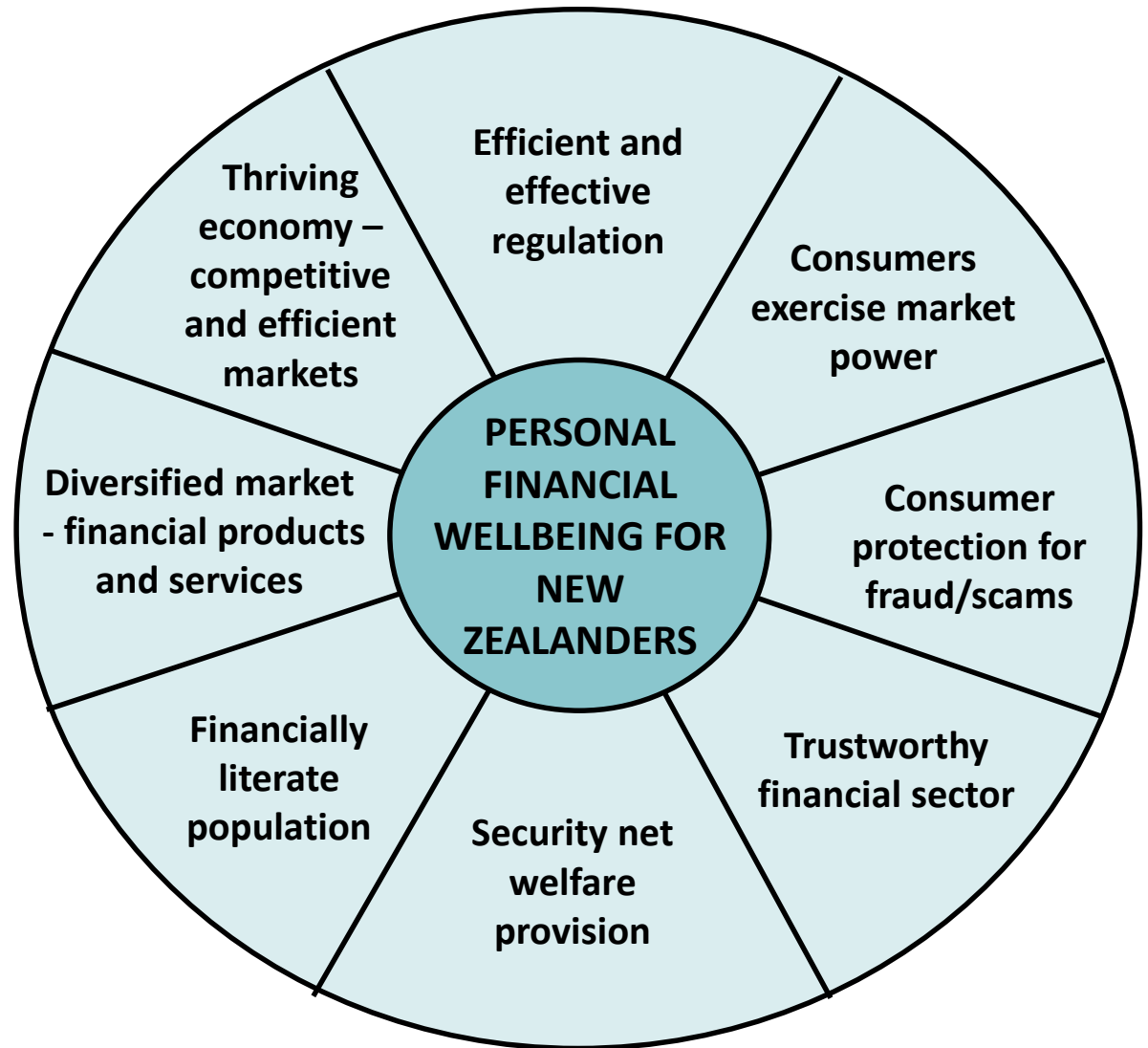
Income support

Ensure equity between generations

Lifetime consumption smoothing



CONTRIBUTORS TO PERSONAL FINANCIAL WELLBEING OF NEW ZEALANDERS



Health • Family • Social inclusion • Education • Income

Periodic Reviews of Retirement Income



2003

2007

2010

2013

Many of the concerns from the earlier reviews are still concerns today

- cost of NZ Super
- home ownership
- help with decumulation
- overseas superannuitants