

March 2022

Dear RPRC supporters

This quarterly update precedes a shift of the work of the RPRC to the soon-to-be-established **Economic Policy Centre** in the Economics Department at the University of Auckland.

This change will reflect that the work of the RPRC is broader than just retirement policy. The way in which an ageing population is cared for hinges crucially on the health of the economy and skills and caring of the working age population. The design of the whole welfare system including ACC and social insurance, as well as the investments we make in the young, in housing and in health, affects financial preparedness for retirement, and the living standards of the older population. The wider brief will be accommodated in the research hub: **Pensions and Intergenerational Equity**.

In the meantime, as the restructuring proceeds here are two recent pensions briefings, a pension commentary, and our first quarter 2022 media contributions.

1. Pension briefing: 2021-3 Kiwisaver by the numbers

Pension Briefing 2021-3 focuses on the important data gaps in KiwiSaver reporting. New Zealand has very little in-depth analysis of KiwiSaver: who benefits and who loses. We compare the information on superannuation schemes available in New Zealand with that available in Australia. Specifically, better data could signal where policy changes to KiwiSaver can be made to achieve better outcomes across different genders and ethnicities. This Pension Briefing provides a benchmark for the 2022 Review of Retirement Income Policies of what is currently available and indicates how we could do better.

2. Pension briefing: 2022-1 Longterm Aged Care

This Pension Briefing reviews the huge challenges around long term care in an ageing population that is itself ageing rapidly: the numbers over 65 years are expected to nearly double from 0.79 million in 2020 to around 1.4 million by 2050. As the Minister for Seniors, Ayesha Verrall stated: "We need to make sure older New Zealanders experience consistent, quality care that's culturally appropriate for everyone, particularly our Māori and Pacific communities." Current means tests impact harshly on middle income retirees requiring residential care. The briefing contributes an up-to-date context for New Zealand's 2022 Review of Retirement Incomes Policies. Who pays and how much? A further briefing will explore possibilities for insurance of these costs.

3. Pension Commentary: 2022-1 A Looming Crisis for Retirees

This Pension Commentary reviews evidence from the 2018 census, the latest Retirement Expenditure Guidelines, The Treasury, the Centre for Research Evaluation and Social Assessment and the Financial Markets Authority and finds a looming crisis for a large number of people aged 55 to 64. Thousands of these New Zealanders are facing a perfect storm at retirement, with minimal savings, no home ownership, skyrocketing rents, and now inflation, raising the risk that they will endure retirement in poverty.

4. **Current projects**

An update to our 2019 KiwiSpend annuity proposal that seeks to protect older people from longevity, inflation and investment risk and may also incorporate an insurance add-on for long term care.

We are also investigating the current situation for housing for older people, and comparing that with some of the best solutions operating overseas. As less people are able to become homeowners, without serious improvement in rental options, a housing crisis is looming for older people.

A better housing future for older New Zealanders also requires that we get the taxation of housing right. We continue to work on developing an alternative and more effective solution to a comprehensive capital gains tax such as envisaged by the Tax Working Group.

5. Publications and media contributions March Quarter

- Dale, M.C. (2022) The perfect storm awaiting renting retirees, RNZ The Panel with Sue Bradford & Conor English, 31st March 2022
- Dale, M.C. (2022) The coming storm for New Zealand's future retirees: still renting and not enough savings to avoid poverty. Conversation.com Creative Commons, 29th March 2022
- Dale, M.C. (2022) The coming storm for future retirees: Still renting and not enough savings to avoid poverty, Stuff.co.nz, 30th March 2022
- St John, S (2022) Changes to Working for Families, Newsroom 24th March 2022
- Dale, M.C. (2022) Killian Destremau & 4 colleagues in Masters in Public Administration at Lee Kuan Yew School of Public Policy in Singapore, interview M.Claire Dale to compare Singapore and New Zealand 'ageing' policies. 22nd March 2022.
- Will Minister's KiwiSaver proposals worsen the KiwiSaver gender divide? Rob Stock quotes Susan St John, Stuff, 19th March 2022
- St John, S (2022) International Women's Day, New Zealand is still a long way from gender equality, Newsroom, 8th March 2022
- St John, S (2022) The Purpose and Principles of the Social Security Act, The Daily Blog, 2nd March 2022
- Dale, M.C., St John S (2022) Long term aged care for New Zealand's ageing population RPRC PensionBriefing 2022-1, 23 February
- Dale, M.C. (2022) Full plate for first Aged Care Commissioner, Newsroom Ideasroom, 17 February 2022.
- Dale, M.C. (2022) quoted in Experts split on raising age of superannuation, RadioNZ, 17 February 2022.
- Dale, M.C. (2022) quoted in Experts Split on raising age of superannuation, NZHerald, 17 February 2022.
- Asher I, St John, S. & G Craw, CPAG Submission: On the Accident Compensation (Maternal Birth Injury and Other Matters) Amendment Bill (Jan 2022) as a PDF (Word Doc), 11th February, 2022
- St John, S (2022) Social insurance, Newsroom, 7th Feb 2022
- St John, S (2022) Job benefit plan misses mark Waatea News, 10th February, 2022.
- St John, S (2022) Concerns new income insurance plans could drive inequality, Radio New Zealand Audio. 2nd February 2022
- Dale, M.C. & St John, S (2022) Bad then, worse now: How Covid-19 will hurt retired women, 17 Radio New Zealand, Greymouth Star, <https://www.uktimenews.com/>, Niu FM, Radio 531pi.
- St John, S (2022) Tackling the Big Issues in 2022? Yeah Right! | The Daily Blog 17th January, 2022
- St John, S (2022) Our accidental ACC scheme, New Zealand Herald dialogue page 12th January 2022
- Dale, M.C. (2021) How to take the interests of future generations into account, NZHerald, 23rd December 2021.