

KiwiSaver Statements

General public research
July 2020

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Background

The FMA commissioned Buzz Channel to conduct research among New Zealanders to understand their opinions on their KiwiSaver statements and how they use them. The main research objectives were to measure:

- Recall and readership of the annual KiwiSaver statements;
- Response to information about income projections and KiwiSaver fees;
- Perceptions of value for money of KiwiSaver schemes.

This is the third time the FMA has carried out KiwiSaver statements research and the second time that Buzz Channel has been involved. Previous studies took place in 2016 and 2018.

Throughout this report the 2020 results have been compared to previous studies where relevant and significant differences noted.

1,998 New Zealanders aged 18 years and over participated in the research through an online panel survey that ran between 16th June and 5th July 2020. Of these 1,342 were KiwiSaver members (67%).

The margin of error on the total sample is +/- 2.2%, and for KiwiSaver members is 2.7% (at the 95% confidence level).

The data has been weighted by gender, age, ethnicity, and region to ensure the sample is representative of the New Zealand population aged 18 years and over.

As context to this study, in 2018, it became mandatory for KiwiSaver providers to include in the annual statements information on total fees paid annually in dollar values, the total amount that an investor's account grew by over the year and summary transaction figures detailing the money that has gone in and out of the investor's account over the course of the year.

Further regulations have since been put in place that, from 2020 onwards, require providers to also include retirement savings and income projections in the annual statements. These changes were recommended by the Ministry for Business, Innovation and Employment, the FMA and the Commission for Financial Capability, and policy was introduced by Government to implement the changes. This was with a view to improve KiwiSaver investors' ability to make positive decisions about their retirement savings.

Summary

Over two-thirds of New Zealand adults have a KiwiSaver membership and those who have joined are typically younger, have a higher personal income and are more likely to be working full-time than those who are not in the scheme.

The range of options across different KiwiSaver schemes attracts investors with different profiles

Men are over-represented within Growth schemes and this type of member is often younger, mid-earners, working full-time and more likely to have children at home. Women are over-represented within Conservative schemes and they are typically older. Those in Balanced schemes also attract an older investor profile. Aggressive schemes typically attract active investors who are younger and higher earners. Meanwhile, those in a default scheme are often younger than average, more ethnically diverse and more likely to be single and / or studying.

Most KiwiSaver members are committed to this form of investment

Over 6 in 10 KiwiSaver members state that continuing contributions is a priority despite recent market volatility. At the same time, confidence of having enough money for retirement is relatively low and members are more likely to disagree than they are agree that they're on track to reach their KiwiSaver fund goals.

The majority of members reported growth in their investment return over the past 12 months

Investment return over the past 12 months is fairly evenly split between KiwiSaver members reporting growth, those reporting muted growth that was less than expected, those reporting a decrease and those who don't know how their scheme has performed. Most who experienced a loss in return were anticipating this, although for 15% this information came as a surprise when they received their KiwiSaver statement.

Around 1 in 5 expect to rely solely on KiwiSaver and Super in retirement

For around 1 in 5 members, they anticipate KiwiSaver along with Super to be their only form of income in retirement. Two-thirds of members, however, expect to also have personal savings and around one-quarter expect to have an income from other share investments.

Summary

KiwiSaver members' propensity to read their statement has remained consistent over time

In 2020, 76% of members had either thoroughly read their statement (22%) or briefly read it (54%), comparable with results for 2018 (78%) and 2016 (79%). Those who thoroughly read their statement were significantly more likely to be in a non-default scheme, one that is actively managed and to anticipate other retirement income in addition to KiwiSaver.

Over the past three studies, around 1 in 10 KiwiSaver members indicated that they had not read their statement and do not intend to do so. Reasons for a lack of engagement have changed little over time. Most frequently members opt out of reading their statement simply due to a lack of interest.

The most useful aspects of KiwiSaver statements continue to be balance and personal contributions information alongside investment gains and losses

At least 8 in 10 of those who engage with their statement rate their balance information, their contributions information and details of investment gains and losses as 'quite' or 'very' useful. In general, perceptions of how useful different parts of the statements are have remained stable since 2018, often following an uplift between 2016 and 2018.

Although the majority engage with all of the different aspects of their statement, there is, however, an upward trend in the proportion of KiwiSaver members unable to say how useful they found different aspects of their statement or who state that they didn't read this part – in most cases, results have more than doubled between 2016 and 2020.

KiwiSaver members were more likely to notice new statement information or content in 2020

In 2020, 15% of those who read their statement noticed something different about the content or information included, a significant increase on the result of 9% in 2018. Most frequently, this new information related to income forecasts, mentioned by over one-third of this group.

Summary

Around two-thirds found information on income projections helpful

When prompted, just over one-third of those who read their statement recalled seeing retirement income projections and this new mandatory information was well-received, with around two-thirds rating this aspect as 'quite' or 'very' useful. For around one-third of KiwiSaver members who noticed their retirement income projections, the amount is not what they expected, and most of this group are likely to be disappointed: there were nearly four times the proportion stating that projections were less than expected than there were stating that projections were more than anticipated.

Most anticipate needing more retirement income than their KiwiSaver can provide

Fewer than 3 in 10 who became aware of their retirement income through their statement feel that this will be enough to live on; over half are clear that they would need more income while nearly 2 in 10 either don't know or haven't given this any thought.

Retirement income projection information is clearly empowering KiwiSaver members

Nearly two-thirds of KiwiSaver members who noticed their income projections plan to take action as a result, most frequently through increasing their contributions which over half of this group intend to do.

Around 3 in 10, however, do not intend to take any action. While for over one-third of this group this is because they're happy with the way things are, a larger proportion either feel that nothing they do now will make a difference, are worried about fee charges associated with making changes or don't feel well enough informed to make a change.

There's increasing transparency over KiwiSaver fees and around half of those who noticed fees information plan to take action as a result

The proportion of those who engaged with their statement and who noticed information on fees has increased significantly from 31% in 2018 up to 55% in 2020. This element of the statements is clearly valued, rated by over 8 in 10 as useful. In 2020, around one-third of those who noticed the fees felt that they were too high, consistent with results from 2018. Most who notice, however, feel that they're 'about right' (54%). Around half of KiwiSaver members who noticed fees information on their statement plan to take action as a result, most frequently through comparing fees against other schemes / providers.

Summary

Performance returns, a strong provider reputation, and fees are key deciding factors when selecting a scheme

What influences a KiwiSaver to select one provider over another does vary significantly across different demographic groups and understanding this can help providers understand which products to target to which parts of the market. For example, females place more importance on the ethical or social responsibility of a fund while older investors are more concerned with performance returns, fees and reputation.

Nearly 6 in 10 feel that their scheme offers value for money, and value perceptions are closely linked to performance returns and level of fees

Just under 6 in 10 KiwiSaver members rate their scheme as offering 'good' or 'very good' value for money and fewer than 1 in 10 are dissatisfied, rating value as 'poor' or 'very poor'. Those in non-bank and non-default schemes have stronger perceptions that their funds offer value for money than those in bank and default schemes. When it comes to assessing value for money, members pay most attention to performance returns (which 65% feel is an important aspect of offering value for money) and level of fees (57%).

Positive perception of value for money aligns closely with attention paid to statements: 73% of those who read their statement thoroughly rate value for money as 'good' or 'very good', decreasing to 58% among those who briefly looked at it, 52% among those who haven't yet done this but intend to, 43% among those who state that they do not intend to read their statement and 37% of those who don't remember receiving a statement.

KiwiSaver members are more price-sensitive in 2020 and more partial to switch if they feel a competitor scheme offers better value for money

Consistent with results for 2016 and 2018, in 2020 KiwiSaver members were most likely to switch schemes if they felt that their fees were too high (55% would consider switching if they felt this), followed by assessing another scheme as offering better investment returns (40% would consider switching on this basis). On both counts, KiwiSaver members are significantly more likely to be 'triggered' to switch for these two reasons than was the case in 2016 and 2018, highlighting the market's increasing level of price sensitivity and propensity to assess the value of KiwiSaver schemes.

In contrast, however, there are also signs that the market is increasingly educated about the drawbacks of switching schemes in a reactive way: just 28% indicated that they would consider making changes to their scheme if their fund lost money in the last year, an all-time low and significantly lower than the comparable result in 2016 (36%).

Summary

Satisfaction with KiwiSaver providers saw an uplift at the top end in 2020 and overall around 8 in 10 are satisfied with their scheme

Nearly one-quarter of members were 'very satisfied' with their providers in 2020 compared to 16% in 2018. Overall, just under 8 in 10 were 'quite' or 'very' satisfied in both 2018 and 2020. The proportion of members 'very satisfied' increased across both bank and non-bank, default and non-default schemes in 2020. Non-bank schemes performed particularly well, related to perceptions of low fees, good performance and quality customer service.

The KiwiSaver profiles in this document represent responses of those in the survey. A full set of comprehensive KiwiSaver statistics can be found in the FMA's annual KiwiSaver reports here : <https://fma.govt.nz/news-and-resources/reports-and-papers/kiwisaver-report/>



KiwiSaver membership and retirement income landscape

KiwiSaver membership

KiwiSaver membership over time



Compared to non-members, in 2020 KiwiSaver members are significantly more likely to be:



Younger: there are nearly twice the proportion of under 50s (66%) within the KiwiSaver members group as there are within the non-member group (34%).



Higher earners: 57% have a personal income of \$50k annually or more – around double the proportion within the non-member group (27%).



Working full-time: more than three times the proportion are in full-time employment (50%) as compared to non-members (15%).

Around two-thirds of New Zealanders aged 18 and over identified as being a member of KiwiSaver in 2020, and members are more likely to be younger, higher-earners and working full-time.

The proportion of New Zealanders aged 18 and over who identify as being a KiwiSaver member resettled back to 2016 levels after an uplift reported in 2018.

The 67% figure recorded in this study matches the finding from the Investor Confidence research that took place in May 2020.

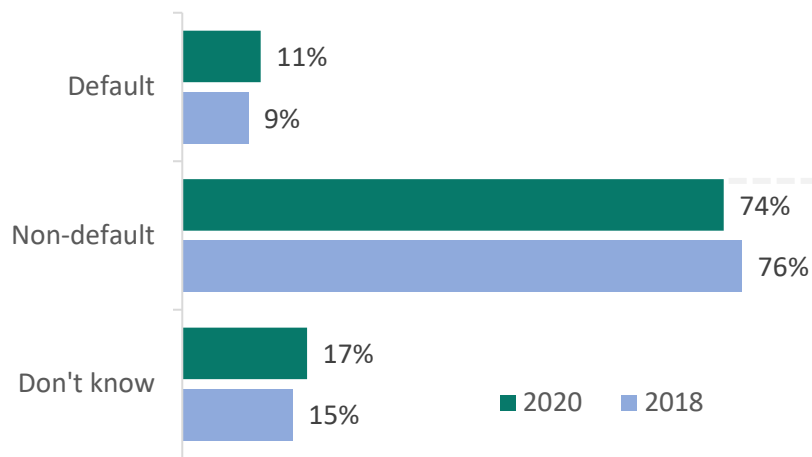
It's worth noting that this figure is likely slightly below the true incidence of membership within the population which, for adults aged 18 and over, was 73% in 2019 (based on 2.6 million members aged 18 and over reported in the FMA 2019 KiwiSaver Annual Report).

The slightly lower figure reported in this study may be related to inactive KiwiSaver members, those who have made a first-home withdrawal or those on a contributions holiday no longer identifying as having KiwiSaver (even though they technically still do).

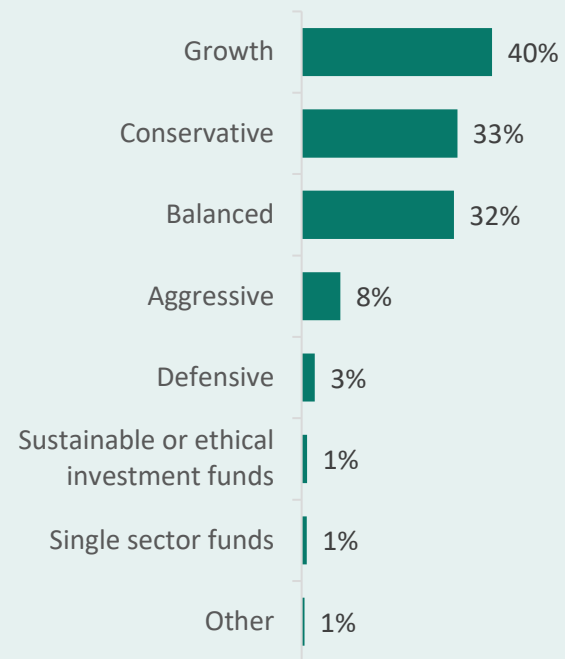


Type of KiwiSaver fund

Type of fund (2020 compared with 2018):



Type of non-default fund (2020 only):



There has been little change in the proportion of KiwiSaver members in a default or non-default scheme.

In 2020, around three-quarters of KiwiSaver members indicated that they were in a non-default scheme, around 1 in 10 a default scheme with the remaining 17% unsure. There have been no significant changes when these results are compared with 2018.

Of those in a non-default scheme in 2020, there was a relatively even spread across Growth (40%), Conservative (33%) and Balanced (32%) fund types.

Those in a **default** scheme are significantly more likely than average to be:

- **Younger:** with nearly three times the proportion aged 18-24 (30%) compared to non-default KiwiSaver members (11%)
- **More ethnically diverse:** 22% identify as Māori compared to 14% of non-default members and the proportion identifying as Pakeha New Zealander / NZ European is significantly lower (55%) than within non-default members (65%).
- **Single / not married:** nearly twice the proportion identify as a single person who has never married (41%) compared to those in a non-default scheme (23%).
- **Studying:** nearly three times as likely to be a student (14%) as those in a non-default scheme (5%).

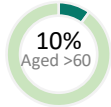
See overleaf for a summary of key differences in profile across different non-default fund types.

Profile across different fund types

Those in a **Growth** scheme are significantly more likely to be:



Male: 54%, compared to half of all non-default scheme members



Younger: just 1 in 10 are aged over 60, around half the proportion across all non-default members.



Mid-earners: 43% earn between \$50k and \$100k annually, compared to 38% of all non-default members.



Working full-time: Nearly 6 in 10 work full-time compared to 55% across all non-default members.

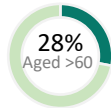


From a household with young children: 1 in 5 have mainly school-aged children at home, compared to 16% across all non-default schemes.

Those in a **Conservative** scheme are significantly more likely to be:



Female: 6 in 10 are compared to half of all non-default members.

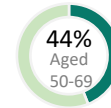


Older: Nearly 3 in 10 are aged 60 or over compared to around 2 in 10 across all non-default members. They're more likely to identify as an older couple with no children at home (23%) and be retired (12%).

Those in a **Balanced** scheme are significantly more likely to be:



Investing in retirement elsewhere: Only 11% are relying on KiwiSaver compared to 17% of all non-default scheme members.

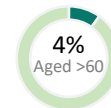


Older: 44% are aged in their 50s or 60s compared to 33% across all non-default members. They're more likely to be an older couple with no children at home (26%)

Those in an **Aggressive** scheme are significantly more likely to be:



High earners: with double the proportion earning \$150k or more annually (12%) compared to all non-default members (6%).



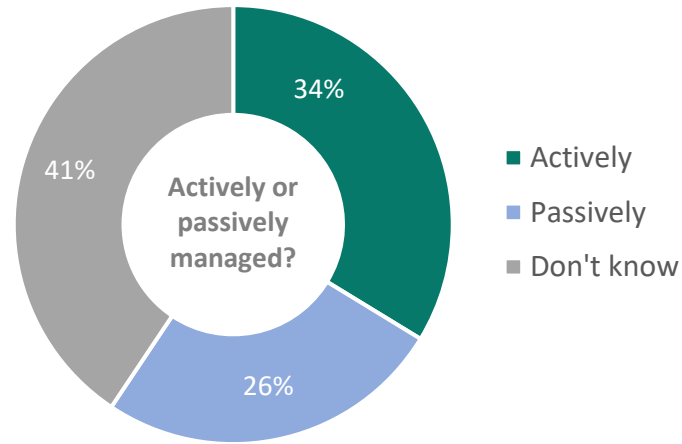
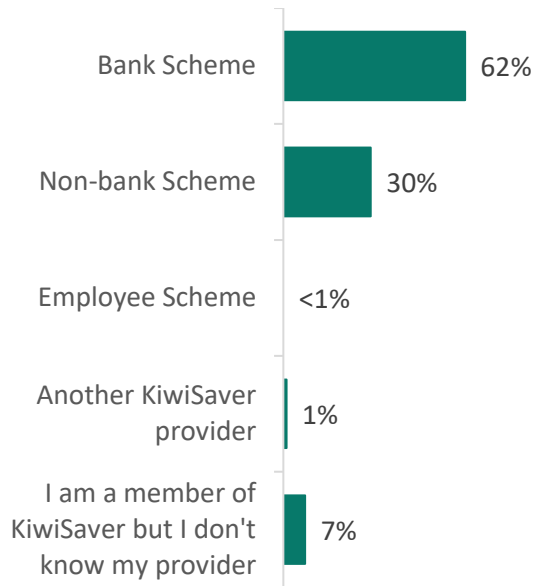
Younger: just 4% are aged over 60, compared to 19% across all non-default members.



Investors elsewhere: around 3 in 10 expect to have a retirement income from rental income and nearly 6 in 10 from shares (compared to around 2 in 10 and 3 in 10 respectively across all non-default members).

Type of KiwiSaver fund

Type of fund (2020):



Most KiwiSaver members are in a bank scheme and around 6 in 10 are aware if their scheme is actively or passively-managed.

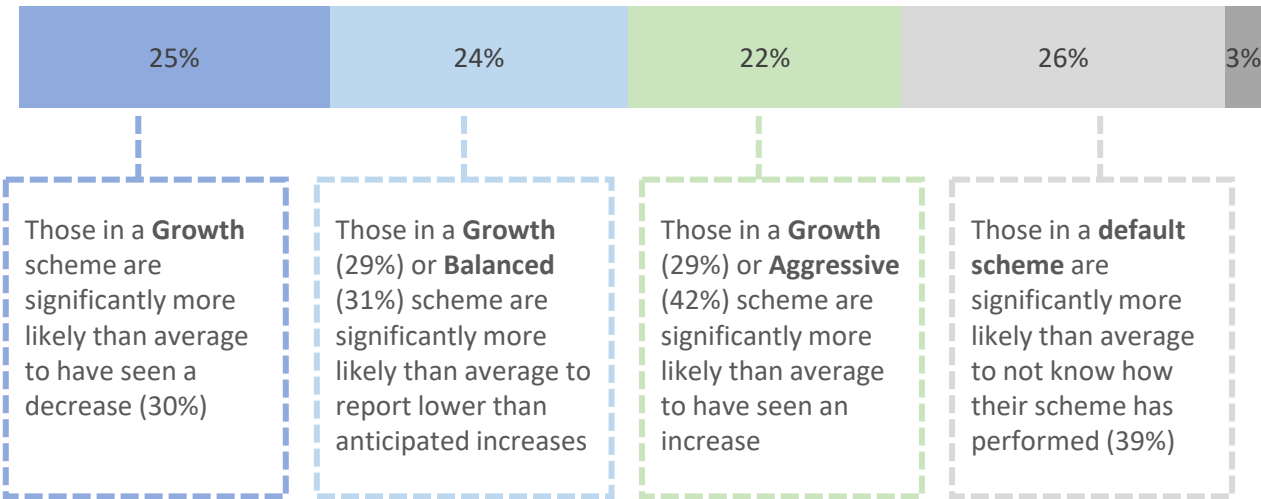
Those who are in an actively-managed scheme are significantly more likely than average to be:

- **Male** (58% compared to 52% of those in a passively-managed scheme and 36% of those who don't know how their scheme is managed).
- **Saving for their retirement in other ways:** 75% expect to have an income from personal savings when retiring and 30% anticipate income from shares.
- **In full-time employment:** 57% are employed full-time compared to 51% of those in a passively-managed scheme and 43% among those who don't know how their scheme is managed.

KiwiSaver fund performance

Change in investment return of KiwiSaver over past 12 months (2020):

- Decreased
- Increased, but at a lower rate than anticipated
- Increased
- I don't know
- Not applicable - joined KiwiSaver less than 12m ago



Investment return over the past 12 months is fairly evenly split between KiwiSaver members reporting growth, those reporting muted growth that was less than expected, those reporting a decrease and those who don't know how their scheme has performed.

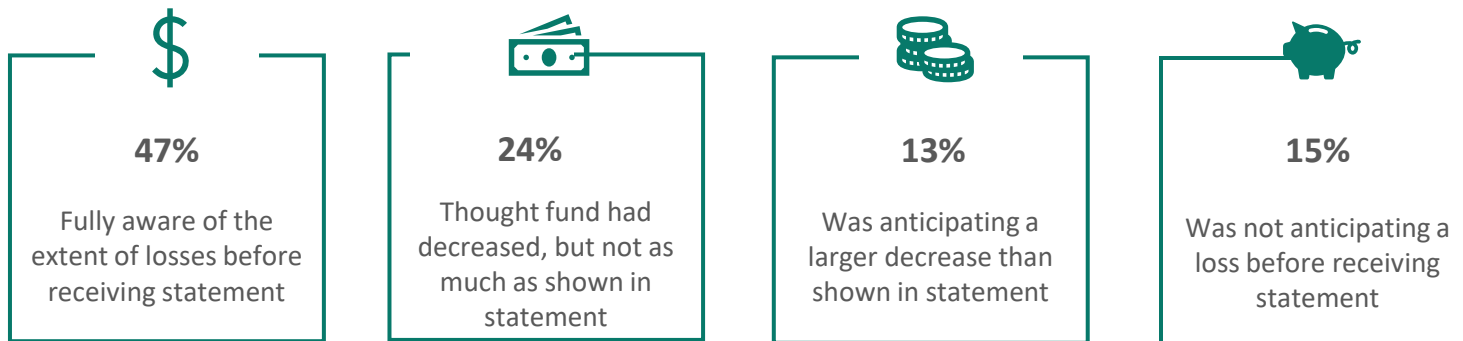
Those who read their KiwiSaver statement thoroughly were significantly more likely than average to report an increase (31%) or increase at a lower rate than anticipated (33%). Those who briefly looked at it were significantly more likely than average to report a decrease in return (27%).

Unsurprisingly, those who hadn't yet read their statement or who don't intend to read their statement were most likely to be unclear how their fund had performed (46% and 39% respectively).

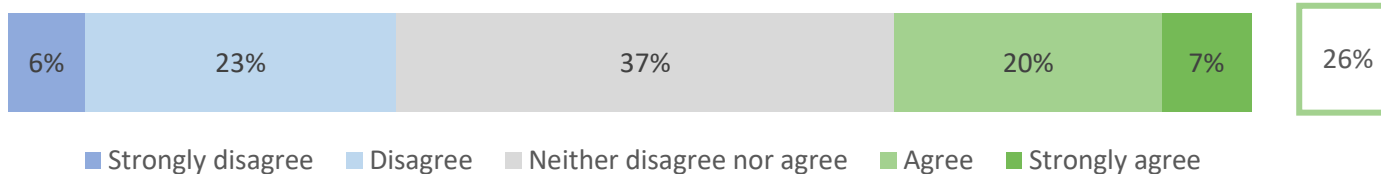
Performance corresponds with overall satisfaction with KiwiSaver providers: those who are 'not at all satisfied' were around twice as likely as average to report a decrease, while those 'very satisfied' were significantly more likely than average to report positive performance (35% compared to 22% across all KiwiSaver members).

Expectation of fund performance

Expectation of losses to fund before receiving statement (among those who experienced a loss over the past 12 months):



I was shocked by the changes in my fund value presented in my recent KiwiSaver statement (all KiwiSaver members):



Most of the 24% of KiwiSaver members who reported a loss were anticipating this before they got their statement, but for 15% this came as a surprise. Overall around one-quarter of all KiwiSaver members agreed that they were 'shocked' by the changes in fund value presented in their statement.

Around half of the 24% of KiwiSaver members who reported a loss in return over the past 12 months were anticipating this before receiving their statement, and a further quarter knew their fund had decreased but not to the extent shown in their statement. For 13%, the losses were actually less than expected while for the remaining 15%, the losses were unanticipated before receiving their statement.

Those in a Growth scheme were significantly more likely than average to be anticipating losses ahead of receiving their statement (59%) while those in a non-bank scheme were more than twice as likely as those in a bank scheme to anticipate a larger loss than shown in their statement (22% vs. 10%).

Overall just over one-quarter of KiwiSaver members indicated that they were shocked by the changes in fund value presented in their recent KiwiSaver statement.

Other types of retirement income

Expected retirement income in addition to KiwiSaver	All KiwiSaver members	Default	Non-default			
			Conservative	Balanced	Growth	Aggressive
Personal savings	66%	66%	66%	75%	72%	77%
Shares investments	24%	18%	22%	27%	36%	57%
Rental income from investment properties	17%	15%	17%	20%	19%	31%
Other workplace private pension scheme	12%	18%	12%	17%	13%	20%
Other form of income on retirement	3%	3%	4%	5%	2%	1%
None of the above	21%	21%	22%	11%	15%	12%
Base	1,341	143	326	319	399	81

Blue figures are significantly higher than the result for all KiwiSaver members, red figures are significantly lower than the result for all KiwiSaver members

Most people will not rely solely on KiwiSaver in retirement: around 8 in 10 expect to have other forms of income in addition to their KiwiSaver and Super, most frequently through personal savings.

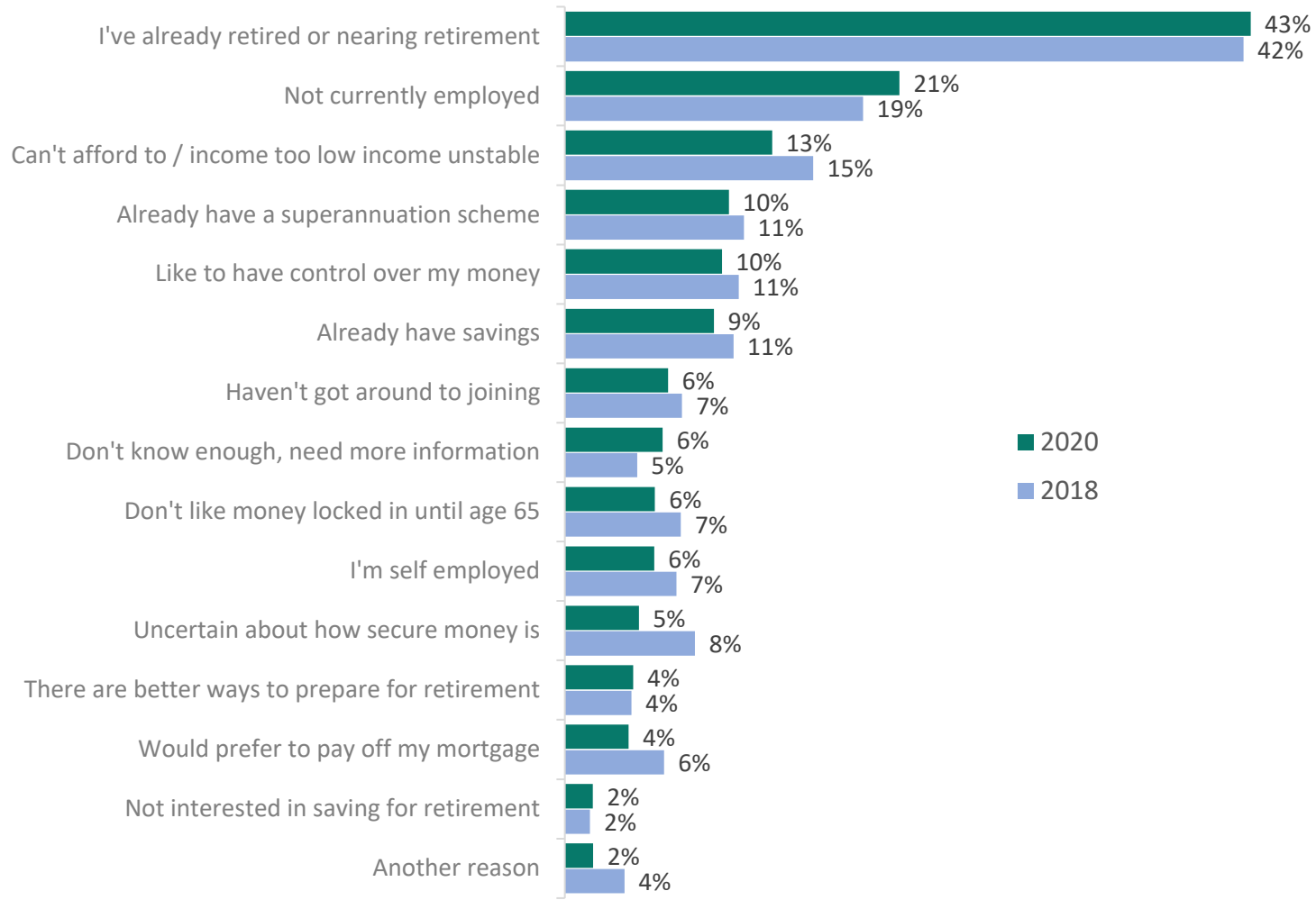
Two-thirds of KiwiSaver members are expecting to have personal savings to fund their retirement in addition to KiwiSaver and Superannuation – by far the most common additional income. Beyond this around one-quarter expect to have an income from shares (24%) and nearly 1 in 5 (17%) expect to have income from commercial or residential investment properties. For around 1 in 5, however, KiwiSaver and Super are the only forms of retirement income that they expect to have.

There are some significant differences in anticipated retirement income based on current type of KiwiSaver fund:

- Those in a Balanced scheme are significantly more likely than average to anticipate having personal savings and income from 'other' workplace / private pension schemes.
- Those in a Growth scheme are significantly more likely to expect to have personal savings and income from shares.
- Those in an Aggressive scheme are significantly more likely to expect an income from shares and / or rental properties.

Reasons for not being a KiwiSaver member

Reasons for not being a KiwiSaver member



For those New Zealand adults aged 18 and over who are not currently a KiwiSaver member, the most common reason is because they are approaching retirement or have already retired. For those of working age, the most common reasons for opting out relate to being unemployed or have an unstable or low income.

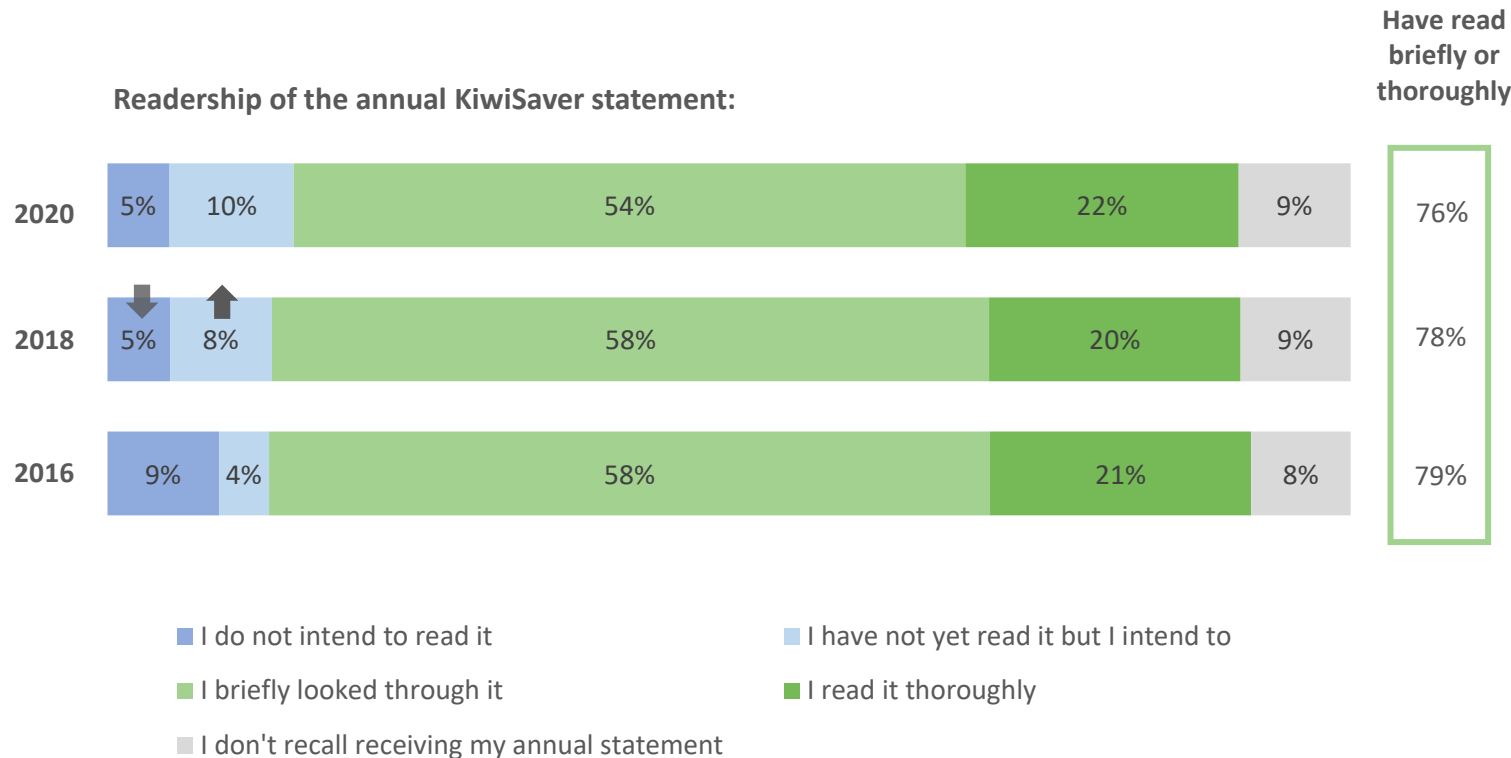
Results over time show little change, with 2020 data showing no significant differences compared to 2018. It's worth considering, however, the overall proportion of people indicating that they are not a KiwiSaver member has increased from 29% in 2018 to 33% in 2020, so in many cases there will have been an increase across results in real terms.



KiwiSaver statement engagement

Readership over time

Readership of the annual KiwiSaver statement:



Engagement with KiwiSaver statements has been fairly consistent over the three studies. In 2020, just over three-quarters either briefly looked at or thoroughly read their statement.

Engagement with the statements varies significantly by different groups. In 2020, those who **read their statement thoroughly** were significantly more likely than average to be:

- Male (56% vs. 47% across all KiwiSaver members)
- In a non-default scheme (88% vs. 74%)
- In a Growth scheme (39% vs. 30%)
- In an actively managed fund (61% vs. 34%)
- Anticipating other retirement income in addition to KiwiSaver, particularly shares investments (33% vs. 24%) and personal savings (73% vs. 66%).

Those who **briefly looked through their statement** were significantly more likely than average to be:

- In a passively-managed fund (29% vs. 26%).

Those who have **not yet read their statement**, but intend to were significantly more likely than average to:

- Be aged 18 – 24 (26% vs. 15%).

And those who do **not intend to read their statement** were:

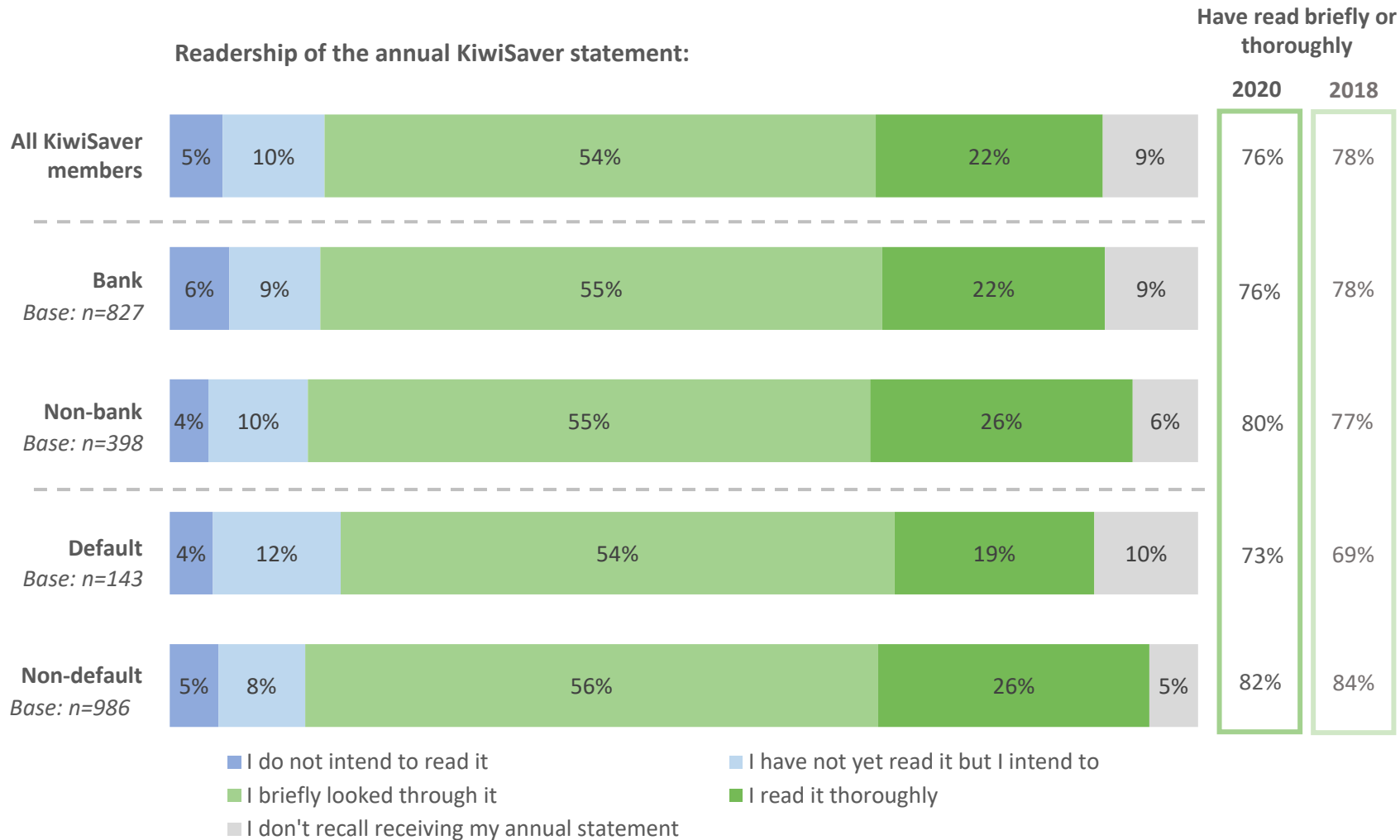
- Mostly unaware if their fund is actively or passively-managed (75% vs. 41%)
- Less likely than average to expect other forms of income in retirement in addition to KiwiSaver (42% expect no other forms of income compared to 21% across the sample as a whole).



Results significantly **higher** or **lower** compared to previous study

Readership by type of scheme

Readership of the annual KiwiSaver statement:



Reflecting the stability in results over time for statement engagement, there was also consistency in engagement across different types of scheme in 2020.

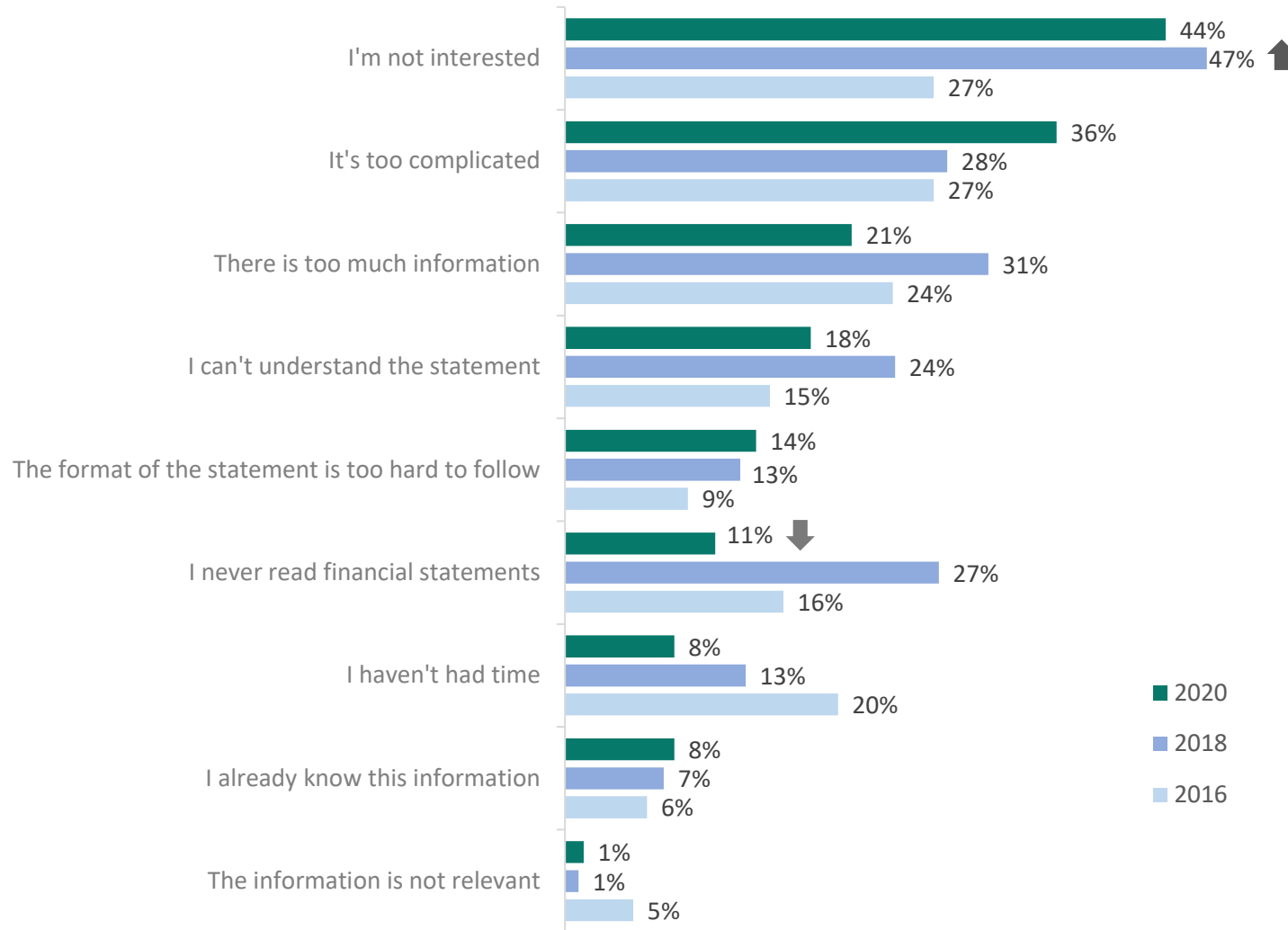
Those in non-default and / or non-bank schemes were the most likely to read their statements thoroughly (26% for both).



Results significantly **higher** or **lower** compared to previous study

Barriers to readership

Reasons for not reading statement



In 2020, most frequently people didn't read their statements due to a lack of interest, consistent with results in 2018 where there was a significant uplift in those not interested.

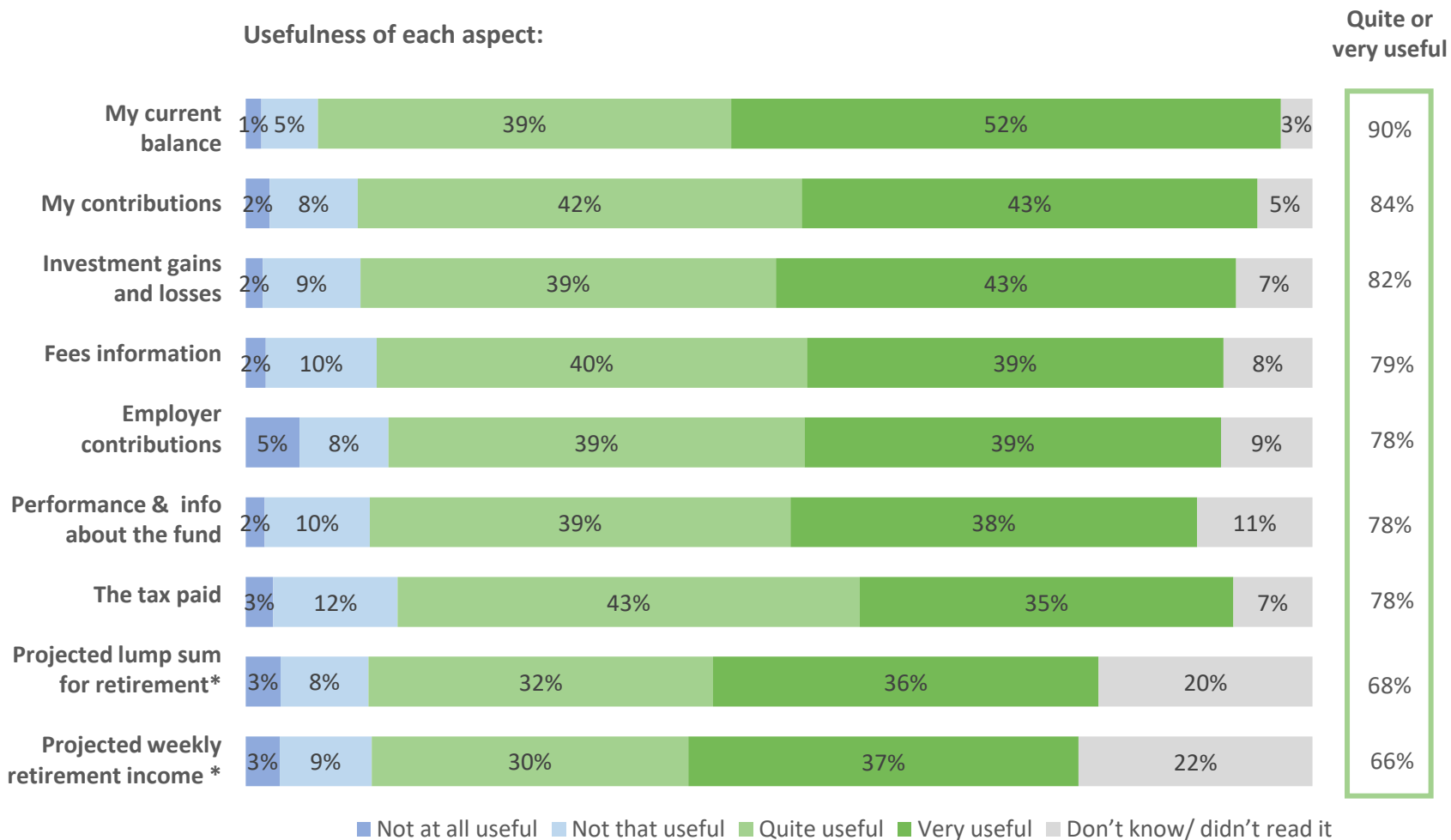
After a lack of interest, the second most common reason for not reading the statements was that they are 'too complicated', mentioned by over one-third of this group.

The only significant year-on-year difference in 2020 was a decrease in the proportion indicating that they 'never read financial statements' that has more than halved from 27% in 2018 to 11% in 2020.



Usefulness of aspects on statement

Usefulness of each aspect:



Information on KiwiSaver members' balance, their contributions and investment gains and losses were rated the most useful aspects of the statements.

At least two-thirds of those who read their statement found each tested element of the statement 'quite' or 'very' useful, ranging from 66% for the projected weekly income amount on retirement up to 90% for the current balance information.

It's worth noting that there is evidence to suggest some respondents may have answered how useful they found each element of their statement in theory – that is they were indicating a preference for different types of information – as opposed to first-hand experience. See page 29 for further explanation of this.

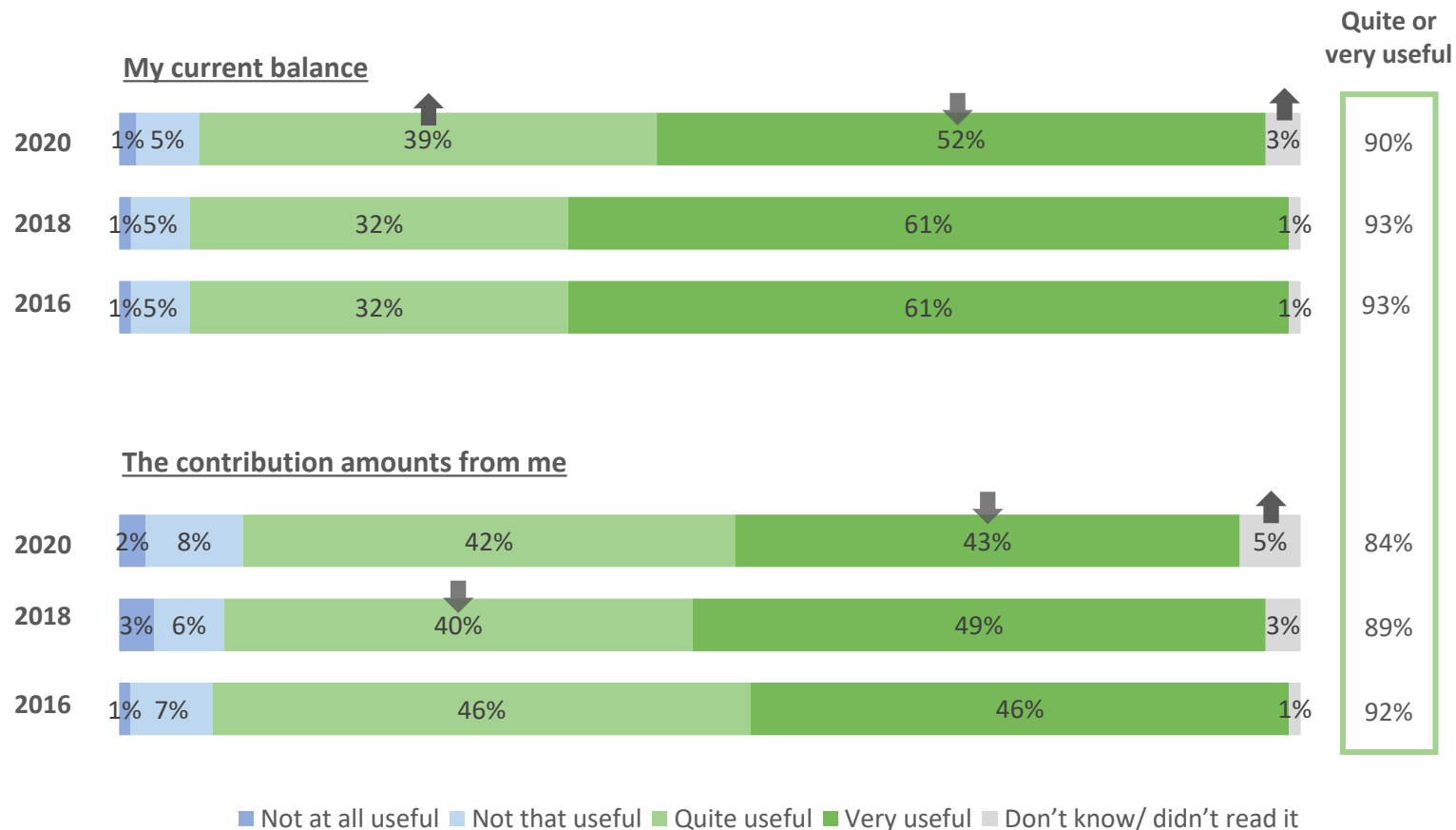
*New questions added in 2020

Usefulness ratings over time

In general, perceptions of how useful different elements of the statements are have remained fairly constant since 2018.

There are, however, a few exceptions:

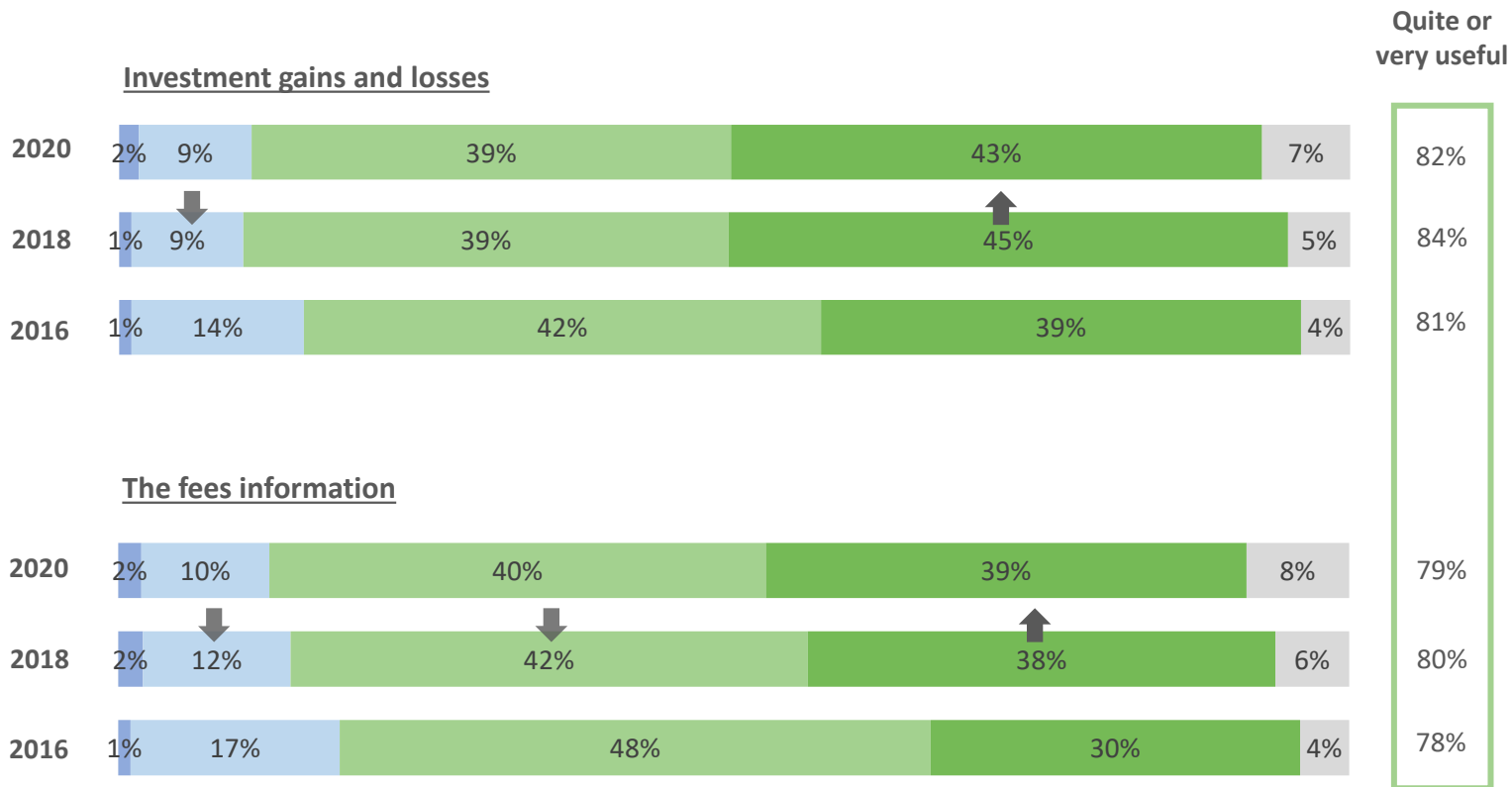
- A significant decrease in the proportion of those who read their statement in 2020 finding the current balance information 'very useful' compared to 2018, with an attendant uplift in the proportion rating this as 'quite' useful.
- A significant decrease in the proportion rating the information on their personal contributions as 'very' useful (decreasing from 49% in 2018 to 43% in 2020).
- Significant increases in the proportion who didn't read the information relating to their current balance (rising by 2 percentage points to reach 3% in 2020) or information about their contributions (rising by 2 percentage points to reach 5% in 2020).
- Related to this last point, although not necessarily a significant change year-on-year for each measure, there is an upward trend in the proportion of respondents unable to say how helpful they found each aspect of their statement in 2020 shown here and over the next two pages. Across all measures the proportions selecting 'don't know / didn't read it' is at a record high and has been trending upward over the course of the three studies.



Usefulness ratings over time

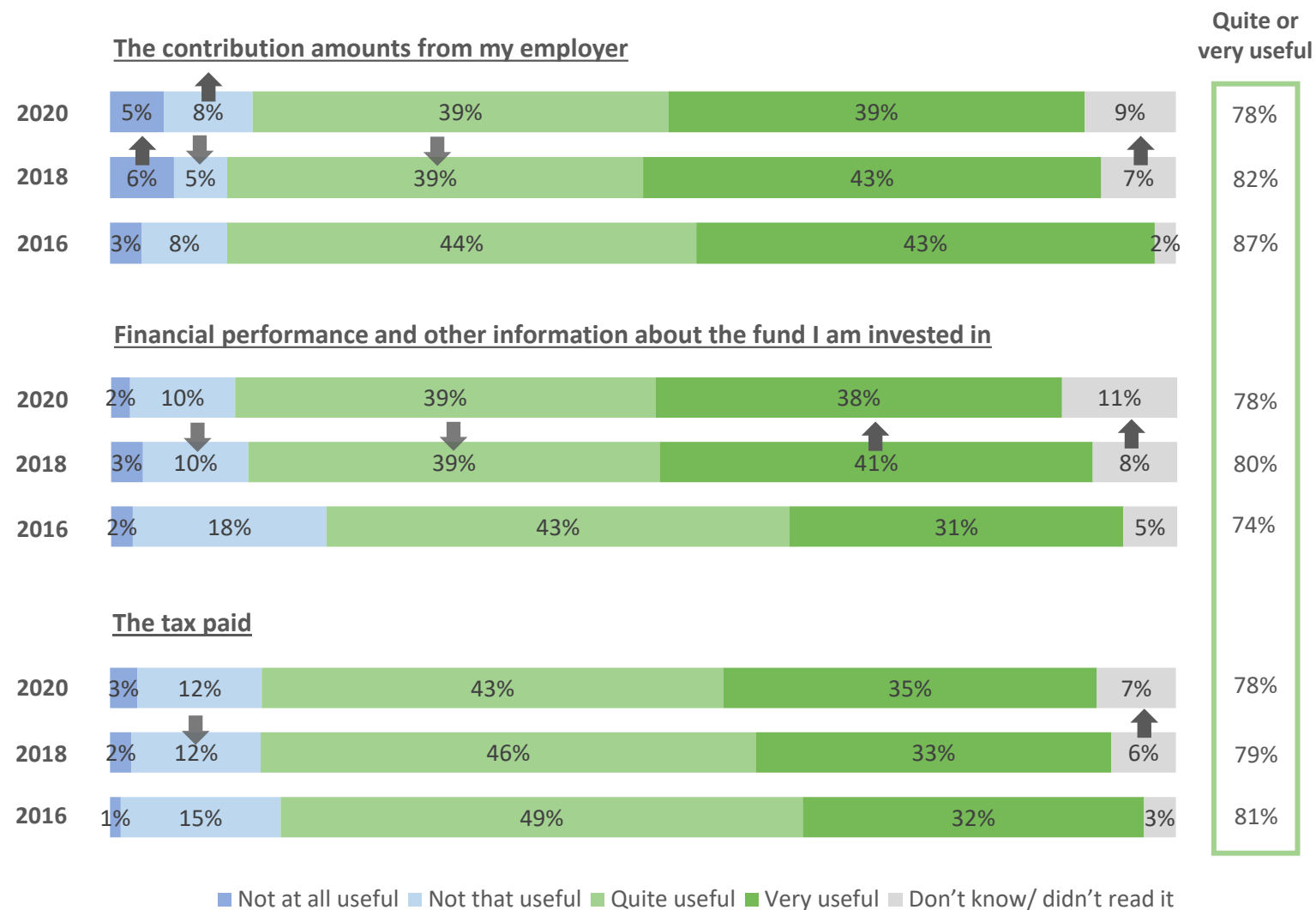
In some cases, KiwiSaver members were significantly more likely to rate different areas of their statement as helpful in 2018 compared to 2016, and this higher result has been maintained in 2020.

The helpfulness rating of information on investment gains and losses and fees information was stable in 2020. This stability follows a significant increase in the proportion rating these aspects as helpful in 2018.



Results significantly **higher** or **lower** compared to previous study

Usefulness ratings over time



The contribution amount from employers, financial performance and information on tax paid have been rated as 'very' or 'quite' helpful by around 8 in 10 over the past three studies.

Again, there is stability in how helpful those who read their statement found these aspects of the information provided. The only significant difference in 2020 was an uplift in the proportion who found the information on contribution amounts from employers 'not that useful', rising by three percentage-points to reach 8%.

Please note that year-on-year helpfulness rating comparisons are not included for projected lump sum and projected weekly retirement income information since these aspects were only measured for the first time in 2020.



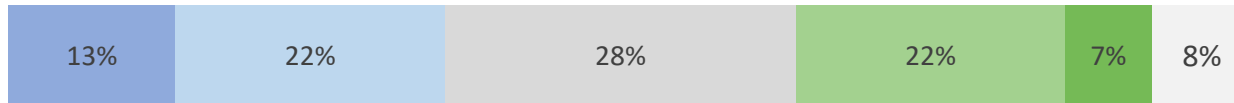
Results significantly **higher** or **lower** compared to previous study

Response to KiwiSaver projections

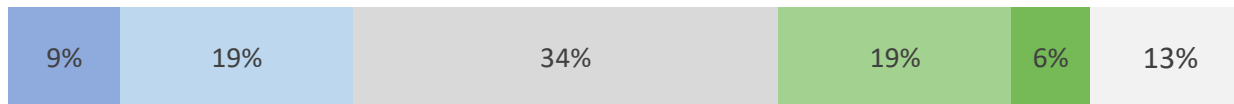


Attitudes towards KiwiSaver

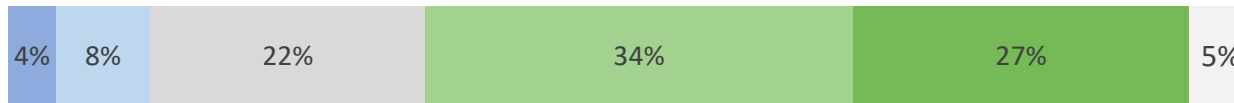
Based on my current retirement investments, I think I'll have enough money for retirement:



Based on estimated projection in recent statement, I'm on track to reach KiwiSaver fund goals:



Continuing KiwiSaver contributions is a priority despite recent market volatility:



Can't afford to make changes to KiwiSaver contributions now:



- Strongly disagree
- Disagree
- Neither disagree nor agree
- Agree
- Strongly agree
- Not applicable / don't know

Agree or Strongly agree

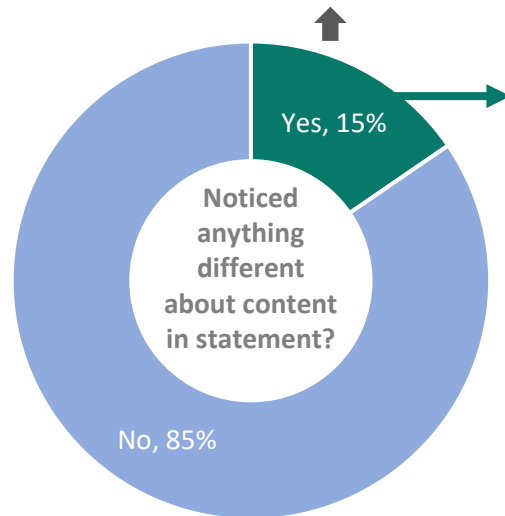


Most KiwiSaver members are committed to this form of investment, with over 6 in 10 saying it's a priority despite recent market volatility. At the same time, confidence of having enough money for retirement is relatively low and members are more likely to disagree than they are agree that they're on track to reach their KiwiSaver fund goals.

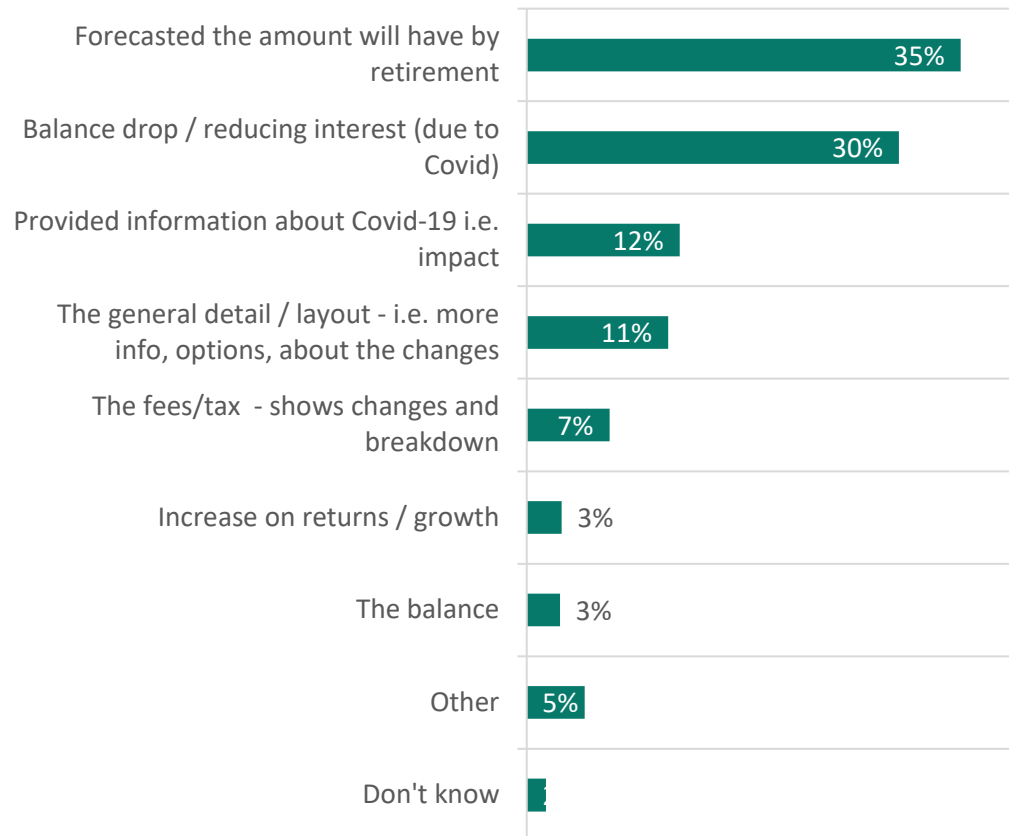
Over 6 in 10 KiwiSaver members agree that continuing their KiwiSaver contributions is a priority, despite recent market volatility.

KiwiSaver members are more likely to disagree (35%) than they are to agree (29%) that based on their current investments they will have enough money for retirement. Similarly, they're more likely to disagree (28%) than agree (25%) that based on estimated projections, they're on track to reach KiwiSaver fund goals, although members were more likely to remain neutral on this point (34%) than they were to either agree or disagree.

Awareness of new statement content



Please specify what you noticed that was different:



A significantly higher proportion of those who read their statement noticed new information or content this year than in 2018.

When those who read their statements were asked if they noticed anything different about the content or information included this year, 15% stated that they did, significantly higher than the equivalent proportion of 9% in 2018. When asked to specify what they noticed, most frequently this was the new forecasted retirement income which 35% mentioned.

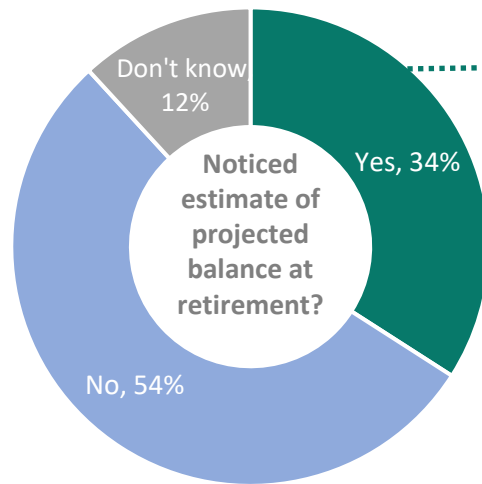
3 in 10 of those who noticed something different mentioned their balance dropping or reduced interest (often mentioned alongside COVID-19 market fluctuations) and just over 1 in 10 noticed information related to the COVID-19 impact.

A further 11% of this group felt that there was more information and options generally presented in their statement this year, and 7% noticed more information on fees / tax included in their statement.



Results significantly **higher** or **lower** compared to previous study

Recall of seeing projected income



Those who noticed were more likely to be aged in their 50s, in a Growth fund and 'very satisfied' with scheme provider

When prompted, just over one-third of those who read their statement recalled seeing an estimate of their projected balance at retirement.

Among those who read their statements, there are some groups who were significantly more likely than average to have noticed this new feature in their statement:

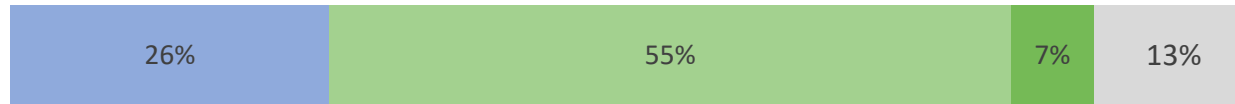
- Those in their 50s (44%)
- Those in Growth funds (43%)
- Those with other retirement income sources in addition to KiwiSaver, particularly those with private work pension schemes (48%)
- Those who are 'very satisfied' with their KiwiSaver provider (42%).

The projected income information was well-received with around two-thirds of those who read their statements rating this aspect as 'quite' or 'very' useful (see data in full on page 22).

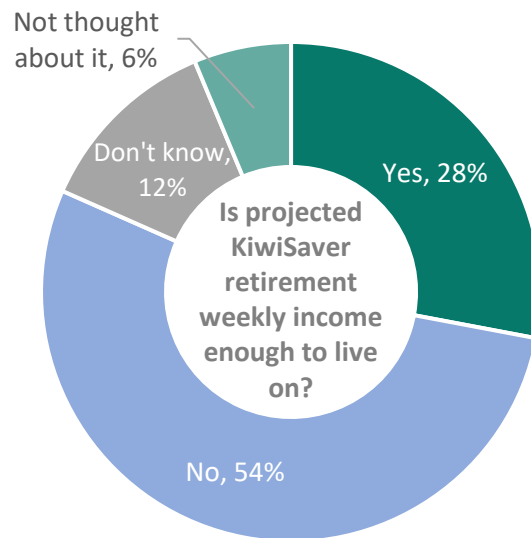
The fact that more people rated this aspect of their statement as helpful than recalled seeing this information when prompted suggests that some rated the usefulness of this aspect of the statement in theory (rather than experience).

Response to projected balance

Projected KiwiSaver retirement income is:



- Less than you were expecting
- Around what you were expecting
- More than you were expecting
- Not applicable - I didn't know what to expect



For around one-third of KiwiSaver members who noticed their retirement income projections, the amount is not what they expected. Disappointment is more common than a pleasant surprise: there are nearly four times the proportion stating that projections are less than expected than there are stating that projections are more than anticipated.

Although over half of those who noticed their retirement income projection information indicated that the amount was around what they were expecting (55%), this information can come as a surprise for some. Over one-quarter indicated that projected amounts were less than they expected, nearly four times the proportion (7%) who indicated that projected amounts were more than they were expecting.

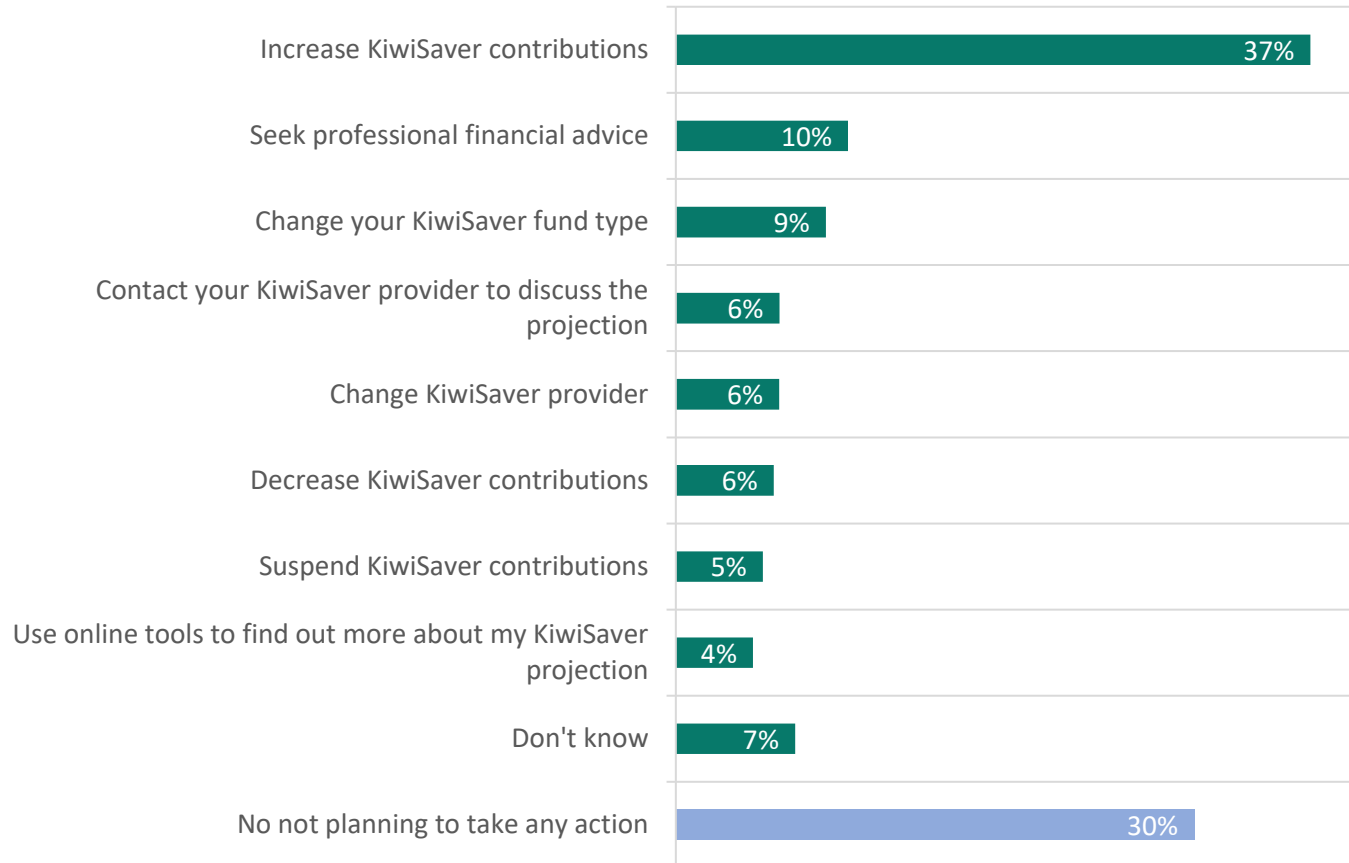
Those in bank schemes were around twice as likely as those in non-bank schemes to indicate that projections were less than anticipated (32% vs. 17%). There were, however, no significant differences in results based on default or non-default scheme membership.

Fewer than 3 in 10 feel that their projected KiwiSaver retirement income will be enough to live on; over half are clear that they would need more income while nearly 2 in 10 either don't know or haven't given this any thought.

Those in their late 20s (aged 25 – 29) who noticed their income projections were significantly more likely than other age groups to feel that this income would be enough to live off – this was the opinion of around half in this group, compared to around 1 in 5 among those in their 40s and 50s who felt this.

Actions in response to projected balance

Planned actions based on projected KiwiSaver balance on retirement:



Most KiwiSaver members who noticed the retirement projections on their statement plan to take action in response to this information, most frequently through increasing their contributions which around half of this group intend to do.

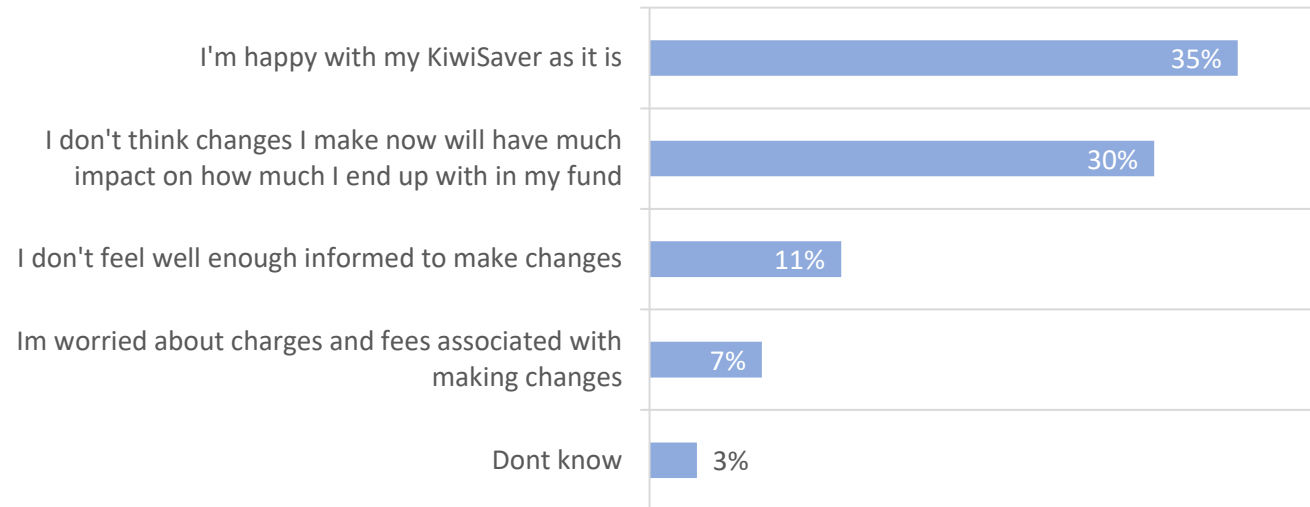
For 63% of KiwiSaver members who noticed the information on their projected income, they now intend to take action as a result. By far the most popular response is an intention to increase KiwiSaver contributions which nearly 4 in 10 who noticed their projections intend to do (37%, over half of those who intend to take some form of action).

For 3 in 10 KiwiSaver members who remembered seeing the information on income projections on their statement, however, there was no intention to take any action. A further 7% were unsure if they would take action or not.



Reasons for not taking any action

Reasons for not taking any action :



There are a variety of reasons why some who were informed of their income projections through their statement do not intend to take any action. Although for over one-third of this group inaction is due to satisfaction with the way things are, a larger proportion do not feel empowered to make a change.

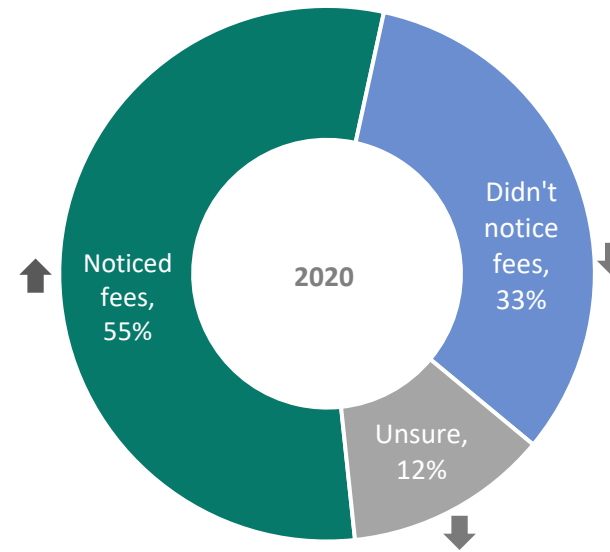
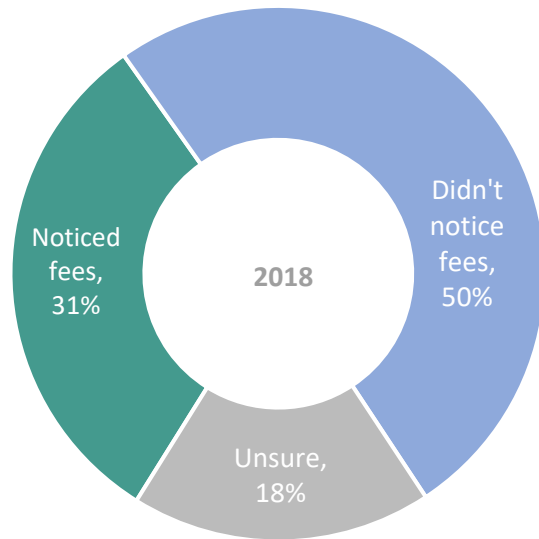
For the 3 in 10 KiwiSaver members who noticed their projected income but are not intending to do anything as a result, over one-third indicate that this inaction is simply due to being happy with their KiwiSaver as it is (35%).

Nevertheless there is a sense of powerlessness for many within this group who either feel that changes they make now will have little impact on the end result (30%), or who feel too ill-informed to make a change (11%), or have concerns about associated fees from making a change (7%).



Response to KiwiSaver fees

Fees information



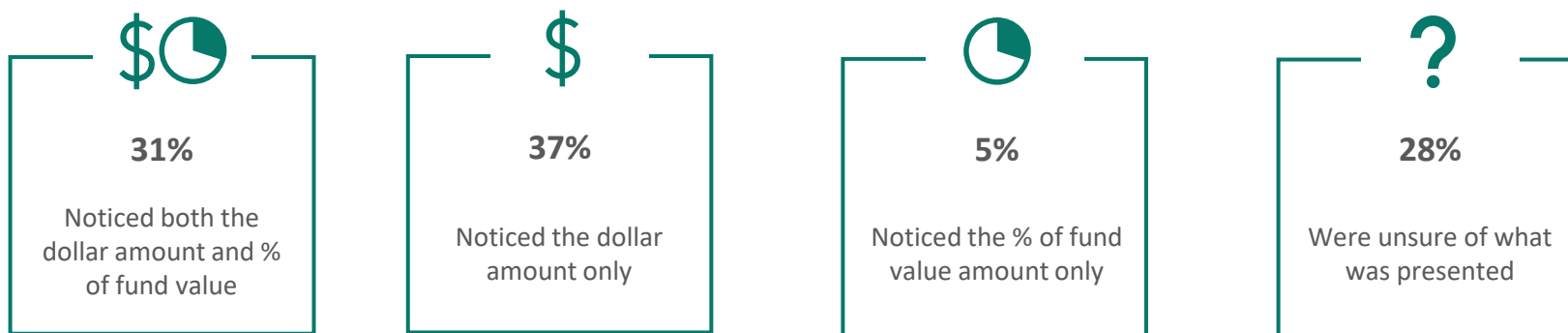
Fees are becoming more visible within KiwiSaver statements: in 2020 over half of KiwiSaver members who read their statement recalled seeing fees information.

At 55%, the proportion of KiwiSaver members who read their statement and recalled seeing fees information increased significantly in 2020, from 31% in 2018. Results were consistent across different scheme and fund types.

Propensity to notice fees information was also consistent across different demographic groups with the exception that those with a personal annual income of \$100k or more were significantly more likely than average to recall seeing the fees information (70% of higher earners noticed compared to 54% of those earning less than \$100k annually).



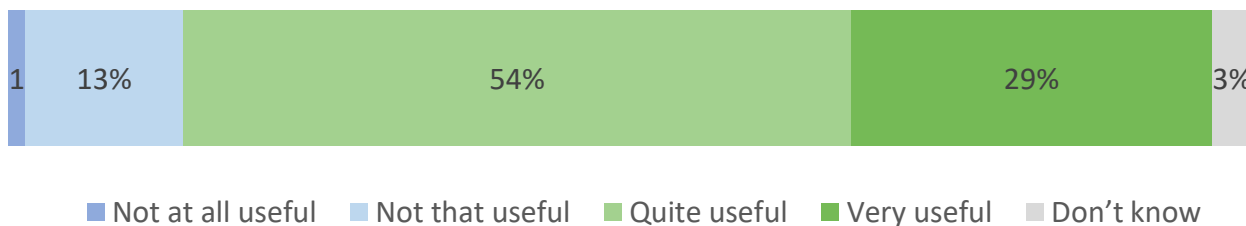
Fees information



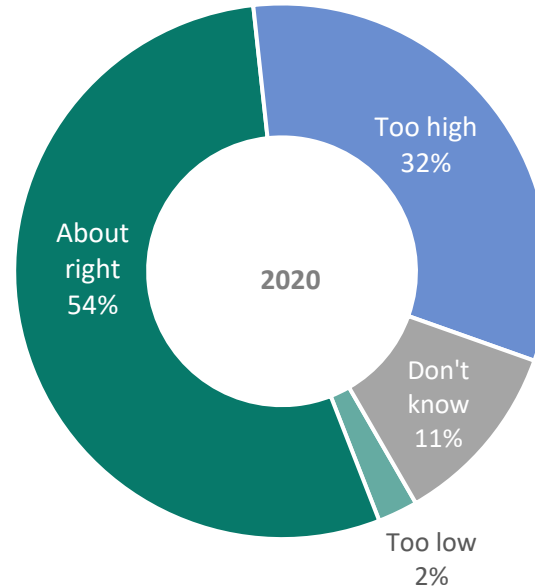
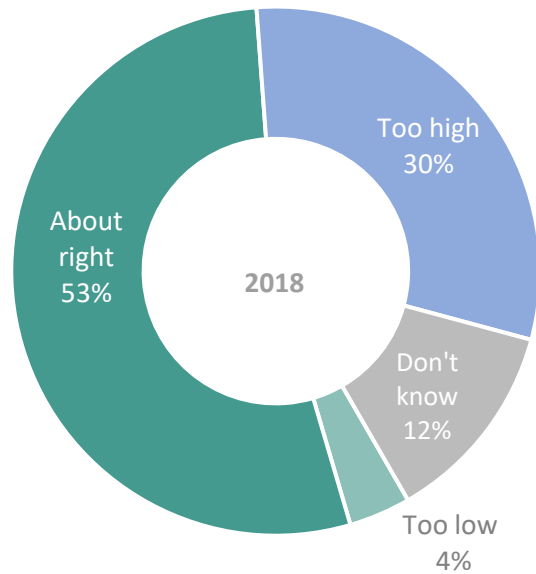
The information on fees is clearly valued with over 8 in 10 of those who noticed this information rating it as useful.

Most frequently those who noticed fees information recalled seeing only the dollar amount (37%), although around 3 in 10 noticed both the dollar amount and percentage of fund value.

Usefulness of KiwiSaver scheme fees:



Perception of fees



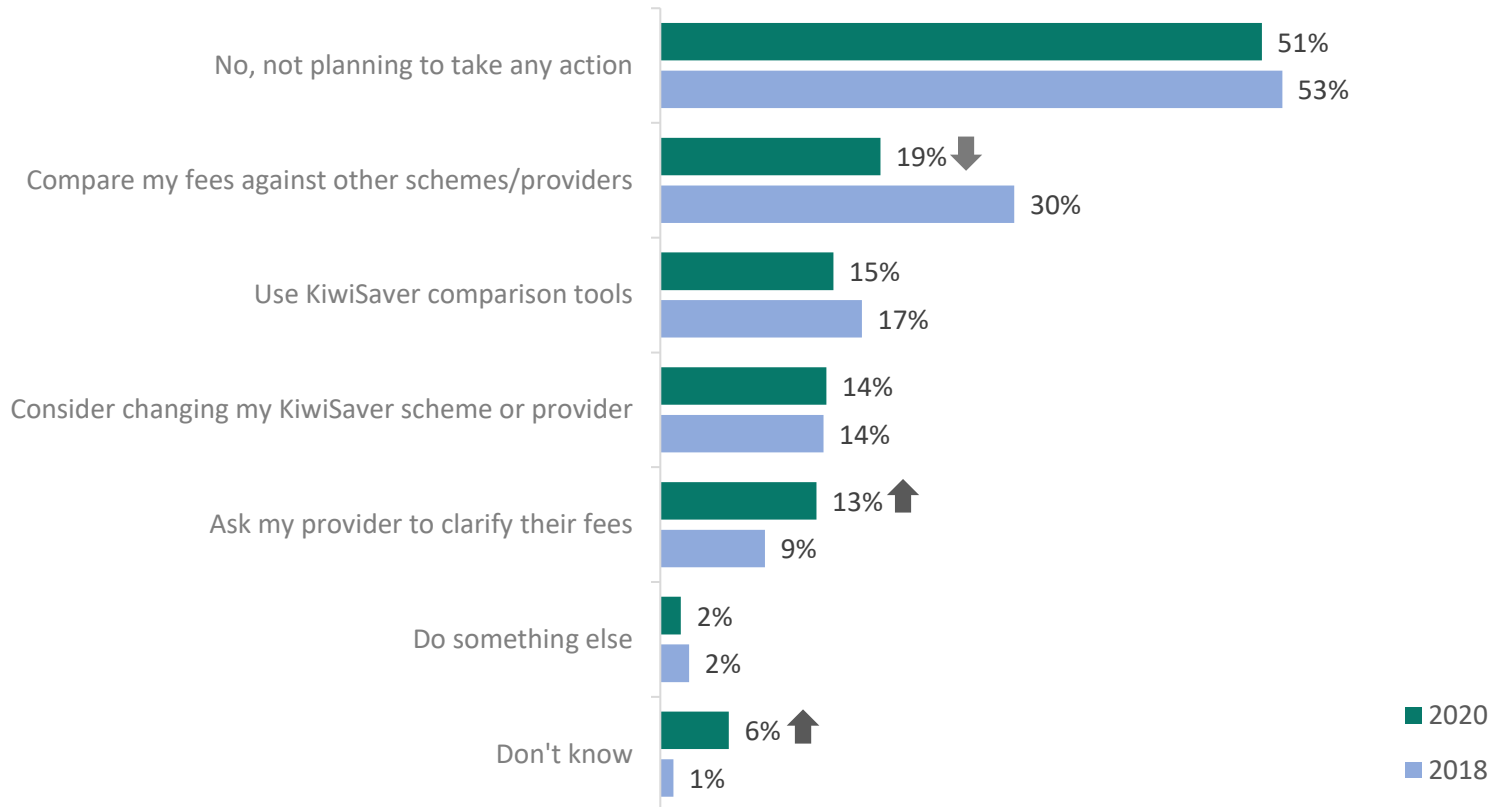
KiwiSaver members' response to fees in 2020 was consistent with results for 2018. Most frequently fees are found to be 'about right', although around 3 in 10 think that they're too high.

Results for perception of fees were relatively stable across different fund types, although those in passively-managed schemes (61%) and those who reported an increase in return over the past 12 months (69%) were significantly more likely than average to feel that their fees are 'about right'.

Fees were mentioned as a reason for low satisfaction with providers overall by around 1 in 5 of those dissatisfied (explored in more depth on page 49). It's therefore unsurprising that dissatisfaction aligns with a perception that fees are too high: 62% of those who noticed the fees and who were dissatisfied overall felt that fees were too high compared to 28% of those who noticed the fees and were satisfied with their provider overall.

Actions as a result of KiwiSaver fees

Actions taken, or planning to take, as a result of fees information:



Around half of KiwiSaver members who noticed fees information on their statement indicated that they're considering taking action as a result, most frequently through comparing fees against other providers.

Propensity to take action as a result of engaging with fees information was similar in 2020 as it was in 2018, although there have been some significant shifts in what people are intending to do.

Although the most common action remains comparing fees against other schemes / providers, likelihood of doing this decreased significantly from 30% in 2018 to 19% in 2020. Elsewhere there was a significant increase in the proportion intending to ask their provider to clarify their fees (up from 9% in 2018 to 13% in 2020) and the proportion who were considering taking action but weren't yet sure how (up from 1% in 2018 to 6% in 2020).



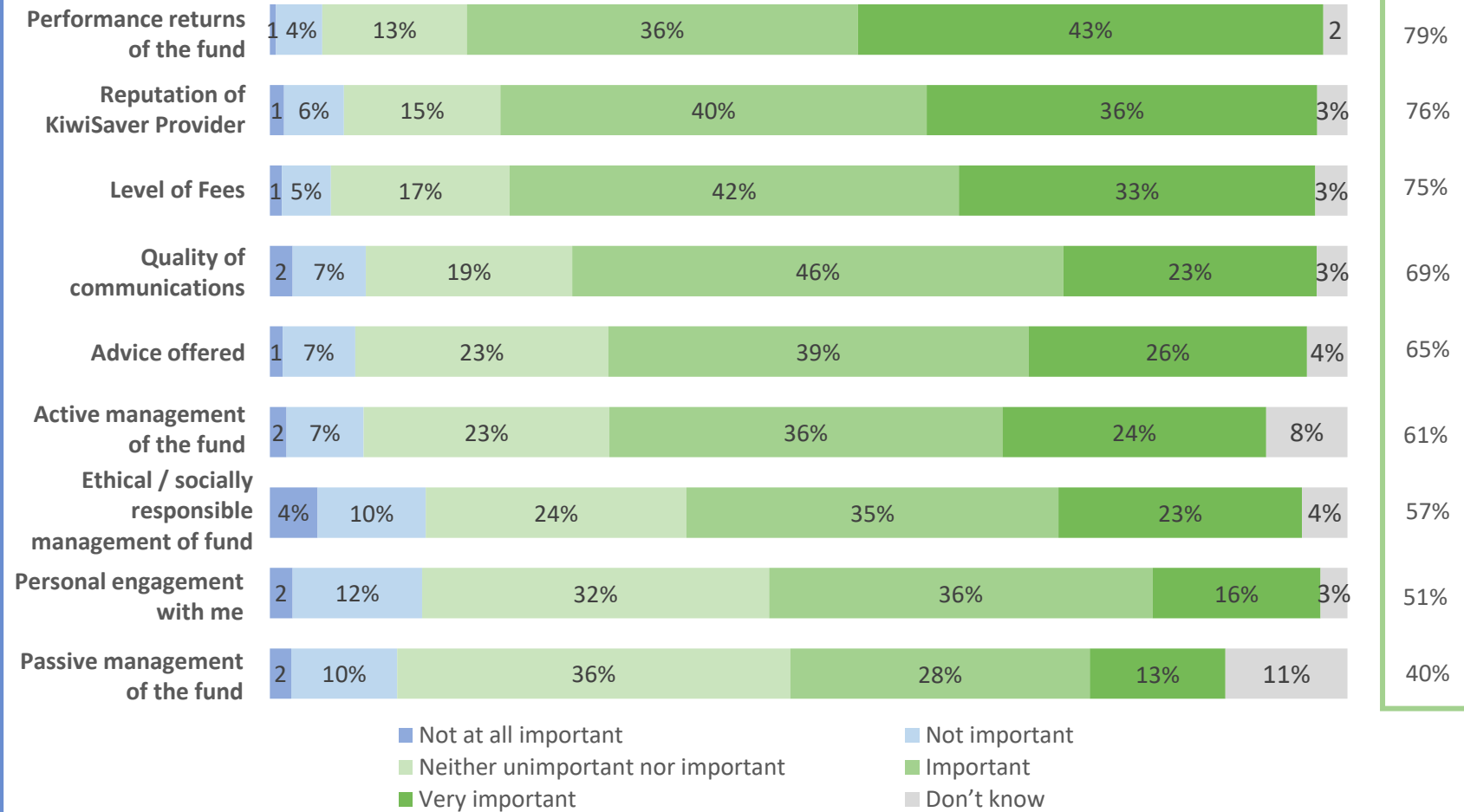


KiwiSaver members' influences and perceptions of value for money

Influences when deciding on KiwiSaver

Importance of each aspect:

Important or very important



When deciding what KiwiSaver scheme to join, KiwiSaver members are most strongly influenced by performance returns followed by a provider's reputation and level of associated fees. In each case three-quarters of members or more feel that this is an important consideration when choosing a fund.

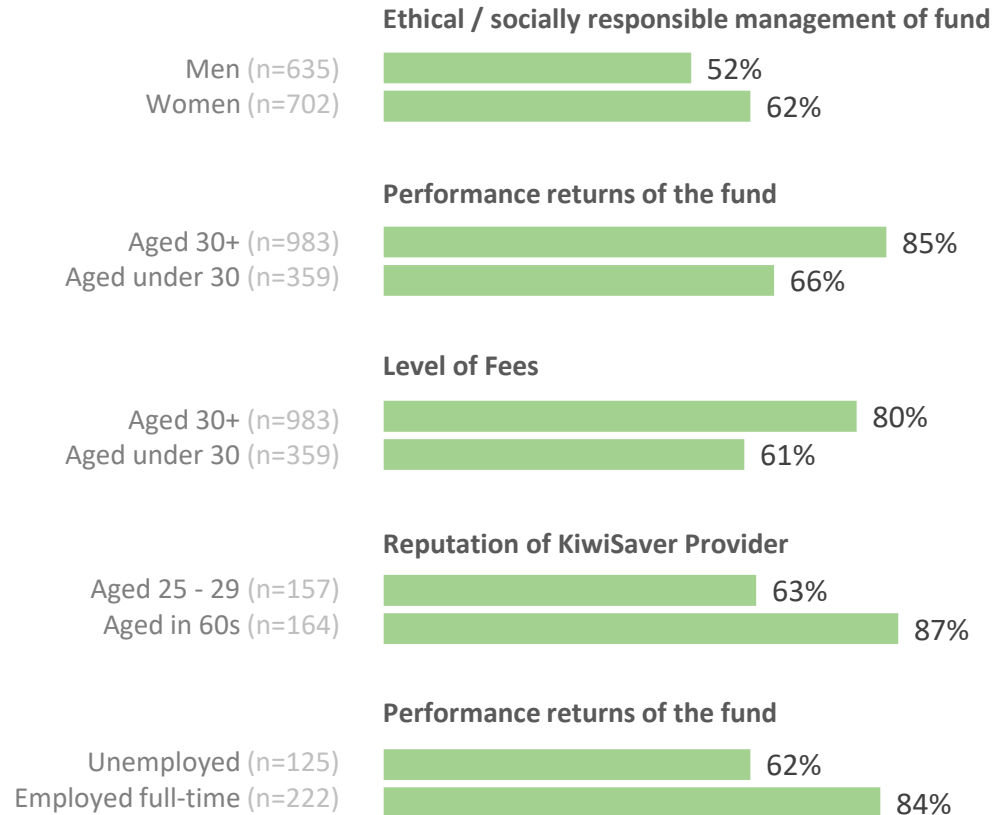
Quality of communications and advice offered are also important to the majority when deciding what provider to go for, with 69% and 65% respectively feeling these are 'important' or 'very important' considerations. Less important – although still a consideration for around 6 in 10 – is the active management of a fund and ethical or social responsibility status of a fund. Considered of least importance among factors tested are a provider's personal engagement with its members (although this is still important for around half) and the passive management of a fund (important for 4 in 10).

There are some key variations in results based on the type of scheme a member is currently in:

- Across the board, and unsurprisingly, those in non-default schemes are more strongly influenced by each factor than those in default schemes.
- Those in a non-bank scheme place greater importance on personal communications (77%, 'important' and 'very important' combined compared to 68% of those in a bank scheme).
- Those in a Growth scheme place particular importance on the quality of a provider's communications (76%).
- Performance returns are a strong influence for those in a Balanced (88%), Growth (87%) or Aggressive (92%) scheme and active management is key for those in a Growth scheme (69%).
- Meanwhile, those in Balanced funds pay particular attention to associated fees (83%) and provider reputation (84%).

Influences when deciding on KiwiSaver

% rating 'important' or 'very important' when deciding on a KiwiSaver provider by key demographics



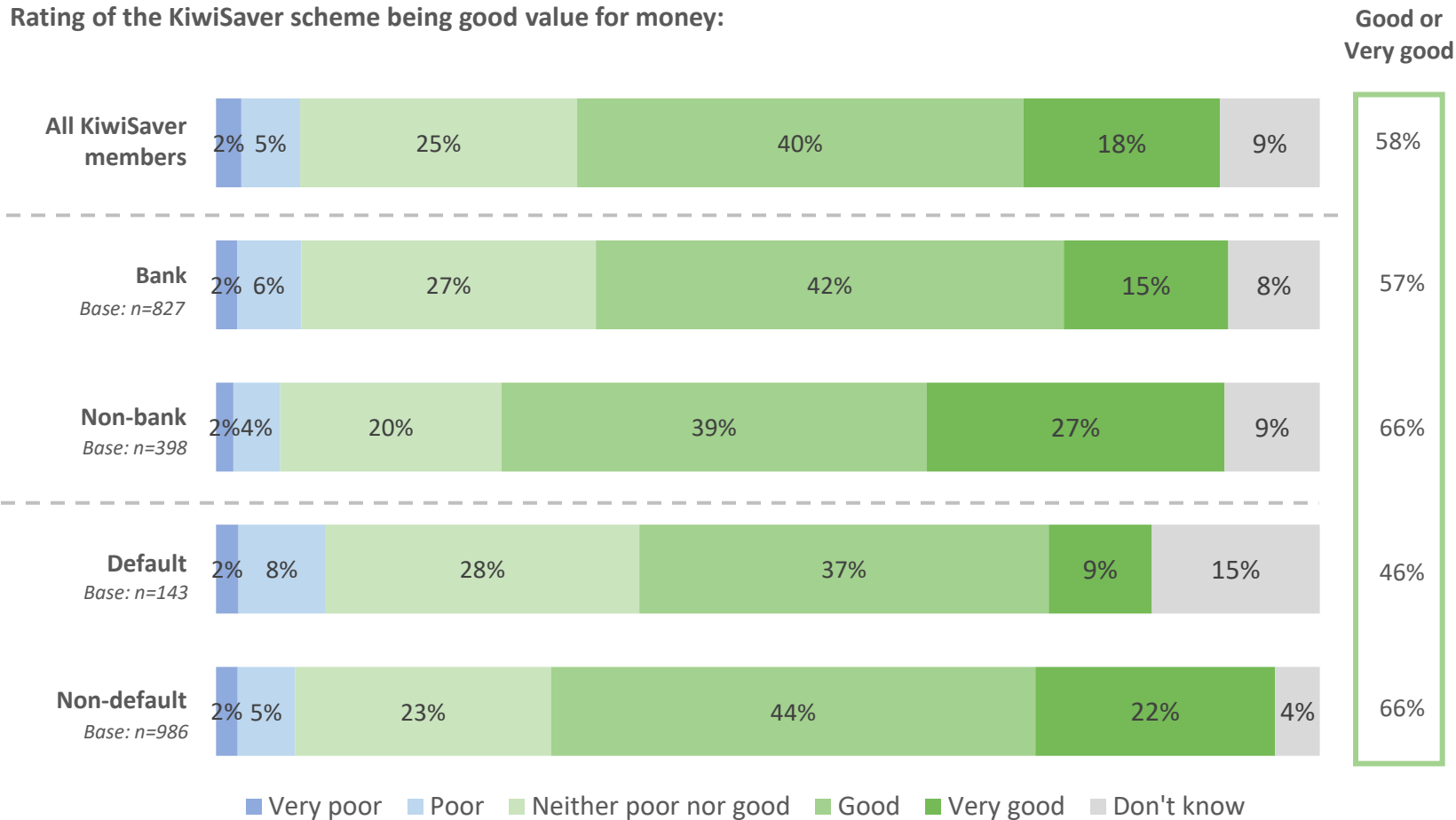
What influences a KiwiSaver to select one provider over another does vary significantly across different demographic groups and understanding this can help providers understand which products to target to which parts of the market.

Key differences include:

- Females appear to place greater importance on the ethical / social responsibility of a fund, with 62% indicating that this is important to them ('important' and 'very important' combined) compared to 52% among males.
- Younger KiwiSaver members are less concerned with performance returns: 66% of those aged under 30 feel this is important compared to 85% among those aged 30 and over.
- There's a similar picture with associated fees which are less important to those aged under 30 with 61% feeling this is important compared to 80% among older KiwiSaver members.
- Meanwhile provider reputation is more of a deciding factor for older KiwiSaver members, particularly among those in their 60s where 87% feel this is important. This compares, for example, to 63% of those in their mid to late 20s who feel this is important.
- There's a general pattern of those in full-time employment placing more importance in each factor than other 'working status groups', and those unemployed place least importance in each factor. Performance returns (84%) and quality of communications (73%) are, in particular, of higher importance to those employed full-time.

Perceived value for money

Rating of the KiwiSaver scheme being good value for money:



Just under 6 in 10 KiwiSaver members rate their scheme as offering 'good' or 'very good' value for money and fewer than 1 in 10 are dissatisfied, rating value as 'poor' or 'very poor'.

The stronger the positive perceptions are for value for money, the higher the engagement with KiwiSaver statements.

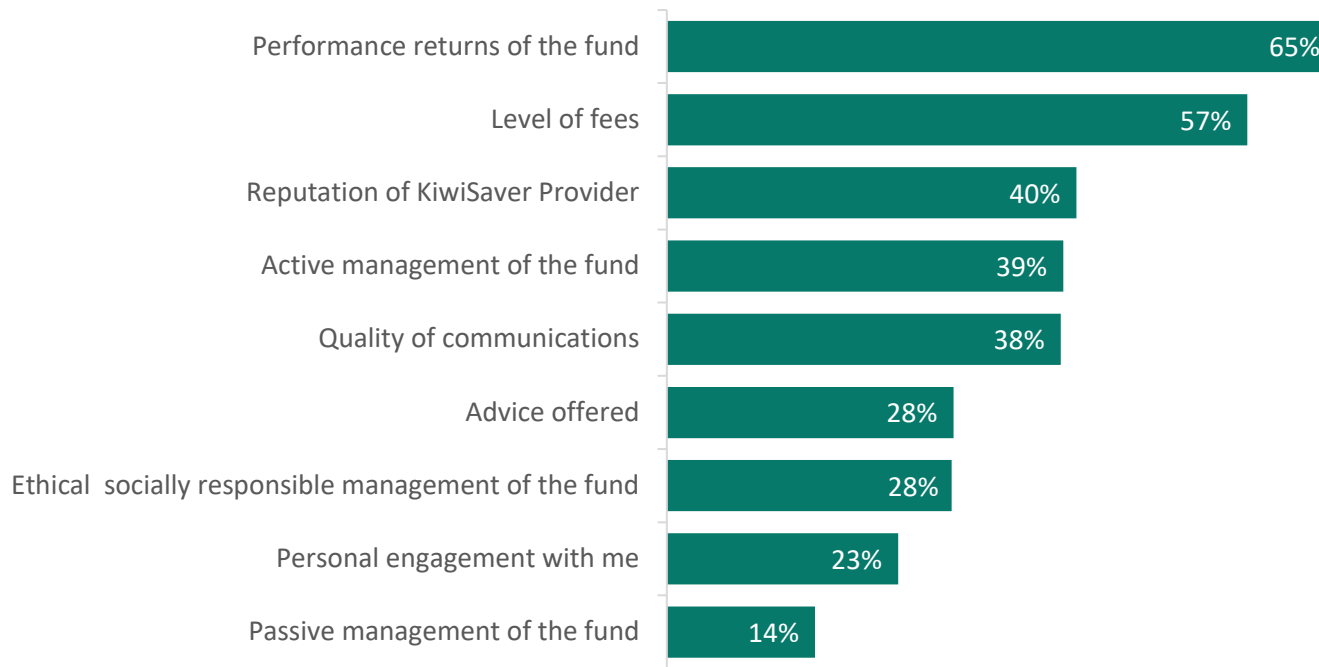
Those in non-default and non-bank schemes rate value for money more highly than those in bank and, in particular, default schemes where fewer than half (46%) rate value for money positively.

Among non-default schemes, those in Growth funds are the most likely to rate value for money positively (72%) and those in actively-managed schemes are more satisfied with value for money (71%) than those in passively-managed schemes (58%).

Positive perceptions of value for money also align closely with attention paid to statements: 73% of those who read their statement thoroughly rate value for money as 'good' or 'very good', decreasing to 58% among those who briefly looked at it, 52% among those who haven't yet done this but intend to, 43% among those who state that they do not intend to read their statement and 37% of those who don't remember receiving a statement.

Influences on value for money

Most important aspects when it comes to offering value for money:



When it comes to assessing value for money of a scheme, KiwiSaver members pay most attention to performance returns and level of fees.

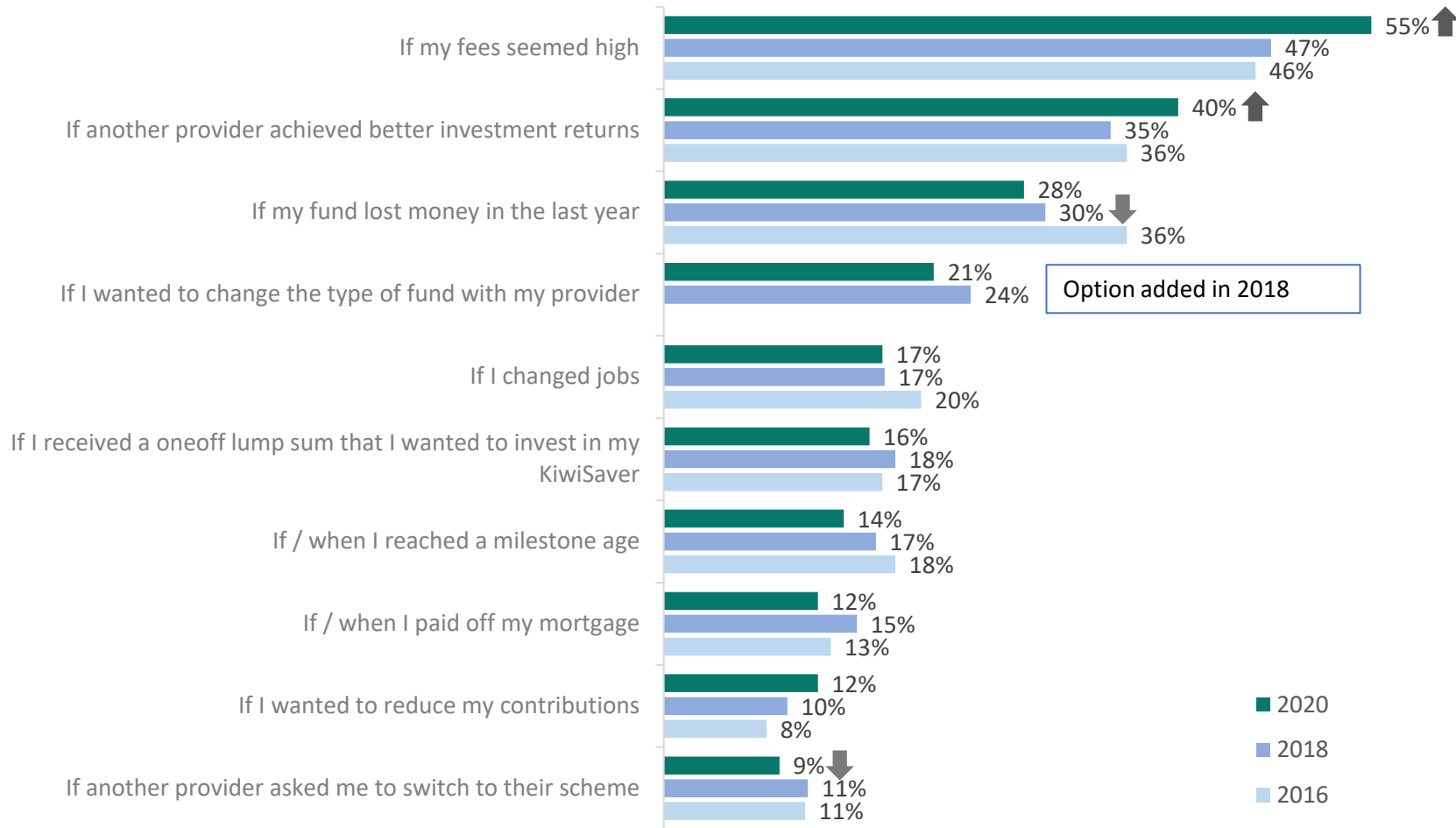
KiwiSaver members were shown the same list of factors as when asked what is most important to them when choosing a provider, and asked to select which they felt were most important when it comes to delivering value for money. The majority selected performance returns (65%) and level of fees (57%), making these the two most important factors.

Reputation, active fund management and quality of communications are all relatively important to positive value perceptions, each selected by around 4 in 10.

Those who read their statement thoroughly were significantly more likely than average to feel that quality of communications and reputation play a role in creating value for money (both selected by 47% within this group).

Why people make changes to the scheme

What is most likely to prompt action to make changes to KiwiSaver schemes?:



In 2020, KiwiSaver members are becoming more price-sensitive and partial to switching if they feel competitor schemes offer better value for money. They are, however, less likely to make changes on the basis of recent losses in the value of their fund than previously.

Consistent with results for 2016 and 2018, in 2020 KiwiSaver members were most likely to switch schemes if they felt that their fees were too high (55% would consider switching if they felt this), followed by assessing another scheme as offering better investment returns (40% would consider switching on this basis). On both counts, KiwiSaver members are significantly more likely to be 'triggered' to switch for these two reasons than was the case in 2016 and 2018, highlighting the market's increasing level of price sensitivity and propensity to assess the value of KiwiSaver schemes.

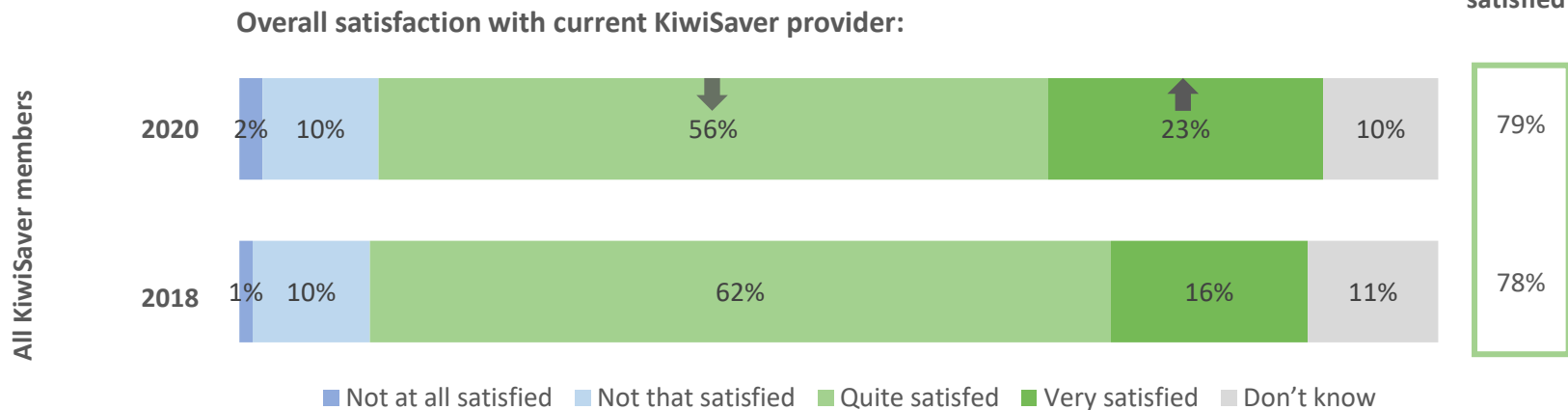
In contrast, however, there are also signs that the market is increasingly educated about the drawbacks of switching schemes in a reactive way: just 28% indicated that they would consider making changes to their scheme if their fund lost money in the last year, an all-time low and significantly lower than the comparable result in 2016 (36%).



Results significantly **higher** or **lower** compared to previous study

Overall satisfaction with KiwiSaver scheme

Overall satisfaction with provider



Satisfaction with KiwiSaver providers saw an uplift at the top end in 2020, with nearly one-quarter of members 'very satisfied' with their providers.

Overall satisfaction with KiwiSaver is high, with around 8 in 10 members 'quite' or 'very' satisfied in both 2018 and 2020. 'Top end' satisfaction grew in 2020, with a significant uplift in the proportion 'very satisfied' which rose 7-percentage points from 16% in 2018 to 23%. Rather than being driven by a particular KiwiSaver product, this uplift was seen across most different fund types – explored further in the following pages.

Those members who had seen an increase on their return in the past 12 months were significantly more likely than average to be 'quite' or 'very' satisfied (91%), however over three-quarters (77%) of those who had seen a decrease were also satisfied.

As with positive perceptions for value for money covered in the previous section, the stronger the engagement with KiwiSaver statements, the higher the likelihood to be satisfied with providers: 88% of those who read their statement thoroughly were 'quite' or 'very' satisfied, decreasing to 81% of those who briefly looked at their statement, 75% among those who have yet to read it but intend to, 71% who do not intend to read it and 51% among those who don't recall receiving a statement.

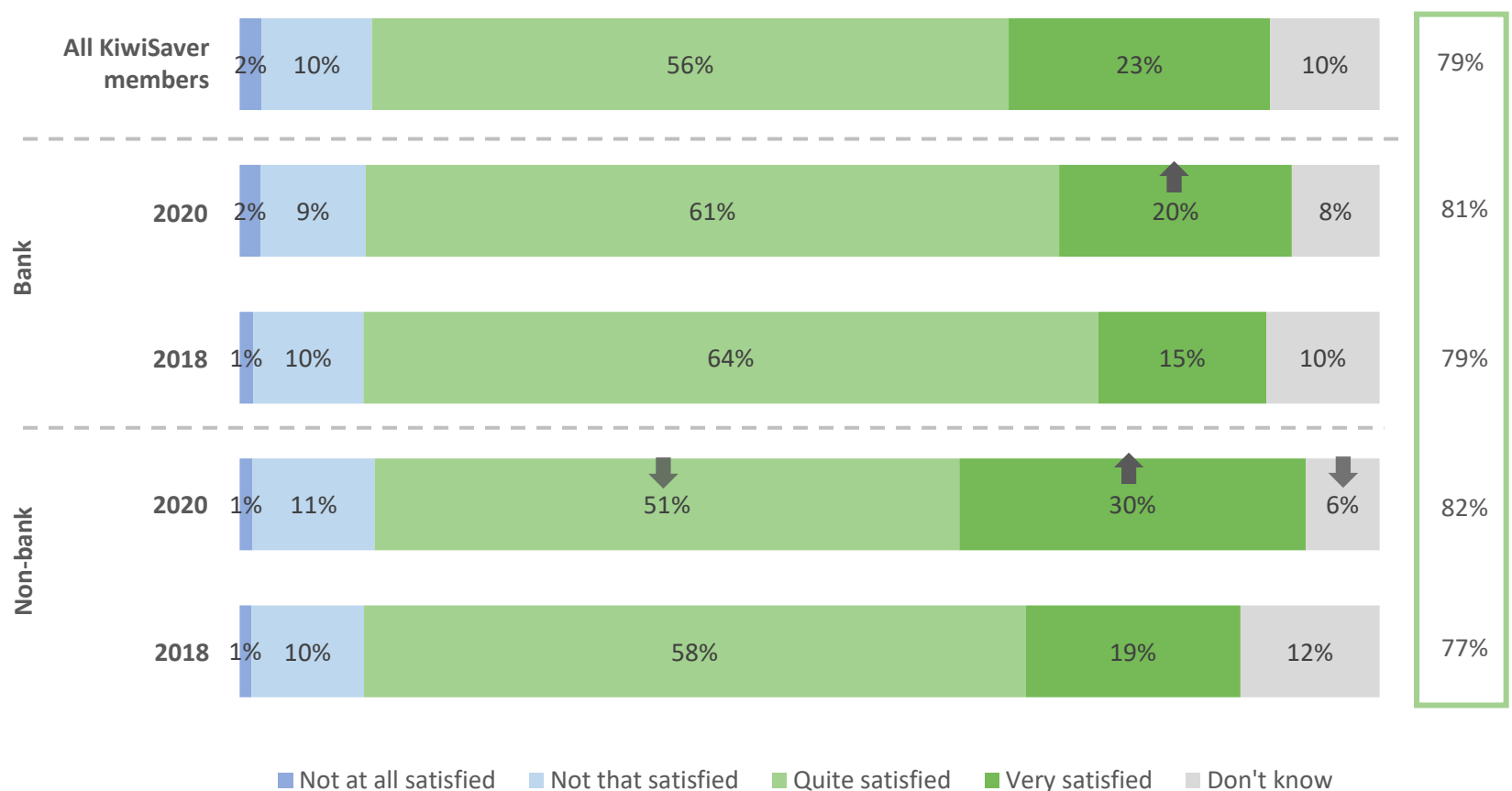
There were no significant differences in overall satisfaction levels based on different demographic groups.



Results significantly **higher** or **lower** compared to previous study

Overall satisfaction with provider by bank / non-bank

Overall satisfaction with current KiwiSaver provider:



The proportion of members 'very satisfied' increased across both bank and non-bank schemes in 2020. Non-bank schemes performed particularly well, related to perceptions of low fees, good performance and quality customer service.

While non-bank schemes were more highly rated than bank schemes in 2018 (based on the level of members 'very satisfied'), the gap widened in 2020. Bank schemes still saw a significant uplift in the proportion 'very satisfied', but non-bank schemes out-performed bank schemes, with the proportion 'very satisfied' rising from 19% to 30%.

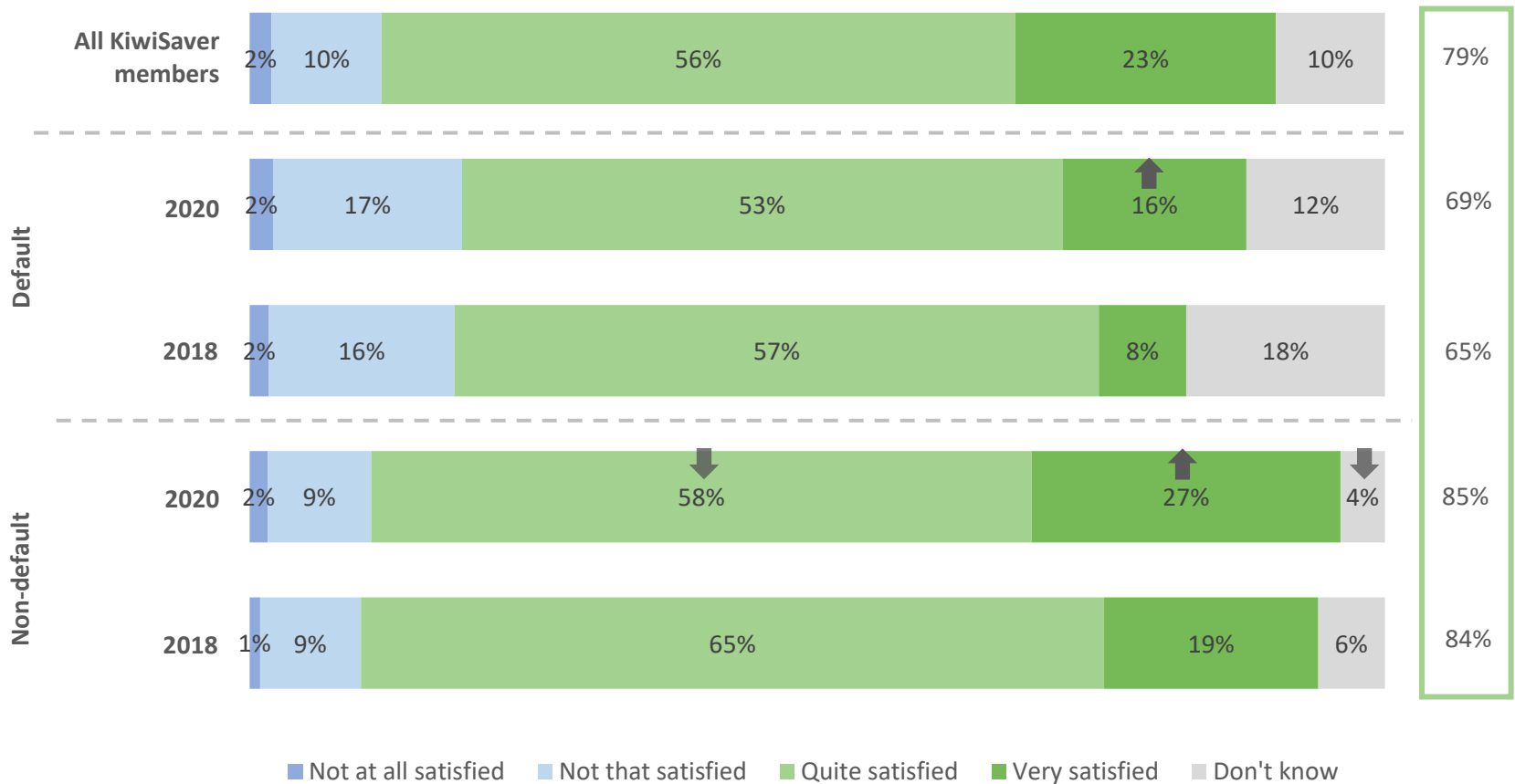
Respondents were asked to provide further context for their satisfaction levels (explored further on pages 48 and 49). The particularly high level of satisfaction among non-bank scheme members may be related to lower fees (offered as a reason for high satisfaction among 10% compared to 3% for bank scheme members), strong performance (mentioned by 23% of satisfied non-bank scheme members compared to 16% of bank scheme members) and good customer service (20% vs. 14%).



Results significantly **higher** or **lower** compared to previous study

Overall satisfaction with provider by default / non-default

Overall satisfaction with current KiwiSaver provider:



Satisfaction levels increased at the top end for both default and non-default schemes.

In both 2018 and 2020, those in a non-default scheme were more likely to be 'quite' or 'very' satisfied than those in a default scheme.

Top end satisfaction increased across both fund types in 2020, doubling from 8% of default members being 'very satisfied' in 2018 to 16% in 2020, and 19% of non-default members 'very satisfied' in 2018 to 27% in 2020.

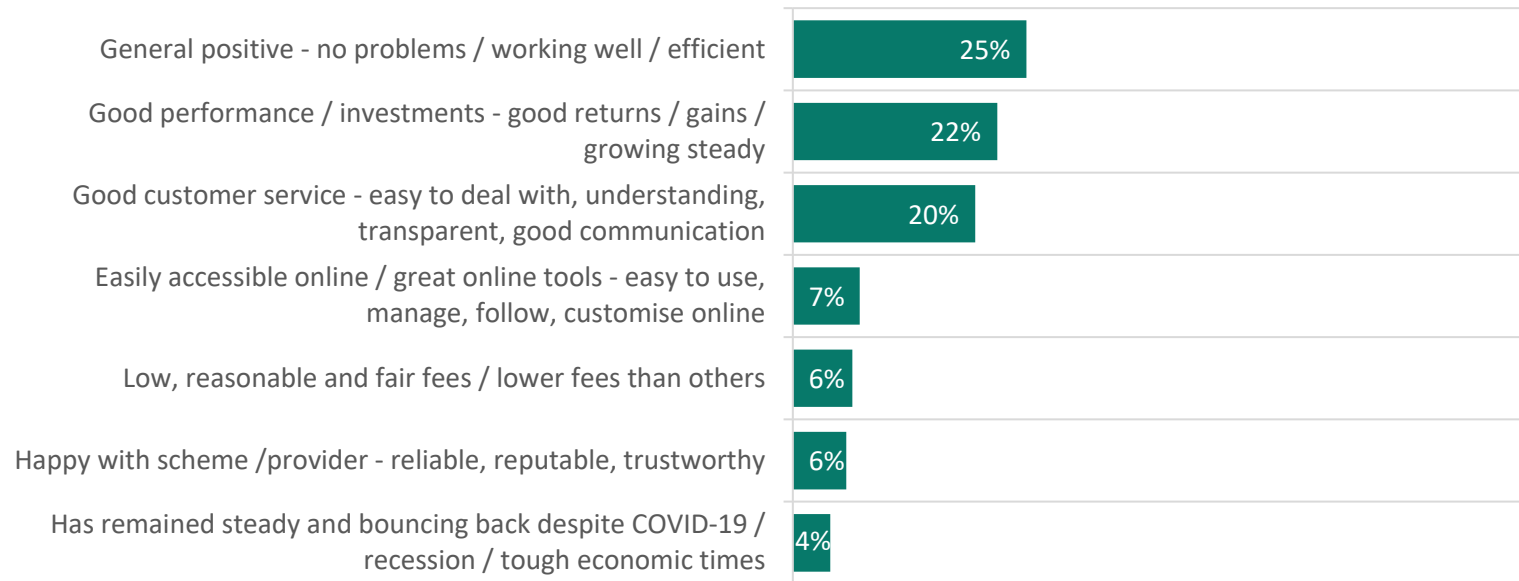
Among non-default schemes, those in a Growth scheme were significantly more likely than average to state that they are 'very satisfied' with their provider in 2020. Elsewhere there were no significant variations based on different fund type.



Results significantly **higher** or **lower** compared to previous study

Reasons for satisfaction with provider

Most common reasons for satisfaction (responses to open-ended question, coded)



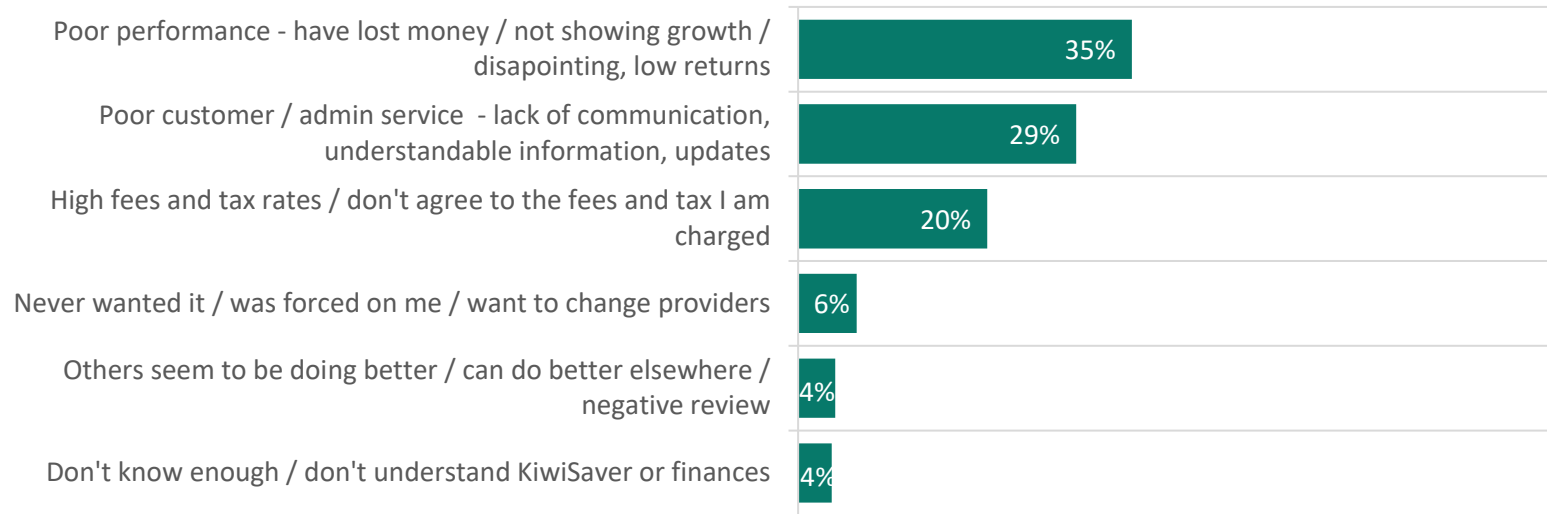
High satisfaction is grounded in efficient, strong performance and good customer service.

Among the 79% who were 'quite' or 'very' satisfied with their provider in 2020, when asked the reason for this responses centred on their fund working well or efficiently (mentioned by 25% of those satisfied), performing well and offering good returns (22%) and being strong on customer service through being easy to deal with, transparent and providing good communication (20%).



Reasons for lack of satisfaction with provider

Most common reasons for lack of satisfaction (responses to open-ended question, coded)



Dissatisfaction with providers is most frequently based on perceived low performance and poor customer service ratings.

Among the 12% who were 'not at all' or 'not that' satisfied with their provider in 2020, when asked why feedback most commonly related to perceived poor performance and losses (35%) followed by low quality customer service due to a lack of communication and information being hard to understand (29%). A further 1 in 5 within this group also mentioned high fees or tax rates when explaining their dissatisfaction.



Example quotes – satisfied with provider

“Easy to navigate through my account and have had no issues receiving contact back after enquiring about something.”

“Because my bank does it all for me and I can see things changing online.”

“Excellent communication with well managed funds.”

“Have never had any concerns, I receive a statement annually and if [there have been] any relevant changes they make contact via post.”

“I really like [my scheme]. They donate to causes. They are very upfront with the state of things. I also like how the funds are managed passively, hence the low fees.”

“It seems to have good returns and I had a good experience with them when I withdrew for my first house. Fees are also low, and I can convert flybuys points into KiwiSaver which is a big bonus for me.”

“I feel my funds are managed by a well-regulated, secure provider with a good credit rating. Communications are adequate and non-intrusive and I can easily track transactions on the well designed website/app.”

“Regular updates, portal access to view my fund information 24/7, easy to make additional one-off payments into the fund, reputable and well-regarded fund manager.”

“Great communications and simplicity of understanding annual statements / reports.”

“Despite COVID, things are going well and my KiwiSaver hasn't suffered as much as I'd expected.”

Example quotes – not satisfied with provider

"Fees too high, returns too low, communications ineffective."

"I actually have no idea what they actually do, I just get random emails every so often."

"Other than contributions from myself and employer, our money isn't making money. And if you consider what interest the money could be making by investing it into the bank (little to [a] lot depending on [the] type of account) in interest. Also paying fees on my own money that isn't collecting interest is robbery."

"No communication, no detailed information and very low return."

"I have been in this scheme a while now and have had little to no communication apart from the annual statements. No advice as to which would be the best place to invest my money for returns especially as I am fast approaching the retirement age. I think overall the lack of communication to see how I'm getting on or if I'd like to change etc or simply to see if I wanted a change to what fund I'm in; they seem to expect the individual to look and to organise all that."

"Terrible returns and lack of information - I have no real idea what's going on with my KiwiSaver. It definitely won't be enough for retirement!"

"No-one can explain anything to me. And I have lost a lot of money due to fees."

"[When] I changed my funds from Growth to Conservative it took ages to get actioned. And I think the fees are not based on performance. If you made [a] loss, the fee is still fixed. It should be reflective of the gains."

"Think it could be managed better, more advice about when it's good to change schemes."

"The fact that the funds go up and down quite drastically, and the admin fees and management fees are high, and the tax is on already taxed money."