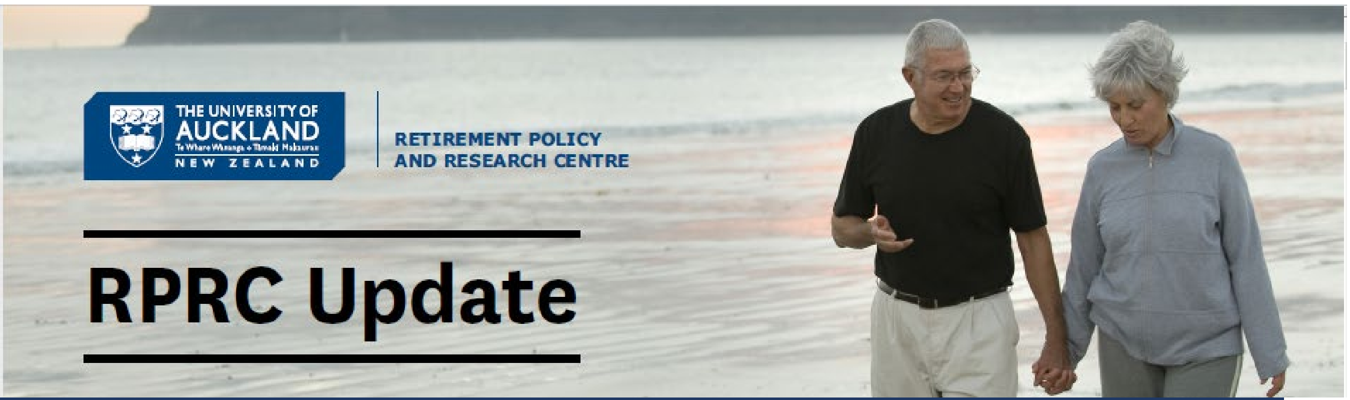

December 2020 | Volume 13, Issue 4 of the quarterly RPRC Update

A gender lens on retirement policy

After completion and wide international circulation of the report: ***Women and Retirement in a post COVID-19 world***, written by M.Claire Dale and Susan St John, and commissioned by David Harris, General Manager TOR Financial Consulting, UK, the findings from the report were presented by the authors at an International Zoom workshop for Insurance Ireland on 7th October: *A Universal Pension for Ireland." Why Ireland should use Auto-Enrolment to tackle the gender pensions gap – voices from New Zealand, Australia and Sweden.*

On 19th October, at a further online conference for IAPF (Irish Pensions Savers) conference*: A gender lens: Pensions Policies New Zealand, Ireland and Australia*, Susan St John presented the report findings.

Post COVID-19, many women will struggle to restore their depleted savings and will continue to be more likely than men to be reliant on New Zealand Superannuation alone, and less likely to own their own homes. They are more likely to be affected by lower employment opportunities. Without adequate policy responses to the COVID-19 recession, older female poverty is likely to become much worse in the next decade. This comparison of the gender pensions gap and its causes and consequences in New Zealand, Australia and Ireland reveals the strengths and weaknesses in their retirement policies and suggests possible improvements.

Attention to pension policy design taking a gender perspective in all countries is critical…. Careful design of second Tier auto-enrolment savings can help close the gender pensions gap and promote gender equity.

Given the RPRC's report findings, it was welcome news when the Victoria, Australia budget was announced 24 November, with significant acknowledgement of the gendered impacts of the COVID-19 induced recession. $150 million will go directly to boosting women's employment across the state.

Minister for Seniors: Dr Ayesha Verrall

The RPRC welcomes this new appointment. Dr Verrall is also Minister for Food Safety, and Associate Minister for Health and Research, Science and Innovation.

Dr Verrall is an infectious diseases doctor, passionate about preventing illness so every New Zealander can enjoy good health and live a free and full life. During the COVID-19 pandemic response, she was instrumental in improving New Zealand's contact tracing.

She attended medical school at the University of Otago and worked as a doctor at Wellington hospital, completed her specialist training in Singapore, then researched tuberculosis in Indonesia. In 2019 Dr Verrall was elected to the Capital and Coast District Health Board on a Labour ticket.

On 10 December, in Rotorua with the Prime Minister Jacinda Ardern and the Hon Andrew Little, she launched "Tiaki Whānau". The Ministry of Health has provided funding for Lakes DHB to engage Well Child Tamariki Ora service provider Manaaki Ora Tipu Ora, to deliver culturally appropriate, whānau-based care for up to 40 whānau in this area. "These pilots will be a major step towards addressing health and social inequalities for children and whānau of young parents," Associate Minister of Health Dr Ayesha Verrall said.

See the launch report here.

Contents

Age Friendly Business programme launch

In October, the Gore District launched New Zealand's first Age Friendly Business programme, recognising businesses and organisations there that are aspiring to be age friendly.

Age Friendly businesses aim to provide an inclusive and respectful customer service experience and offer products and services that meet the needs of customers and clients irrespective of age, life stage and ability.

The programme included developing and designing resources to be used by other regions and communities to start their own Age Friendly Business programme. More information on the Age Friendly Business programme here.

To develop an Age Friendly Business programme, contact Office for Seniors at osc@msd.govt.nz.

Ageing in New Zealand: Ka haere ki te ao pakeketanga

In *The Gerontologist*, Volume 60, Issue 5, August 2020, Pages 812–820, an article by Louise C Parr-Brownlie, PhD, Debra L Waters, PhD, Stephen Neville, PhD, Tia Neha, PhD, Naoko Muramatsu, PhD.

New Zealand needs to continue to fund research that identifies unique and courageous service delivery solutions that result in positive social, financial, psychological and physical ageing for older New Zealanders.

See the full article here.

THE UNIVERSITY OF AUCKLAND NEW ZEALAND | BUSINESS SCHOOL

Retirement Policy and Research Centre

PensionCommentary 2020-11: The spousal deduction. How did the courts get it so wrong?

The RPRC invited Sissi Stein-Abel, administrator and editor www.nzpensionprotest.com and long-time critic of the direct deduction policy, to share her observations on the Human Rights Review Tribunal hearing in March 2018 and the long journey to abolition of the spousal deduction on 9 November 2020. This opinion piece does not necessarily reflect the views of the RPRC.

See the full PensionCommentary here.

See the case report here: McKeogh v Attorney-General (Supplementary Decision) [2020] NZHRRT 41 (19 October 2020).

Financial Services Council

We need to talk about retirement

At the Financial Services Council's (FSC) *Generations Digital conference,* 14-15 October 2020, the panel discussion was amongst FMA's Rob Everett, Retirement Commissioner Jane Wrightson, Trustees Executors chief executive Ryan Bessemer, Mercer's Will Burkitt, CoreData's Andrew Inwood and University of Auckland associate professor and director of RPRC **Susan St John**.

"***We need to talk about retirement***" was both the topic and the verdict of the panel, moderated by TVNZ's Jack Tame, discussing "retirement in the post-pandemic world".

… One of the major issues is that New Zealand's ageing population is getting bigger and living longer. That's set to put increasing pressure on NZ Superannuation (NZS), especially as many people are not in situations where they can save adequately themselves.

St John pointed out this problem is particularly heightened for women, who often take time out of the workforce and saving to care for children and/or ageing relatives, and for young people, who have student debt and house price issues to contend with.

The panel discussed various ways of trying to address the problem. These included making Kiwisaver compulsory, providing tax relief to assist saving, means-testing NZS, and the development and provision of a better range of financial products targeted at individual consumers.

But the one potential solution that the entire panel agreed on was working to improve the financial literacy of New Zealanders, which includes raising the profile of retirement and what it means for individuals (as there is no one-solution-fits-all).

See GoodReturns.co.nz's report here.
Video link here.

Purpose of New Zealand's retirement income system

defined by Retirement Commissioner Jane Wrightson aided by expert advisory group

Wrightson says: "*During the Review of Retirement Income Policies last year it was clear New Zealanders had deeply held views on the role of NZ Superannuation (NZS), but they differed,*" says Wrightson. "*Some considered it was there to prevent poverty and ensure people retained dignity in old age, others saw it as providing a basic standard of living, as a gesture of care for the elderly or as a reward for working hard and paying taxes.*

"My role as Retirement Commissioner requires me to monitor and advise Government on retirement income issues, but to do that I need to start from a base of what our retirement income system is for. This purpose statement will also enable me to test proposals that may affect people's retirement income in the future."

The purpose statement:

A stable retirement income framework enables trust and confidence that older New Zealand residents can live with dignity and mana, participate in and contribute to society, and enjoy a high level of belonging and connection to their whānau, community and country.

To help current and future retirees to achieve this, a sustainable retirement income framework's purpose is twofold:
-To provide NZS to ensure an adequate standard of living for New Zealanders of eligible age. NZS is the Government's primary contribution to financial security for the remainder of a person's life.
-To actively support New Zealanders to build and manage independent savings that contribute to their ability to maintain their own relative standard of living.

The retirement income system sits within the broader government provision of infrastructure also needed to enable older New Zealanders to live well, such as health care, housing, and transport.

Members of the Expert Advisory Group are: Associate Professor Susan St John, Director of Auckland University's Retirement Policy and Research Centre; Alison O'Connell, Independent Director and longevity policy analyst; Associate Professor Claire Matthews of Massey University and author of its Retirement Expenditure Guidelines; Dr Kay Saville-Smith of the Centre for Research, Evaluation and Social Assessment; Malcolm Menzies, senior research analyst; Ngahiwi Tomoana, Chair of Ngāti Kahungunu Iwi and a specialist in hapu and iwi development; Simon Chapple, Director of the Institute for Governance and Policy Studies at Victoria University; Vui Mark Gosche, Chair of Counties Manukau District Health Board, Chair of Kainga Ora, Homes and Communities.

See the full report on Voxy here**.**

Other news from the Commission for Financial Capability

A quarterly newsletter is a recent CFFC innovation. To subscribe, email newsletter@cffc.govt.nz.

The CFFC has also released a discussion paper on the retirement village legislative framework. The framework includes the Retirement Villages Act 2003, its Regulations, and the Retirement Villages Code of Practice 2008.

Retirement Commissioner Jane Wrightson says one of her statutory obligations under the Act is to monitor the framework's effectiveness, ensuring it is fair and balanced for both the industry and consumers.

"The intention of this paper is to describe the environment, discuss core issues, and start a conversation between industry, residents and government about if and where change is desirable," says Wrightson. "We have indicated areas that, in the opinion of the CFFC, warrant further work."

See the CFFC report here.

The CFFC invites feedback on the discussion paper by 26 February 2021. Submissions can be made online here or sent to consultation@cffc.govt.nz.

See the NZHerald report on 3 December 2020 here.

Financial Services Council COVID-19 & Financial Resilience Index

In October 2020, the Financial Services Council (FSC) released the results of the 3rd Financial Resilience Index, a survey carried out by CoreData of New Zealanders' views on five key financial resilience indicators: *financial confidence, literacy and preparedness, job security and wellbeing*. The sample is representative of the New Zealand population in terms of age, gender and income based on the latest Stats NZ data.

The latest round from the Index shows that despite the last six months being one of the most challenging periods in recent history, New Zealanders have remained remarkably resilient and confident when it comes to financial matters… However, overall wellbeing is getting worse, with just over 54% of respondents saying they have been adversely affected in the period between March to August, while 60% now worry about money regularly; either monthly, weekly or daily….

The **Financial Resilience Index** can be found here.

The Financial Services Council (FSC), a non-profit organisation, is the voice of the financial services sector in New Zealand. Find out more at fsc.org.nz.

Auckland Council
Kaunihera o Tāmaki Makaurau

Older Aucklanders: results from the 2018 Census

From the November 2020 Technical Report:
• In 2018, there were 189,177 usual residents aged 65 years and over in Auckland. Older Aucklanders made up 12.0 per cent of the total Auckland population. More than half (58.1%) were aged 65 to 74 years, with 30.1 per cent aged 75 to 84 years and 11.8 per cent aged 85 years or over.
• Older Aucklanders made up over a quarter (26.5%) of the national count of older people.
• In total 22.4% of older Aucklanders were employed (13.0% full-time and 9.4% part-time)… The most

common occupation among employed older Aucklanders was professionals (26.8%) and managers (19.7%).

The report is available here.

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ngā tāngata
microfinance

Dr M.Claire Dale, Research Fellow, RPRC, is the founder and chair of Ngā Tāngata Microfinance.

Social return on investment: $1: $3.70

This means every dollar invested in Ngā Tāngata Microfinance delivers $3.70 of measurable good to New Zealand.

An independent *GoodMeasure* report commissioned from ImpactLab confirms the profound positive difference made by the safe, fair, no interest, no fees credit provided to low-income Kiwis by Ngā Tāngata Microfinance.

As well as 'reducing unmanageable debt', the *GoodMeasure* social value outcomes include:

Improve mental health
Reduce emergency benefits
Reduce family violence
Reduce child placement
Reduce addiction
Reduce smoking
Reduce risky behaviour

Kiwibank has supported Ngā Tāngata Microfinance to provide no-interest, no-fees loans to low income families since 2011. At the report launch, Dale said:
Muhammed Yunus, founder of Grameen Bank and Nobel Laureate, when he visited New Zealand a few years ago, said that access to safe, fair credit is a human right. That is what Ngā Tāngata Microfinance is about. So our thanks to Kiwibank, the JRMcKenzie Trust, the Ministry of Social Development, our donors, staff, and especially our volunteers who contribute to this goal of social justice. This report attributes a social value to that contribution.

The Ngā Tāngata Microfinance report is available here.

Flexible working for over 50s – A toolkit for employers

In September 2020, the UK's **Centre for Ageing Better** published this free online resource.

Developed in partnership with Timewise and based on extensive research and employer pilots, this toolkit sets out to maximise the benefits of flexible working for both businesses and individuals.

Over the past decade we have seen a huge shift in the age profile of our workforce, driven by the massive increase in the numbers of people working in their 50s and 60s. One in three workers is over the age of 50 and flexible working is the number one workplace practice that would support people to work for longer.

Flexible working is about getting the balance right to boost staff loyalty, engagement and help people do their jobs. It can be one of the biggest factors in retaining the knowledge, skills and know-how of our most experienced workers, and will be an essential tool to address the challenges that many businesses now face….

Employers who can maximise the benefits of multi-generational workforces will be the leaders of the next decade – benefiting from the knowledge, skills, and talents of all ages.

This resource is available here.
The full report **Inclusivity through flexibility**, , is available here.
For more information, visit ageing-better.org.uk.

We can learn from 2020 Australian retirement incomes review:

Some extracts as the increase from 9.5% to 12% Superannuation Guarantee compulsory contribution is debated:

A rate of compulsory superannuation that would result in people having an increase in their living standards in retirement may involve an unacceptable reduction in living standards prior to retirement, particularly for lower-income earners. This is based on the view, supported by the weight of evidence that increases in the SG rate result in lower wages growth, and would affect living standards in working life…. A major misunderstanding is the view that 'retirement income' involves the return from investing superannuation balances rather than drawing down those balances to fund living standards in retirement…. While the Age Pension helps offset inequities in retirement outcomes, the design of superannuation tax concessions increases inequality in the system. Tax concessions provide greater benefit to people on higher incomes….
- *Government expenditure on the Age Pension as a proportion of GDP is projected to fall slightly over the next 40 years to around 2.3%. Higher superannuation balances reduce Age Pension costs. The cost of superannuation tax concessions is projected to grow as a proportion of GDP and exceed that of Age Pension expenditure by around 2050. This is due to earnings tax concessions. The increase in the SG rate to 12% will increase the fiscal cost of the system over the long term.*
- *Voluntary superannuation contributions are largely concentrated among those nearing retirement, and particularly at the higher end of the income distribution. The evidence suggests that tax concessions encourage saving in tax-preferred forms, but they may displace other forms of saving and have a limited impact on overall saving.*

The report is available here.

KiwiSaver Annual Report 2020

The main objective of the Financial Markets Authority (FMA) is to promote and facilitate the development of fair, efficient and transparent financial markets… The FMA is one of several government agencies with a role in regulating KiwiSaver… For many New Zealanders, KiwiSaver is their first investment, and may be a large part of their retirement savings and ultimate financial security… This year's report covers the period from 1 July 2019 to 30 June 2020, and contains a summary of the statistical returns that must be lodged by KiwiSaver schemes as at 31 March 2020.

Most of the growth in funds under management came from member, employer and government contributions, which totalled $7.25 billion.

Many KiwiSaver members were understandably concerned by the sudden drop in balances caused by markets' reaction to COVID-19 at the start of this year, but overall confidence in KiwiSaver remains strong. This will have been helped by the significant rebound in global markets since the early stages of the crisis. The FMA's investor confidence survey from June 2020 showed 79% of KiwiSaver members are confident that KiwiSaver will be available to them on their retirement.

Read the full report here.

BUSINESS SCHOOL

Retirement Policy and Research Centre

Research Fellow M.Claire Dale co-authored article:

Scoping Review: Intergenerational Resource Transfer and Possible Enabling Factors, published in IJERPH as part of *Special Issue Parent-Child Interactions: Paths of Intergenerational Transmission of Psychopathological Risk*.

Authors are Eliza Lai-Yi Wong, Jennifer Mengwei Liao, Christopher Etherton-Beer, Loretta Baldassar, Gary Cheung, Claire Margaret Dale, Elisabeth Flo, Bettina Sandgathe Husebø, Roy Lay-Yee, Adele Millard, Kathy Ann Peri, Praveen Thokala, Chek-hooi Wong, Patsy Yuen-Kwan Chau, Crystal Ying Chan, Roger Yat-Nork Chung, Eng-Kiong Yeoh.

We explore the intergenerational pattern of resource transfer and possible associated factors… The scoping review categorised resource transfers into three types: financial, instrumental, and emotional support. Using an intergenerational solidarity framework, factors associated with intergenerational transfer were placed in four categories: (1) demographic factors (e.g., age, gender, marital status, education, and ethno-cultural background); (2) needs and opportunities factors, including health, financial resources, and employment status; (3) family structures, namely, family composition, family relationship, and earlier family events; and (4) cultural-contextual structures, including state policies and social norms. Those factors were connected to the direction of resource transfer between generations.

See the Abstract, or PDF Version.

BUSINESS SCHOOL

Retirement Policy and Research Centre

A Briefing from the Retirement Policy and Research Centre

PensionBriefing 2020-1: Would Total Remuneration improve KiwiSaver fairness?

Total Remuneration (TR) is the total value of an employee's annual compensation package and includes both basic pay or salary and the financial and non-financial benefits. This means that KiwiSaver or other pension/superannuation plan contributions, bonuses, cash incentives, gym membership, access to counselling services and any other benefits, are included.

This PensionBriefing concentrates on the use of TR packages in wage contracts that incorporate the employer's contribution to KiwiSaver. Some regard this approach as equitable, as everyone in the firm who does the same work is paid the same gross TR regardless of whether they are KiwiSaver members. Others argue that the employer's KiwiSaver contribution should be an addition to gross wages as it is a necessary incentive to encourage employees to participate in KiwiSaver.

Using a policy analysis framework discussed in St John and Dale (2012), we evaluate a range of options to improve equity, especially, but not only, for lower-paid workers: Option 1: Make KiwiSaver compulsory for both employer and employee contributions; Option 2: Make the employer KiwiSaver contribution a compulsory, not a matching contribution; Option 3: A formal TR policy to rationalise all employment-based contributions to KiwiSaver.

See the PensionBriefing here.

RPRC Media mentions and public presentations:

7 October 2020, Insurance Ireland, zoom conference, M.Claire Dale and Susan St John deliver "*Retirement issues for women in a post-covid world*" .
7 October 2020, Dig Social Policy Discussion Panel, chaired by Jeremy Rose. *Benefits panel:* Susan St John, Serenah Nicholson and Donna Maria Lawson.
8 October 2020, Panel discussion chaired by Jack Tame: Rob Everett (Chief Executive, FMA), Jane Wrightson (Retirement Commissioner, CFFC), Susan St John (Director, RPRC), Will Burkitt (Mercer, Retirement Innovation Leader). *Financial Services Council annual conference panel discussion: Is retirement dead?*
12 October 2020, NZ Guardian, Susan St John quoted in "*Report card: Jacinda Ardern's government graded on the past three years*".
13 October 2020, M.Claire Dale article review for *Journal of Built Environment Project and Asset Management*.
18 October 2020, Stuff.co.nz. Rob Stock quotes Susan St John in "*Gender blind KiwiSaver needs to become fairer to women*"**.**
19 October 2020, Susan St John presents "*A gender lens: Pensions Policies New Zealand, Ireland and Australia*", for IAPF (Irish pensions Savers) online conference, Ireland.
19 October 2020, Newsroom, M.Claire Dale writes "*Kiwis need safe credit under Covid*".
19 October 2020, DailyBlog, Susan St John writes "*Time to Act is now : taxation of housing as an increase to the income tax base*."
2 November 2020, RNZ interview, The Detail, "*Rethinking ACC in the 21st century*" with Andrew Dickson, Sir Geoff Palmer, and Susan St John.
2 November 2020, RNZ article, Susan St John quoted in "*Time for a Royal Commission into Accident Compensation*".
5 November 2020, Newsroom, Susan St John writes: "*The bureaucratic blocks to welfare reform*".
5 November 2020, NZ Guardian, Susan St John quoted in "*Jacinda Ardern must use her mandate to tackle child poverty*".
10 November 2020, Stuff.co.nz, Susan St John writes: "*Some fairness for short-changed pensioners - but it was a farcical process to get there.*"
18 November 2020, Spinoff, Susan St John writes *Bridging the poverty gap: Why all poor kids need Working For Families support*.
23 November 2020, Daily Blog, Susan St John writes: *30 years of neoliberalism has failed the poor – so why is Labour continuing it?*
7 December 2020, Interest.co.nz, Susan St John looks into the 'housing elephant rampaging across New Zealand society' and assesses potential solutions.
14th December, 2020, RNZ, afternoons housing policy Susan St John with Jesse Mulligan.

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