

KiwiSaver Statements

General public research
June 2018

Contents

3	Background		
4	Summary		
9	Findings	→	
		9	KiwiSaver statements
		19	“My KiwiSaver Scheme”
		30	KiwiSaver membership
		36	Conclusion

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.

This is the second time the FMA has carried out KiwiSaver statements research (the previous wave being in May 2016), but the first time Buzz Channel have been involved.

Throughout this report the 2018 results have been compared against 2016 (where relevant) and significant differences noted.

The main research objectives were to measure:

- Incidence of KiwiSaver membership among New Zealanders and barriers to membership;
- Recall and readership of the annual statements;
- Perceptions of the fees charged and value for money;
- Perceptions of current KiwiSaver scheme and extent people track its performance.

An online survey was conducted using Buzz Channel's research panel, buzzthepeople.

A total of n=2006 New Zealanders aged 18 years and over took part in the research, between 1st and 15th June 2018. Of these 1425 were KiwiSaver members (71%).

The margin of error on the total sample of n=2006 is +/- 2.2%, and for KiwiSaver members n=1425 is +/- 2.6% (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.

Summary

KiwiSaver statements

It's encouraging that there has been a decrease since 2016 in the proportion of people not intending to read their annual KiwiSaver statement.

KiwiSaver members who indicated they read their KiwiSaver statement thoroughly are more likely to be male, married or living with a partner, aged 60 to 69 years. In contrast, members saying they do not intend reading their statement are more likely to be in unpaid work, earning less than \$20,000 per annum, compared to all KiwiSaver members. The main reason given for not reading their statement is a lack of interest, followed by too much information or it being too complicated.

The current balance continues to be the most useful aspect on the annual statement with virtually all rating this as useful. The tax paid, fees information and performance about the fund are rated as less useful overall than the other aspects of information on the statement. However financial performance and fees information is rated as more useful in 2018 compared to two years ago.

Just over half of those who say they noticed the new fees information on their annual statement this year mentioned they feel the fees are about right.

Summary

Perceived value for money

72% of KiwiSaver members rate their scheme as either good, very good or excellent value for money. A small proportion of around one in ten rate their scheme as either poor or below average value for money. There is a correlation between perceived value for money and perception that the fees are too high: members who rate their fees as too high are more likely to rate their scheme as poor or below average (31% compared with 10% of total members).

The main ways KiwiSaver members are assessing whether their scheme is value for money are checking their statement balance and/or comparing with other schemes. Nearly four in ten are not using any information/tools to determine the value for money. There is a lack of interest and also lack of knowledge among some members on how to check their KiwiSaver.

Tracking progress of KiwiSaver

It's concerning that two thirds of KiwiSaver members have never checked that their KiwiSaver is on track to produce the income they're planning for in retirement (65%). However, it's encouraging that this has improved since 2016 when 73% of members had never checked their scheme is on track.

KiwiSaver members who have checked their KiwiSaver is on track mainly used an online retirement savings calculator or looked at the projections on their annual statement. This year a larger proportion of members indicated they have used the Sorted KiwiSaver Fund finder to see if they're in the right fund than two years ago. 7% of those who checked their KiwiSaver is on track mentioned they used the FMA Health Checker or Tracker tool.

In terms of making changes to their scheme, the main driver for this among KiwiSaver members remains 'if the fees seemed high'.

Summary

Satisfaction with current provider

Just over six in ten KiwiSaver members indicate they are 'quite satisfied' with their current KiwiSaver provider, and 78% are satisfied overall (either 'quite' or 'very').

Satisfaction is considerably lower among members in a default fund (65%), which raises some questions: Are these members in default KiwiSaver funds less engaged with their KiwiSaver investment? Do they want to change but are perhaps not sure how to? Do they want to understand more about KiwiSaver and how it works?

A quarter of all KiwiSaver members made a general positive comment when asked why they feel satisfied with their KiwiSaver provider, and slightly less (one in five) mentioned they are satisfied because they are getting a good return on their investment.

On the other hand, among those who indicated they are not satisfied with their KiwiSaver provider, the main reasons include not showing a good return, and/or lack of transparency/communication. A smaller proportion mentioned the fees being too high and/or not knowing enough about KiwiSaver. Members with a default fund are more likely to mention these two reasons for being dissatisfied with their provider.

Summary

KiwiSaver membership

There has been an increase over the last two years in the proportion of adult New Zealanders surveyed saying they are a member of a KiwiSaver scheme, from 67% to 71%.

Membership is significantly higher among the following demographic groups:

- males (76%);
- those aged 18 to 49 years (84%);
- students (83%);
- those living in Auckland (76%);
- those of Asian ethnicity (87%).

There has been an increase since 2016 in membership of non-bank funds, which are more popular with those aged 40 to 59 years. Bank-owned funds are more popular with survey members aged 18 to 39 years.

Around one in ten KiwiSaver members indicate they are in a default fund. These members are more likely to be younger, i.e. 18 to 29 years, students, living in a flatting situation. KiwiSaver members in a default scheme appear to be less engaged with their investment, and less likely to read their statement. In contrast members with a non-default scheme are more likely to read their KiwiSaver annual statements thoroughly.

Summary

In this survey group the type of KiwiSaver fund held varies by age/lifestage. Compared to total sample:

- 18 to 29 year olds are more likely to be in a default KiwiSaver fund (14% compared to 9% of total);
- 18 to 39 year olds are more likely to be in a growth fund (29% compared to 22% of total);
- 50 to 69 year olds are more likely to have a balanced fund (30% compared to 20% of total);
- those aged 60 years and over are more likely to be in a conservative fund (29% compared to 16% of total).

Females are more likely to be uncertain what type of KiwiSaver fund they're in compared to males.

Barriers to membership

Barriers to KiwiSaver membership also vary by age/lifestage:

- The main barrier to KiwiSaver membership among 18 to 39 year olds is not being employed, or having a low or unstable income. The idea of not having control over their money is also mentioned as a key reason among this age group.
- New Zealanders aged 40 to 59 years who do not have a KiwiSaver scheme also mention the above reasons but are the most likely to mention they would prefer to pay off their mortgage than be in KiwiSaver.
- Non-members aged 60 years and over state they are not in KiwiSaver as they are have already retired or are nearing retirement. Some also mention they already have a superannuation scheme and/or savings.

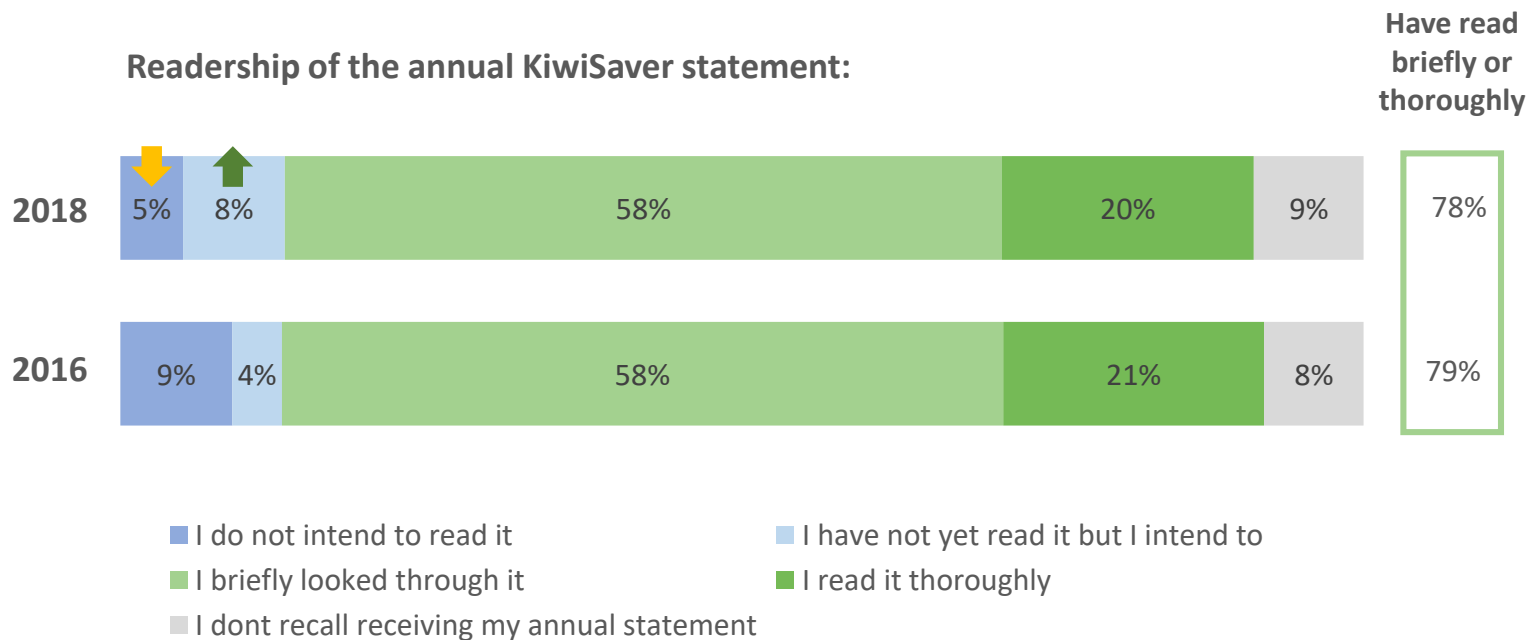
The KiwiSaver profiles in this document represent the responses of those in the survey. A full set of comprehensive KiwiSaver statistics can be found in the FMA's annual KiwiSaver reports here : <https://fma.govt.nz/news-and-resources/reports-and-papers/kiwisaver-report/>

KiwiSaver Statements



Readership over time

Readership of the annual KiwiSaver statement:



There has been a slight increase since 2016 in the proportion of people intending to read their KiwiSaver statement and a decrease in the proportion not intending to read.

KiwiSaver members more likely to indicate they read their KiwiSaver statement thoroughly are:

- males (25% compared to 15% of females);
- married or living with a partner (23%);
- 60 to 69 years (36% compared with 13% of those aged 18 to 29 years).

Members most likely to not intend reading their statements are:

- those in unpaid work (26%);
- earning less than \$20,000 per annum (10%).

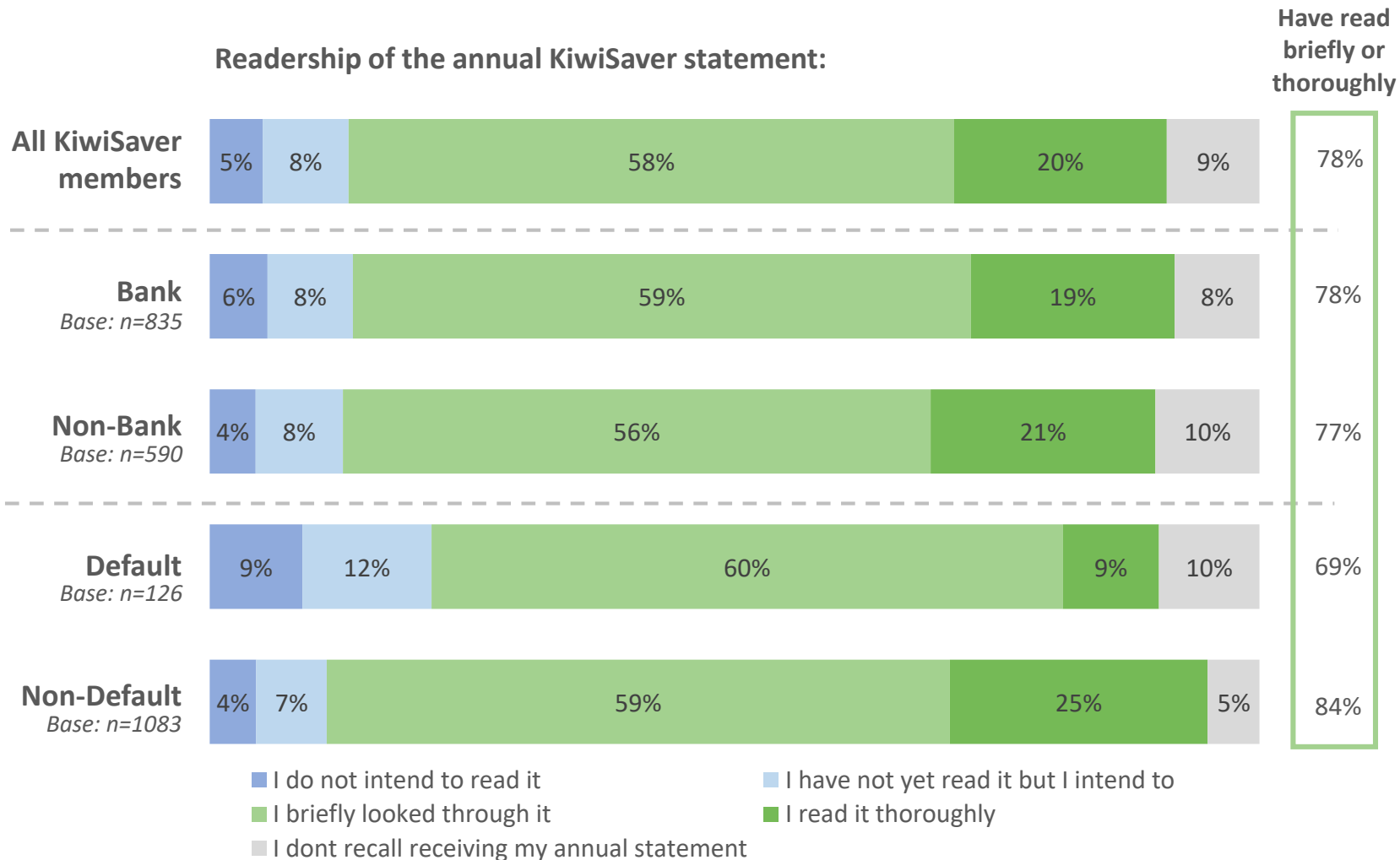
Each year your KiwiSaver provider sends you an annual statement either in the mail or by email. The annual statement contains information about your KiwiSaver account and the money you have invested.

Which of the following best describes what you did with your annual statement?
2018 Base KiwiSaver: n=1425; 2016 Base KiwiSaver: n=1313

↑ Significant increase from the 2016 results.
 ↓ Significant decrease from the 2016 results.

Readership by type of scheme

Readership of the annual KiwiSaver statement:

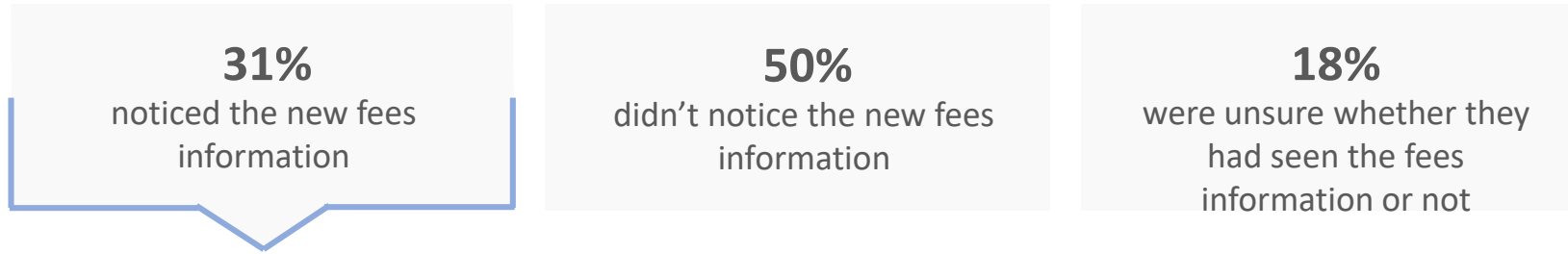


People with non-default KiwiSaver schemes are more likely to read their KiwiSaver annual statements thoroughly.

Those in a default KiwiSaver scheme appear to be less engaged with their KiwiSaver investment, with only 69% reading their statement either briefly or thoroughly compared with 84% of those in a non-default scheme.

Each year your KiwiSaver provider sends you an annual statement either in the mail or by email. The annual statement contains information about your KiwiSaver account and the money you have invested. Which of the following best describes what you did with your annual statement?
Base KiwiSaver: n=1425

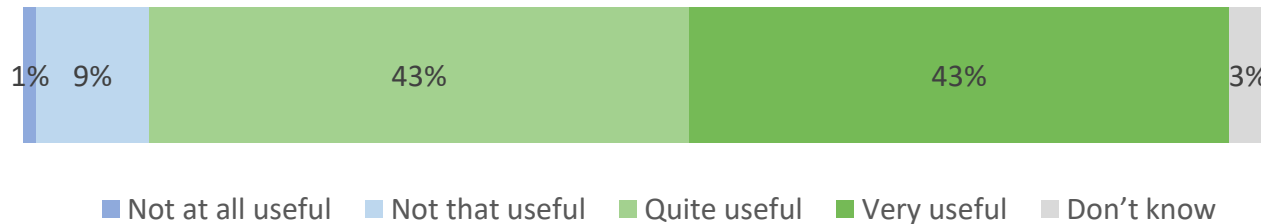
Fees information



Almost a third of KiwiSaver members who read their statement noticed the new fees information, half did not notice.

The majority of those who did notice the new fees information on their annual statement rated it as either quite or very useful (86%).

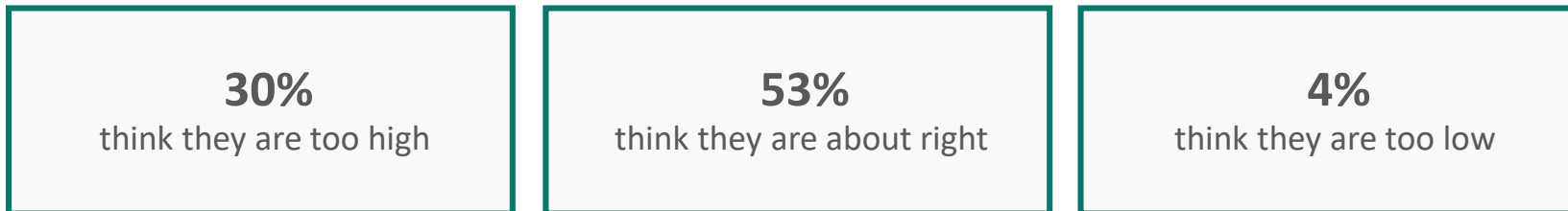
Usefulness of the KiwiSaver scheme fees information:



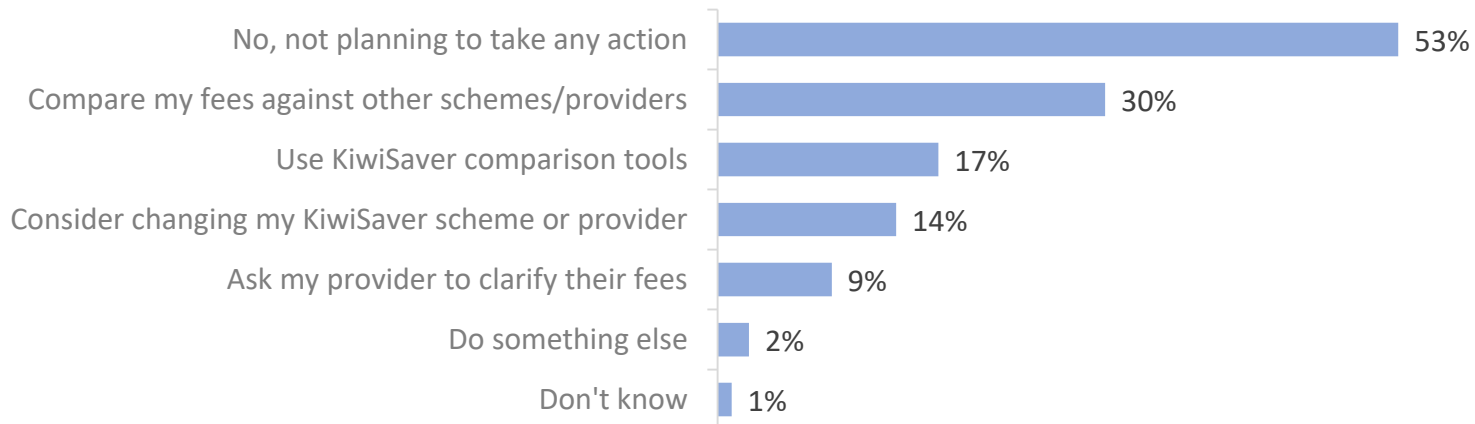
This year, for the first time, all KiwiSaver statements had to include details about the fees you paid your fund manager in dollar figures (this is based on the management fee, which is a percentage of the amount of funds you have in your account, and other fees e.g. an annual administration fee, on average \$35). Did you notice this in your statement this year? Base read statement: n=1111. (new question in 2018) How useful did you find the information about your KiwiSaver scheme's fees? Base noticed the new info: n=347 (new question in 2018)

Actions as result of new fees information

Now that the respondents who noticed the new fees information have seen the fees in dollars:



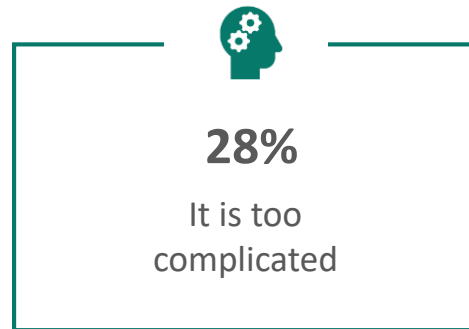
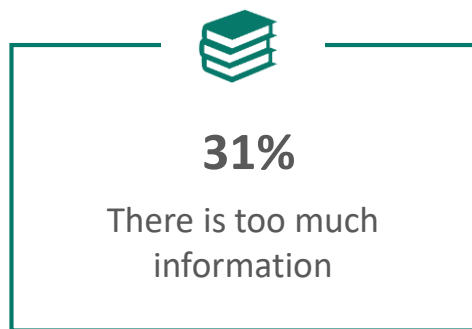
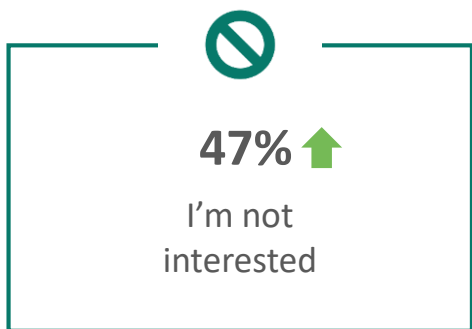
Actions taken, or planning to take as a result of the new fees information:



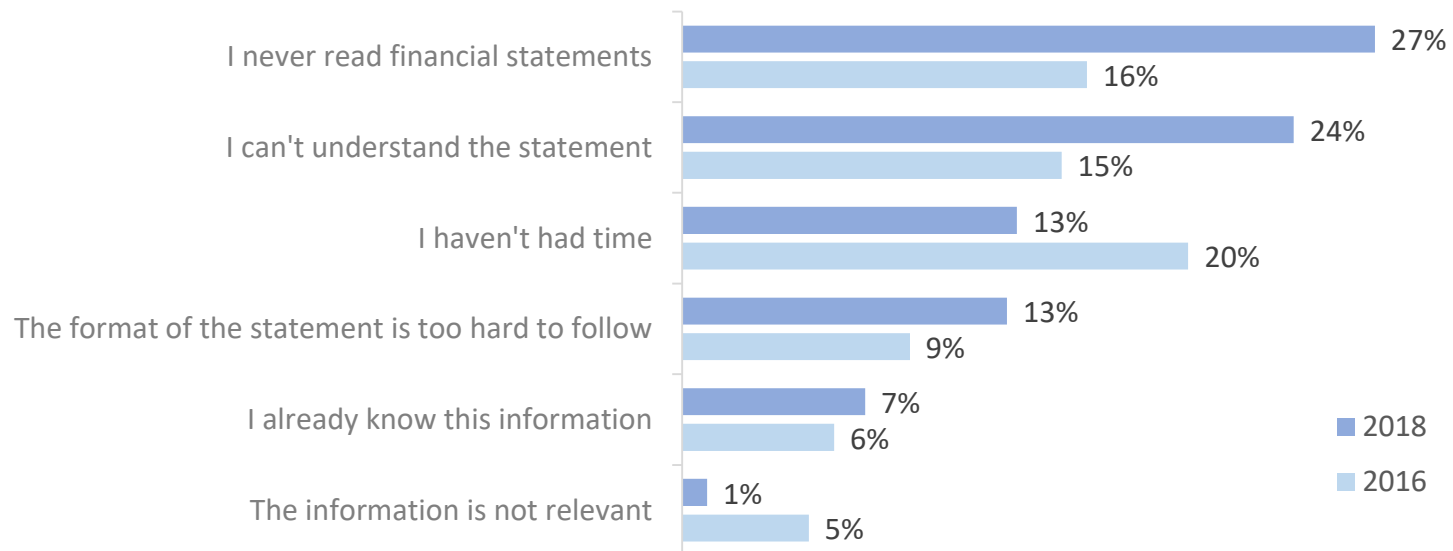
Just over half of KiwiSaver members who did notice the new fees information on their annual statement indicated they feel the fees are about right. Two thirds of these people (65%) are not planning to take any action as a result of the new fees information. Those who are planning to take action mainly mentioned comparing their fees against other schemes/providers.

Those who consider the fees to be too high are more likely to be planning to take action as a result of the new fees information. 27% of these people mentioned they are considering changing their scheme or provider.

Barriers to readership



Other barriers:

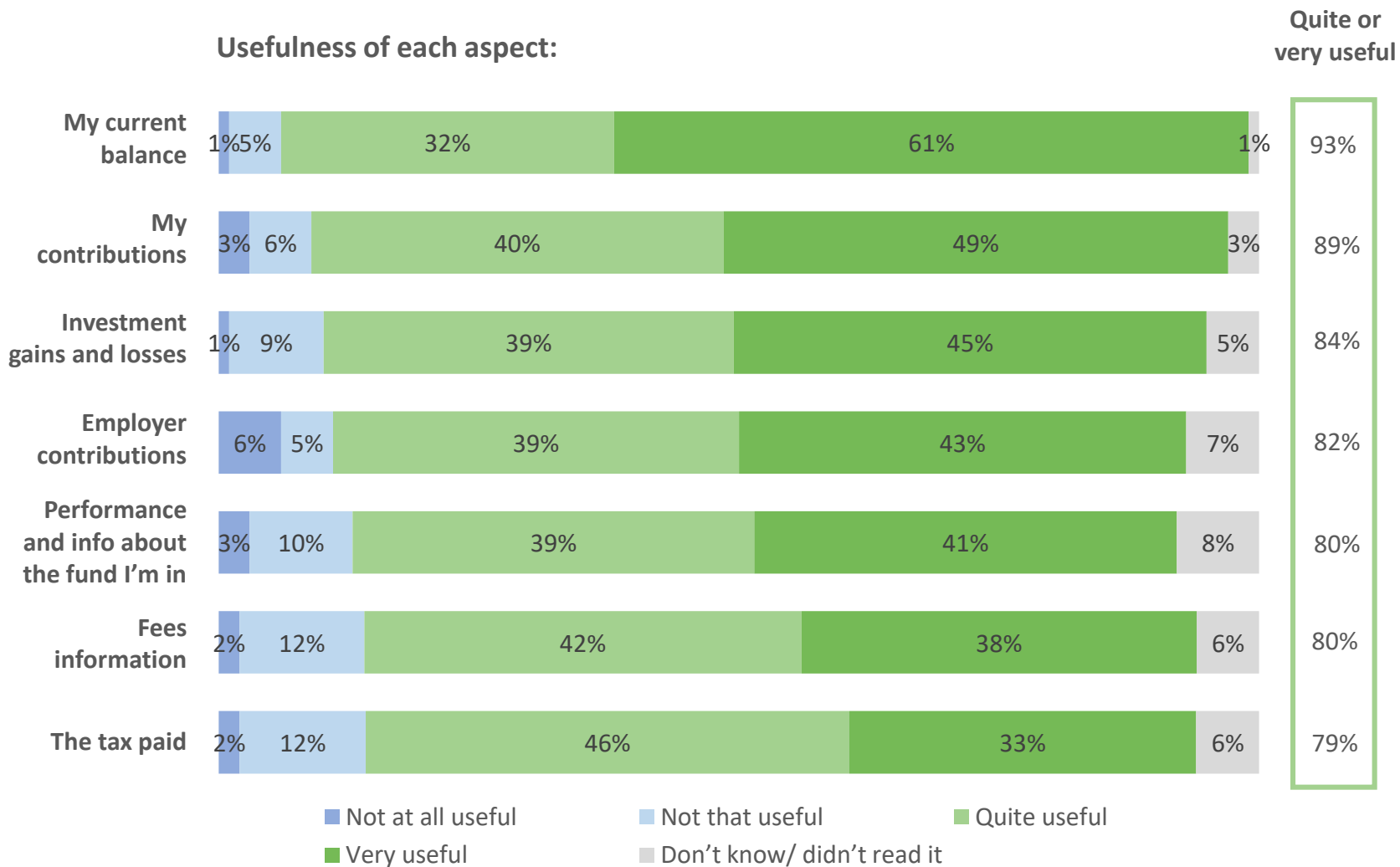


Of the 5% who don't intend to read their KiwiSaver annual statement, nearly half cited lack of interest as the reason why.

Other reasons given include there being too much information and/or the statement being too complicated.

Usefulness of aspects on statement

Usefulness of each aspect:

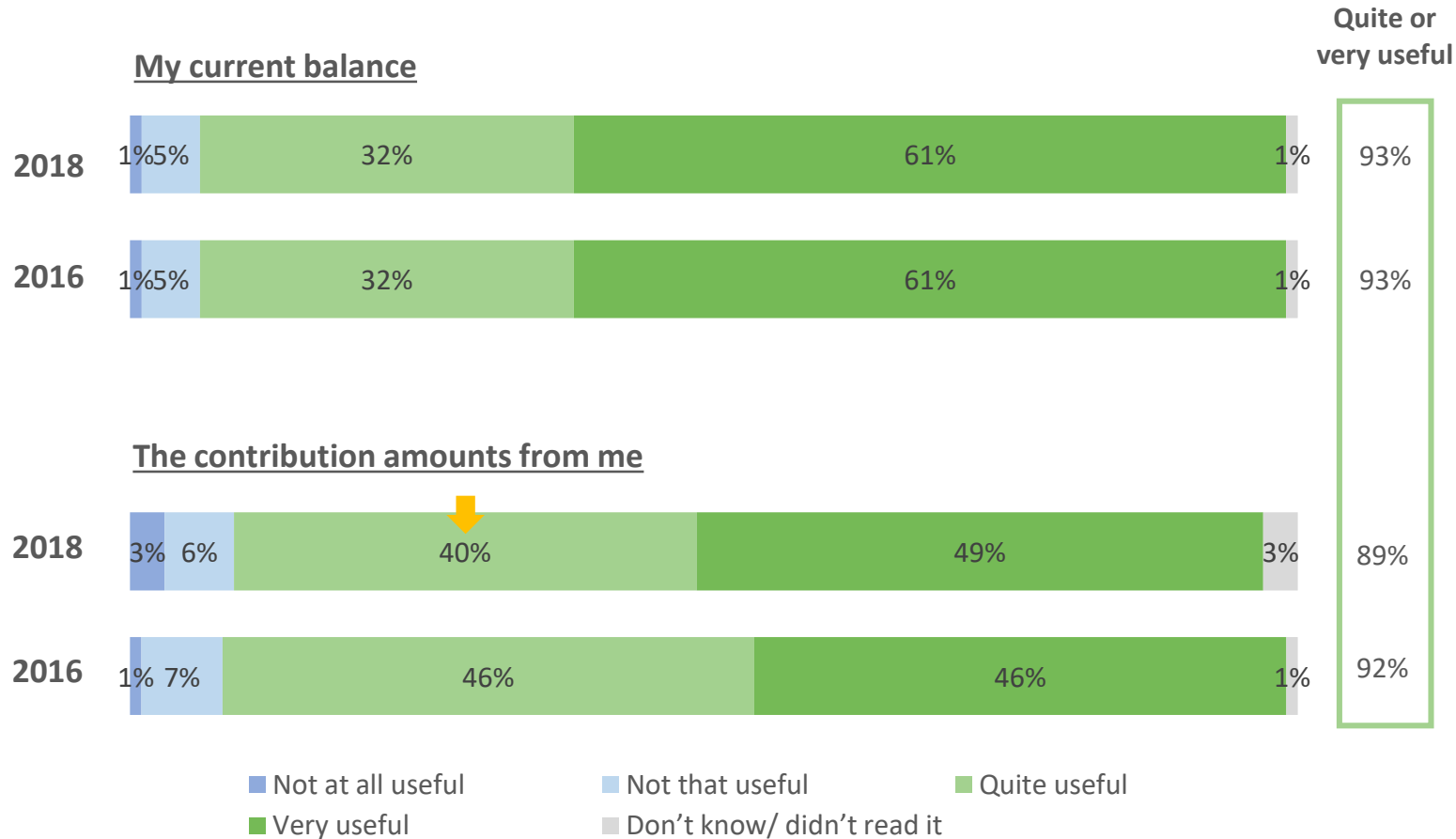


Seeing the current balance is considered the most useful information on the statement, with virtually all KiwiSaver members who read their statements finding it useful.

Usefulness

Usefulness of each aspect (2016 vs 2018):

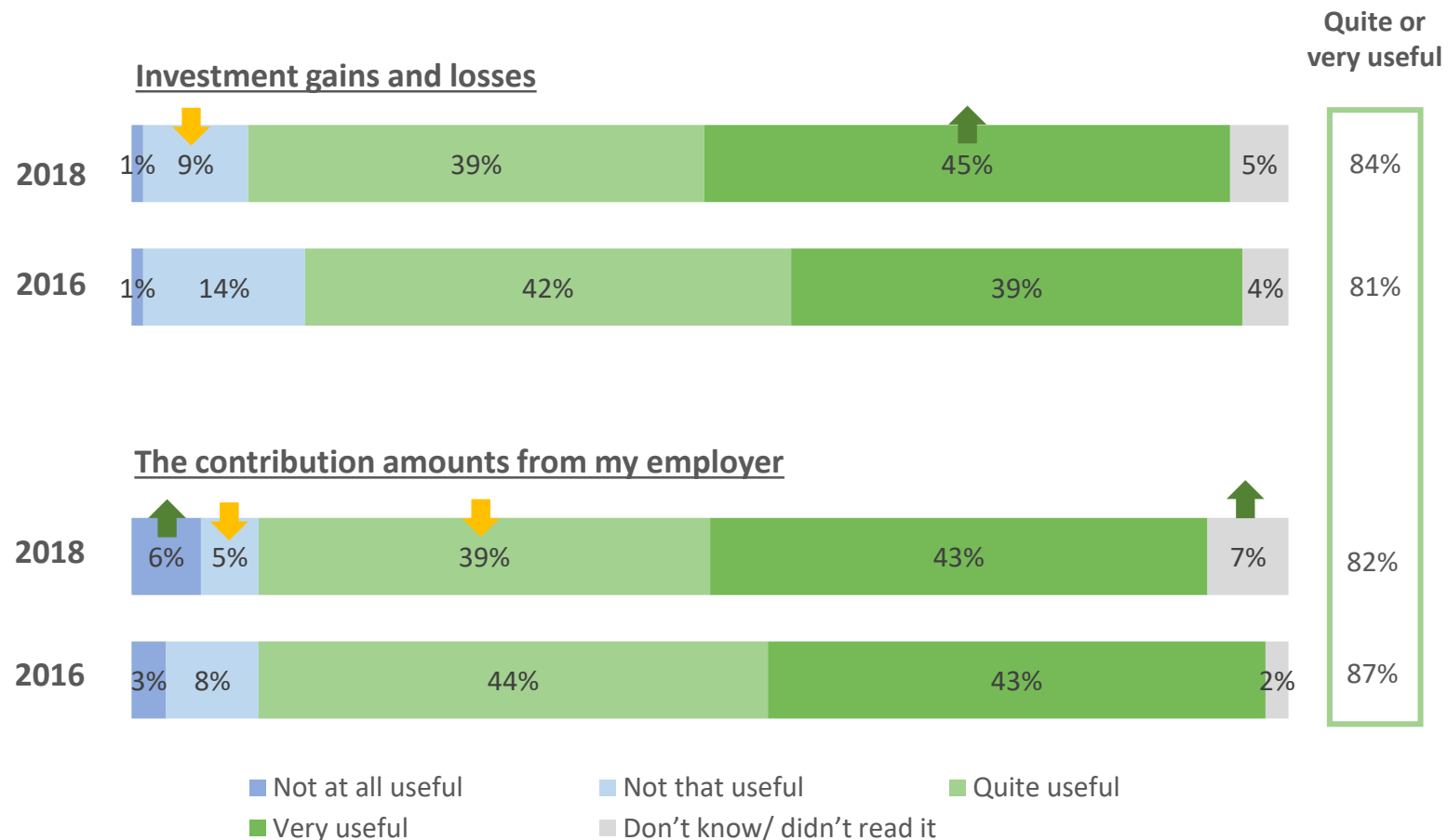
There has been no overall change in usefulness rating of current balance and personal contribution amounts information since 2016.



↓ Significant decrease from the 2016 results.

Usefulness

Usefulness of each aspect (2016 vs 2018):

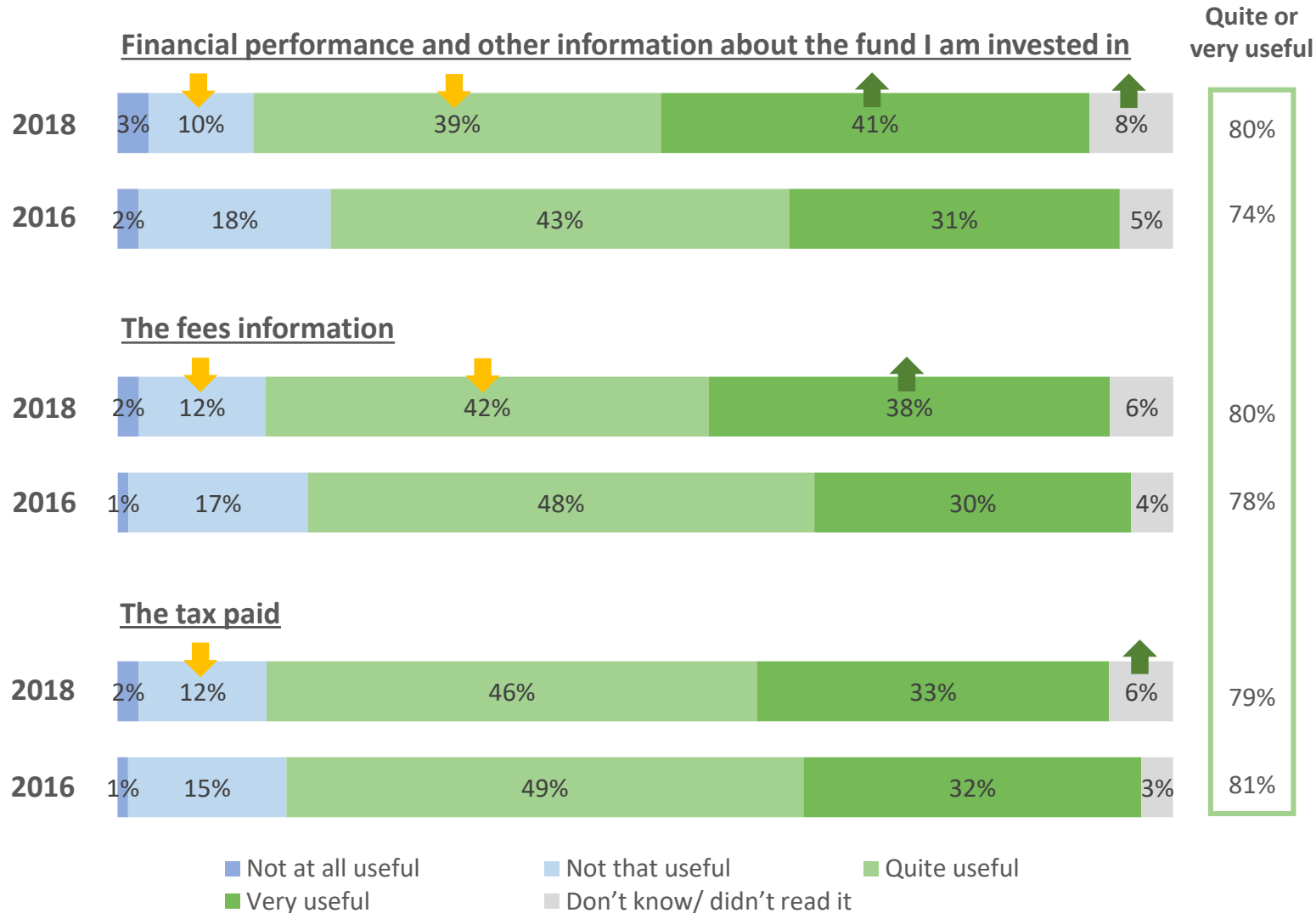


A slightly lower proportion of KiwiSaver members who read their statements rate information about the contributions from their employer as useful in 2018.

↑ Significant increase from the 2016 results.
 ↓ Significant decrease from the 2016 results.

Usefulness

Usefulness of each aspect (2016 vs 2018):



Usefulness rating of the financial performance information has increased significantly since 2016.

The fees information is considered more useful in 2018, with a lower proportion rating it as not useful.

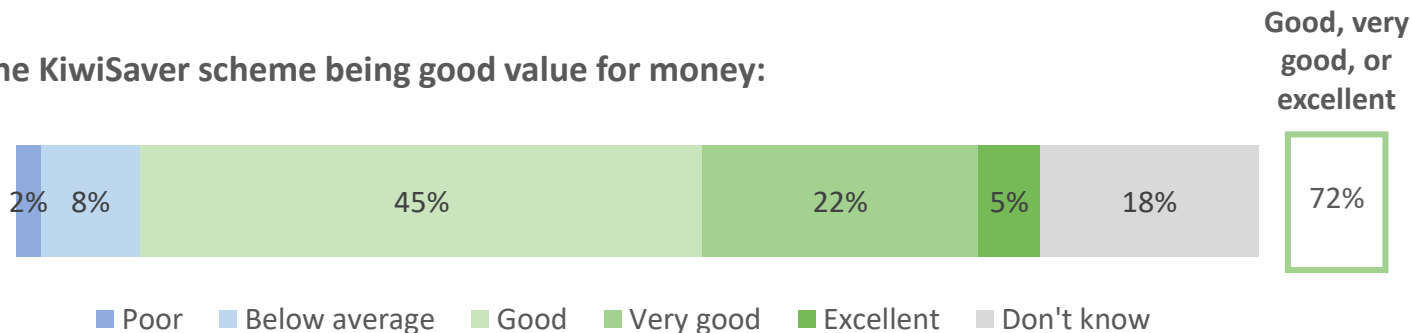
↑ Significant increase from the 2016 results.
 ↓ Significant decrease from the 2016 results.

'My KiwiSaver Scheme'

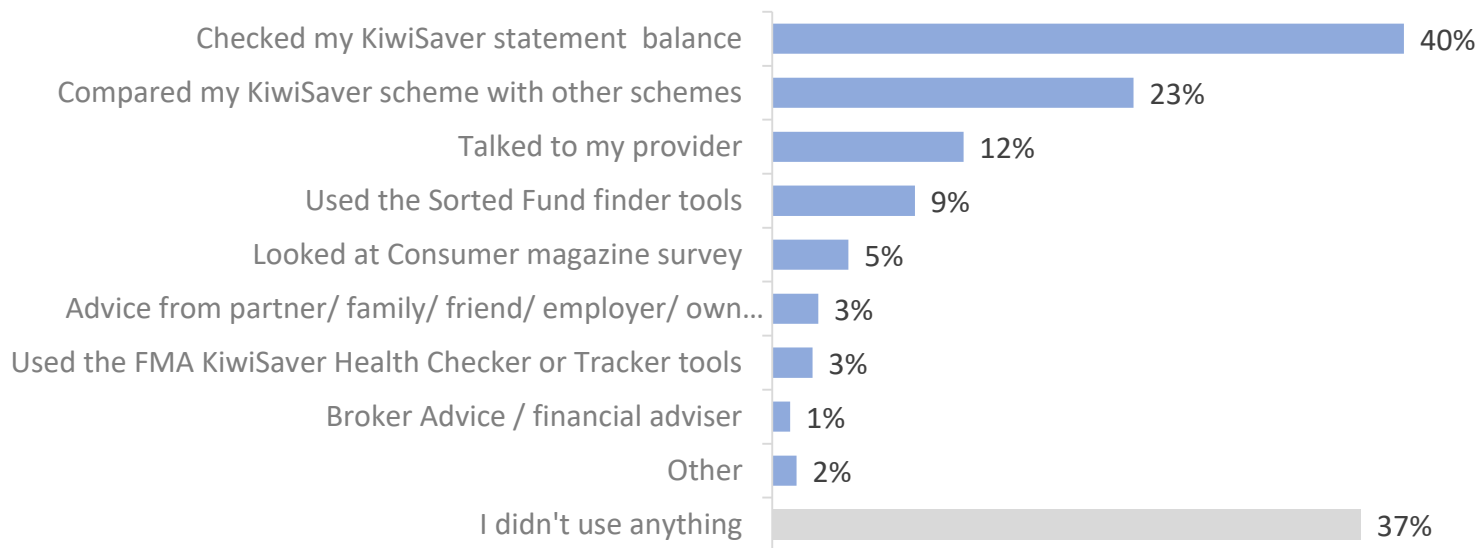


Perceived value for money

Rating of the KiwiSaver scheme being good value for money:



Information and/or tools used to find out the value for money:



Just over seven in ten KiwiSaver members rate their scheme as good, very good or excellent value for money.

A small proportion of around one in ten rate their scheme as either poor or below average as value for money.

The members who rate their fees as too high are more likely to rate their scheme as poor or below average (31% compared with 10% of total members).

Male KiwiSaver members are more likely to rate their KiwiSaver scheme as very good or excellent (33%) compared to female members (22%). Females are more likely to be uncertain whether their KiwiSaver fund is good value (23% don't know compared to 12% of males).

The main ways KiwiSaver members are assessing whether their scheme is value for money are checking their statement balance and/or comparing with other schemes. Nearly four in ten are not using any information/tools to determine the value for money.

*How do you rate your KiwiSaver scheme in terms of providing good value for money for what you get? What information and/or tools did you use to decide / find out whether you got value for money from your KiwiSaver scheme:
Base KiwiSaver: n=1425. (new questions in 2018)*

Tracking progress – not checked

65%

haven't checked that their KiwiSaver is on track for retirement

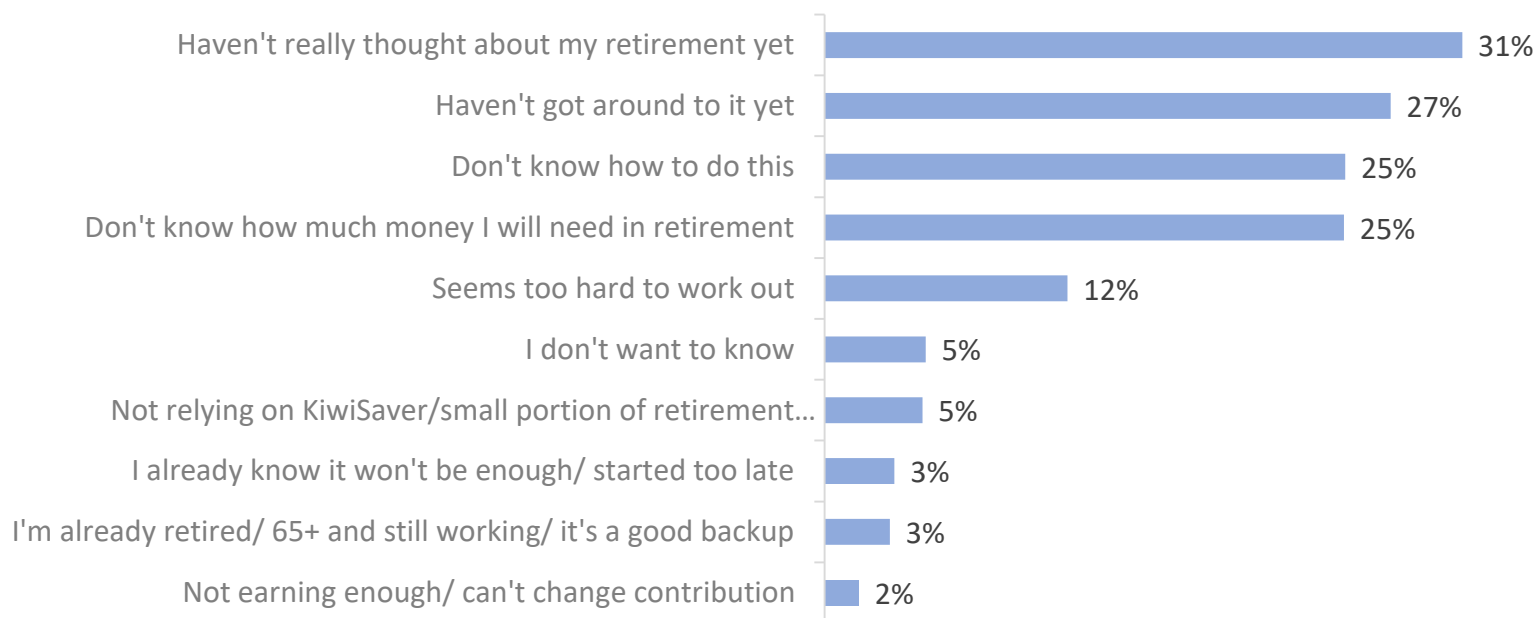
30%

have checked that their KiwiSaver is on track for retirement

5%

don't know whether they have checked or not

Why not?:



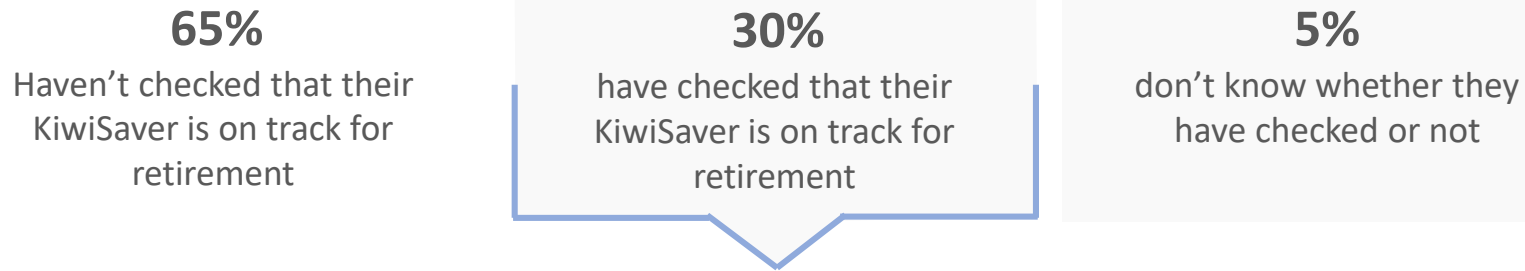
Have you ever checked if your KiwiSaver is on track to produce the income you are planning for in retirement on top of NZ superannuation? Base KiwiSaver: n=1425. Can you tell us why you haven't yet checked to see if your KiwiSaver is on track to produce the income you are planning for in retirement? Base haven't checked: n=1003. (new question in 2018)

It's concerning that two thirds of KiwiSaver members have never checked that their KiwiSaver is on track to produce the income they're planning for in retirement.

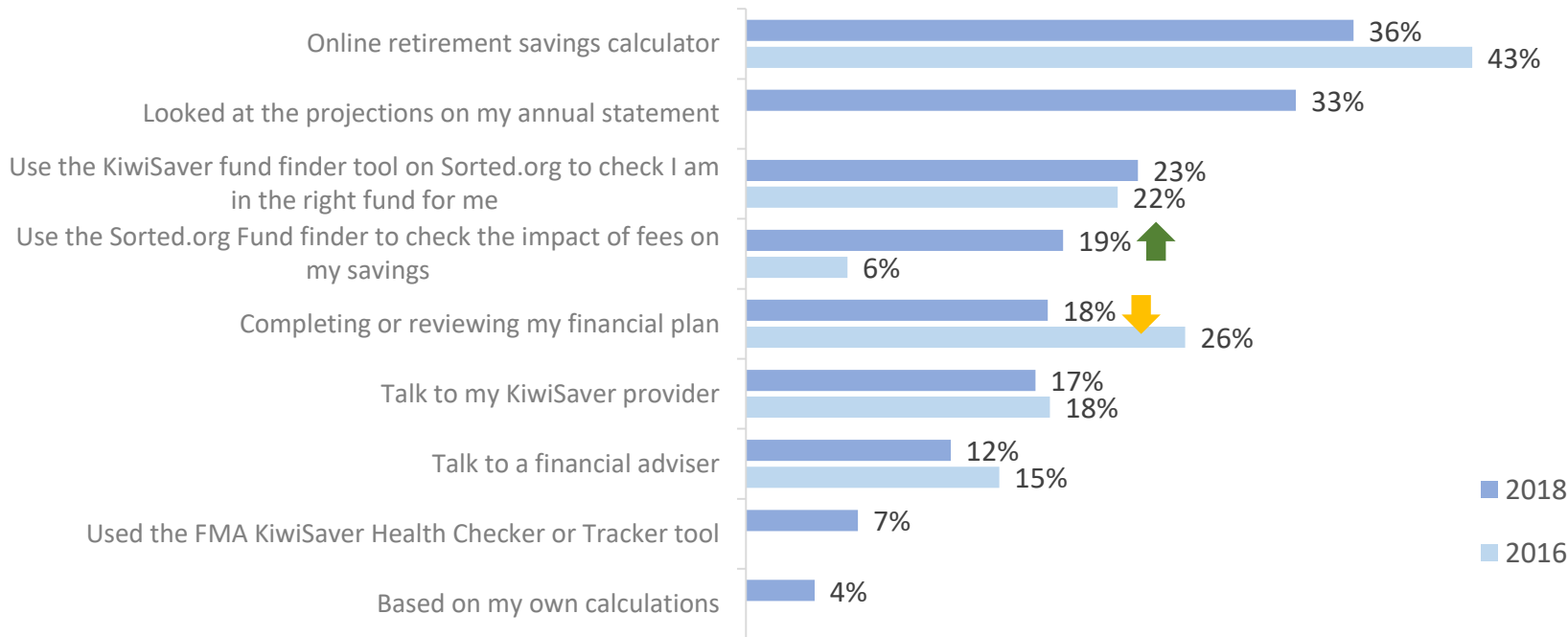
However it's encouraging that this is lower than in 2016 when 73% of members had never checked their scheme is on track, and only 23% had.

Females are more likely to say they haven't checked if their scheme is on track (71% compared to 60% of males).

Tracking progress – have checked



How:



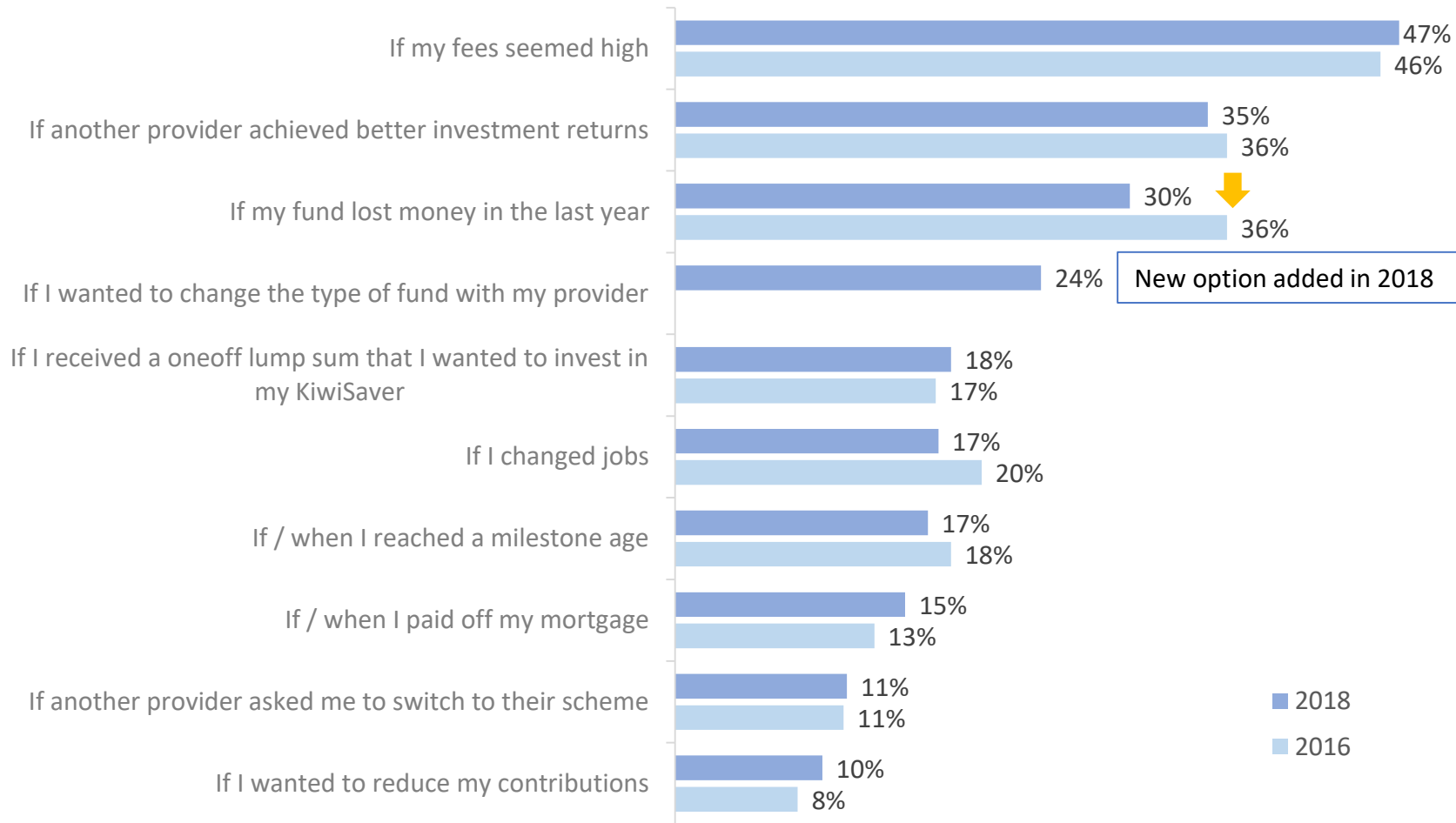
KiwiSaver members who have checked their KiwiSaver is on track mainly used an online retirement savings calculator or looked at the projections on their annual statement.

There has been a significant increase since 2016 in the proportion of members indicating they used the Sorted.org Fund finder to see if they're in the right fund, and a decrease in the proportion completing or reviewing their financial plan.

7% of those who checked their KiwiSaver is on track mentioned they used the FMA Health Checker or Tracker tool.

Making changes

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



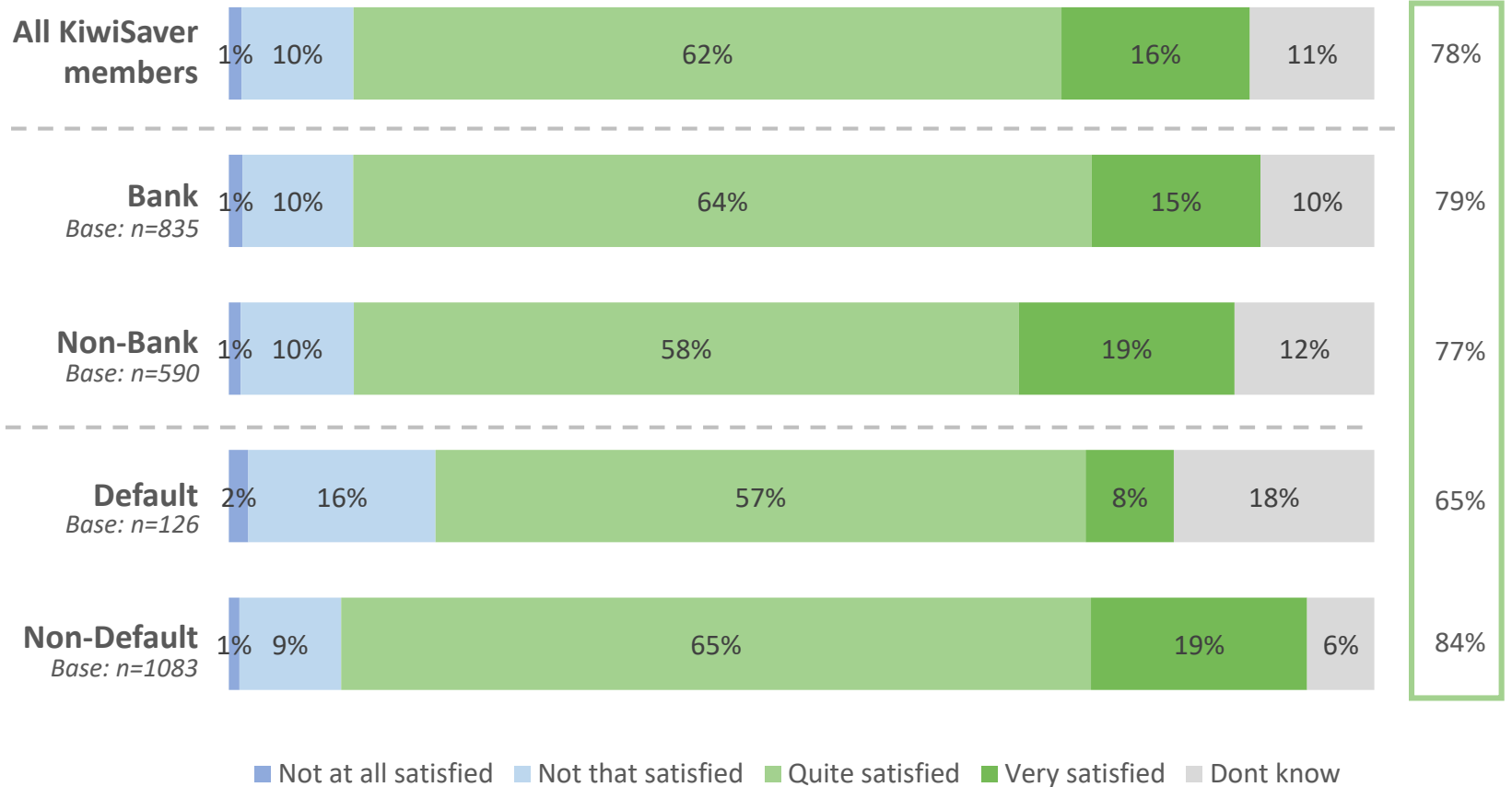
The top reason KiwiSaver members would be most likely to make a change to their scheme remains 'if the fees seemed high'.

The next most common prompts to make changes are if another provider achieved better returns and/or if the fund lost money in the last year.

There has been a slight decrease in mention of the fund making a loss in the last year prompting action to make a change.

Overall satisfaction with provider

Overall satisfaction with current KiwiSaver provider:



Just over six in ten KiwiSaver members indicate they are 'quite satisfied' with their current KiwiSaver provider, and 78% are satisfied overall (either 'quite' or 'very').

Satisfaction is considerably lower among members in a default fund (65%), which raises some questions:

Are these members in default KiwiSaver funds less engaged with their KiwiSaver investment? Do they want to change but are perhaps not sure how to?

Reasons for satisfaction with KiwiSaver provider



25%

General positive - OK/ working well/ they take care of it



21%

Good return/ gains/ growing/ good track record



14%

Easy to deal with/ transparency/ good communication

5%

Convenience/ been with bank/provider for years

5%

Information is easily accessible online/ great tools

4%

Does the job/ does what's expected/ standard service

4%

Low fees/ lower fees than others

4%

Reliable scheme/ reputable company in general/ trustworthy



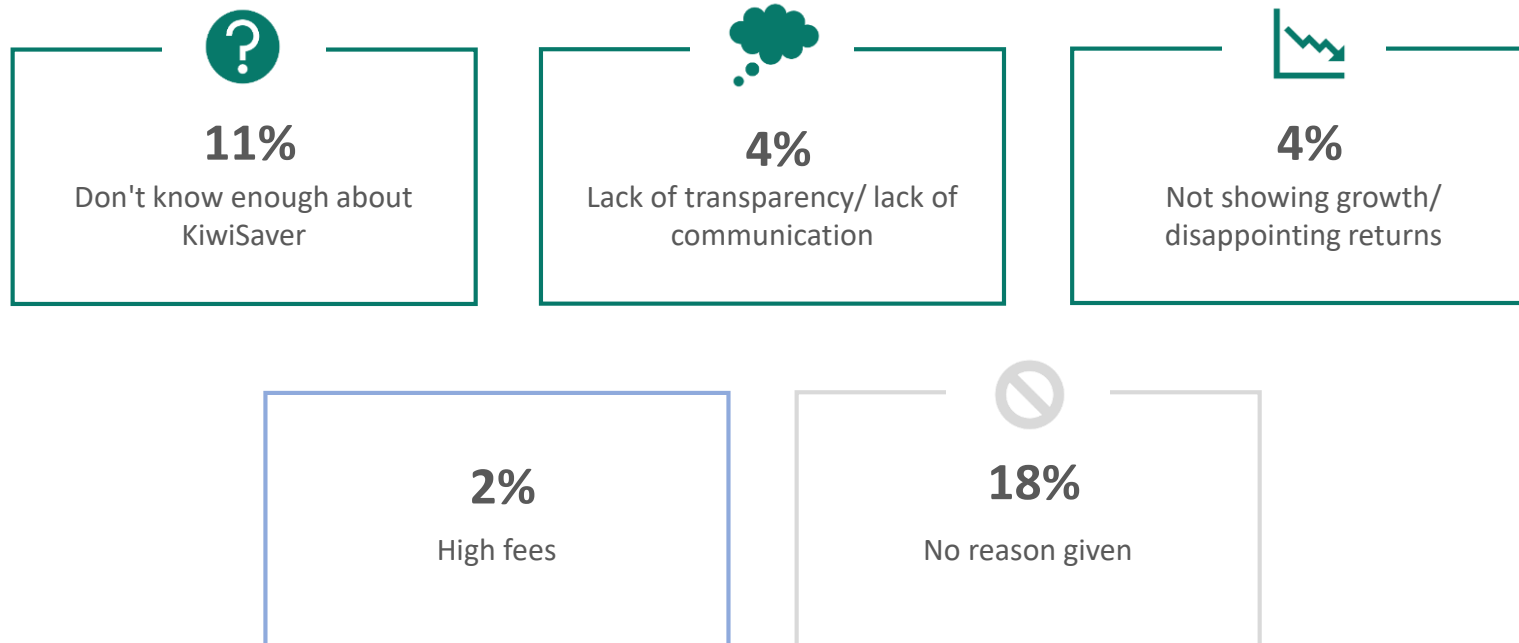
18%

No reason given

Overall a quarter of KiwiSaver members made a general positive comment when asked why they feel satisfied with their KiwiSaver provider.

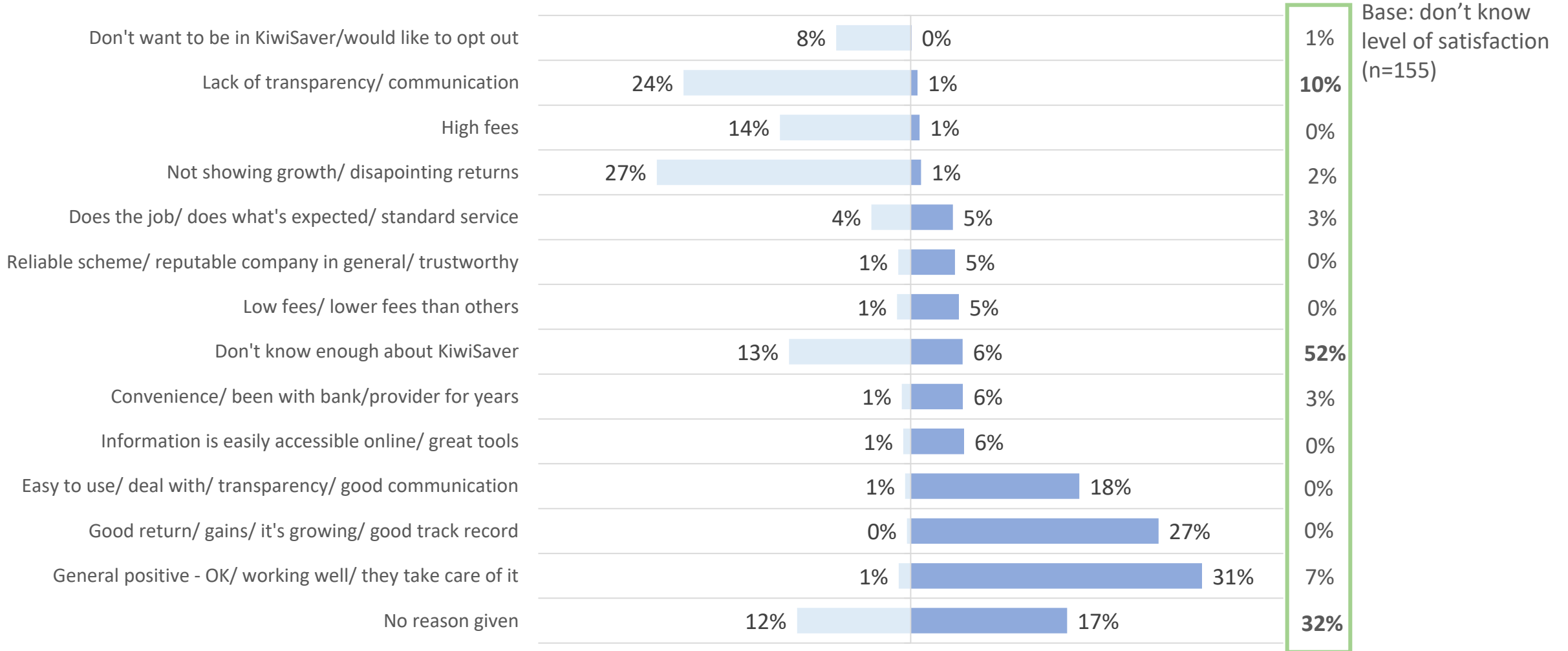
One in five KiwiSaver members mentioned they are satisfied because they are getting good returns on the investment.

Reasons not satisfied with KiwiSaver provider



Overall among all KiwiSaver members the main reason given for not being satisfied with their current provider is not knowing enough about KiwiSaver. Members with a default scheme are more likely to mention this as the reason along with lack of transparency/communication.

Reasons for level of satisfaction with provider



Example quotes – not satisfied with provider

“Because I haven't taken much notice of it since I started it up. However this survey has prompted me to be more active in it.”

“Don't take much interest in it to be honest....I was supposed to opt out of it but forgot and now it's too late.”

Because my return on money invested is almost negative and I haven't received my annual statement yet or my government input to KiwiSaver.”

“Because I didn't get to choose my provider when I first signed up and have not looked into any other providers yet.”

“Don't really know anything about KiwiSaver to be quite honest. I don't think many people know much about KiwiSaver, all I know is money comes out of my wages and employer contributions & government contribution but that's pretty much all I know.”

“Because they make it too difficult to find out how my investment is doing and seem to have no interest in me.”

“Because I only just joined and don't yet have a clear picture of what to expect.”

“I found out that the balance of my KiwiSaver is keep going up and down at times and it's so annoying.”

“A lack of transparency. I don't receive communication. I'm really in the dark on my fund performance.”

“I think it should have performed better.”

Example quotes – satisfied with provider

“Always get a positive return, seems simple to understand.”

“Because I have not had any trouble with it so far.”

“Has a good performance track record.”

“Because the KiwiSaver is a good option to save money.”

“After comparing it to other schemes on a comparison site this one seemed to have the best rate of return.”

“Balance is building up nicely. I believe I'm in the correct fund for my age.”

“Everything seems to be ticking over.”

“A good rate of return in line with the projections of our adviser.”

“Any information they provide me about KiwiSaver is always clear and understandable.”

“Clear straightforward statements. Reasonable fees. Good returns.”

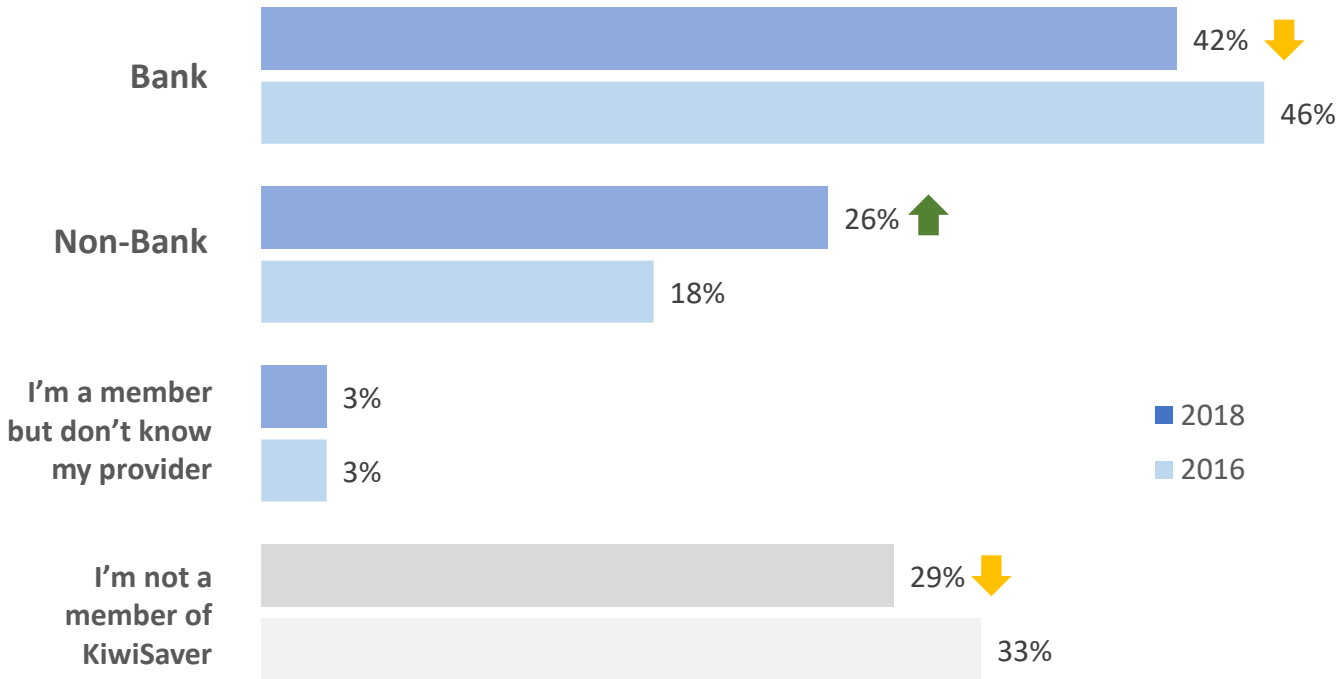
KiwiSaver Membership



KiwiSaver membership

71% ↑
of adult New Zealanders surveyed are members of a KiwiSaver scheme

What type of providers were identified in the survey:

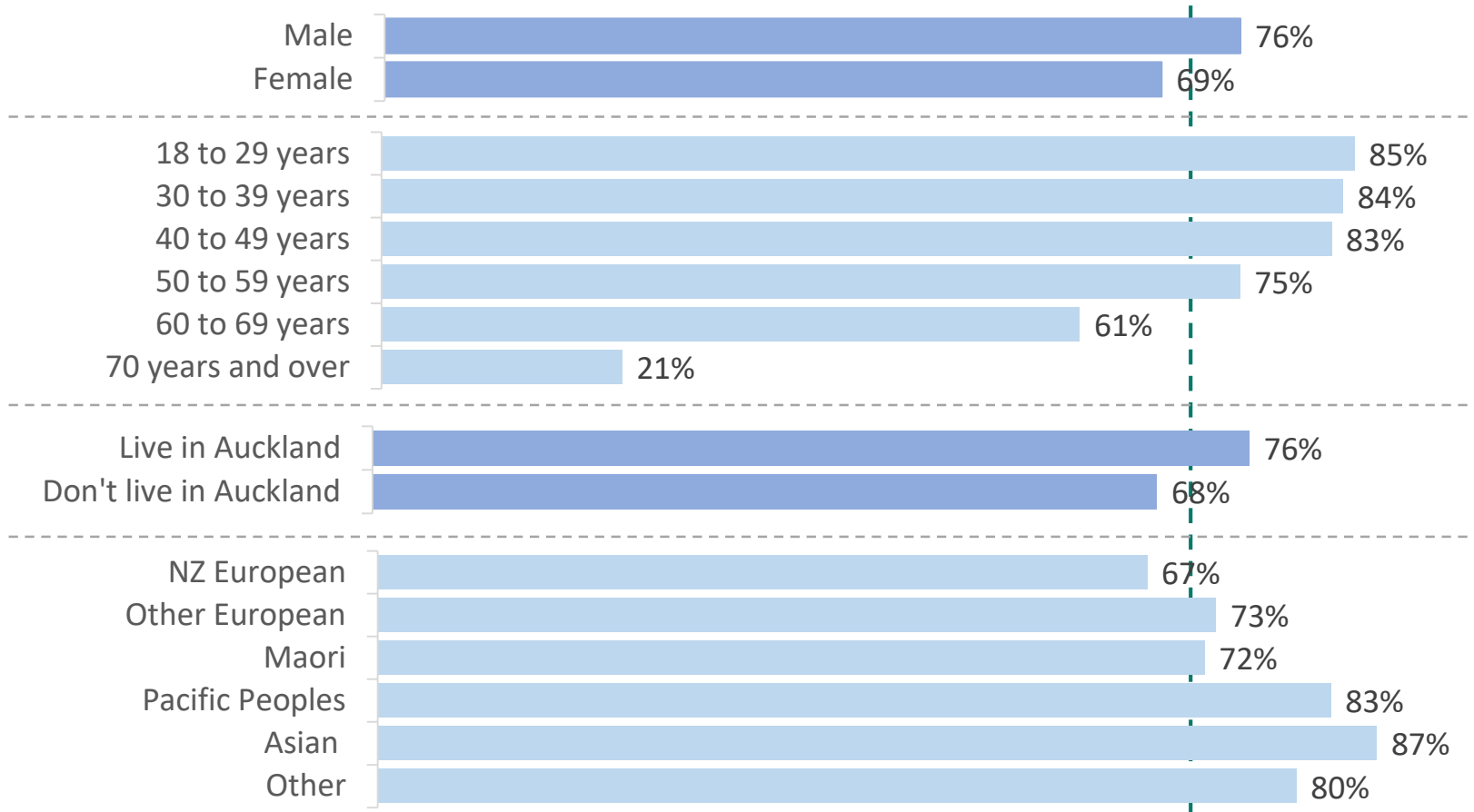


The proportion of adult New Zealanders surveyed who are members of a KiwiSaver scheme is higher in 2018 than in 2016 (67%).

Membership in non-bank schemes has grown since 2016, and are more popular with those aged 40 to 59 years. On the other hand the bank-owned KiwiSaver schemes are more popular with the younger members aged 18 to 39 years.

KiwiSaver membership

71%
of adult New Zealanders surveyed are members of a KiwiSaver scheme

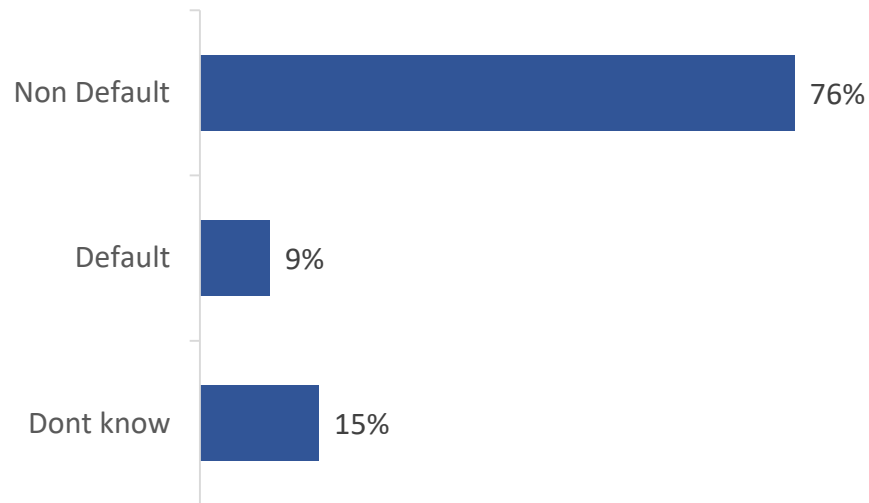


Membership is higher among:

- males (76%);
- those aged 18 to 49 years (84%);
- students (83%);
- those living in Auckland (76%);
- those of Asian ethnicity (87%).

Type of KiwiSaver fund

Type of fund:

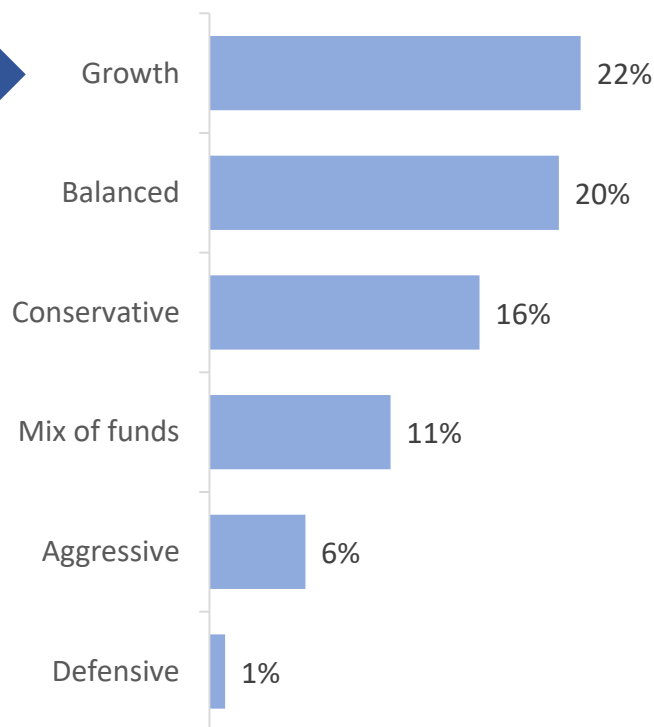


Three quarters of KiwiSaver members indicated they are in a non default fund, and around one in ten in a default fund.

Default fund membership is higher among:

- younger KiwiSaver members 18 to 29 years (14%);
- students (25%);
- group flatting (18%).

Type of Non Default fund:



Male KiwiSaver members are significantly more likely than female members to know what type of KiwiSaver fund they're in (only 10% of males don't know VS 21% females).

Male Kiwi Saver members are also more likely:

- To be in a non-default fund (82% males vs 70% females);
- an aggressive (8%) or defensive (2%) fund.

Type of KiwiSaver fund varies by age:

- 18 to 29 year olds are more likely to be in a default KiwiSaver fund (14%);
- 18 to 39 year olds are more likely to be in a growth fund (29%);
- 50 to 69 year olds are more likely to have a balanced fund (30%);
- those aged 60 years and over are more likely to be in a conservative fund (29%).

KiwiSaver members who identify as Chinese ethnicity are more likely to be in a growth KiwiSaver fund (35%).

Reasons not a KiwiSaver member



42%

I've already retired or nearing retirement



19%

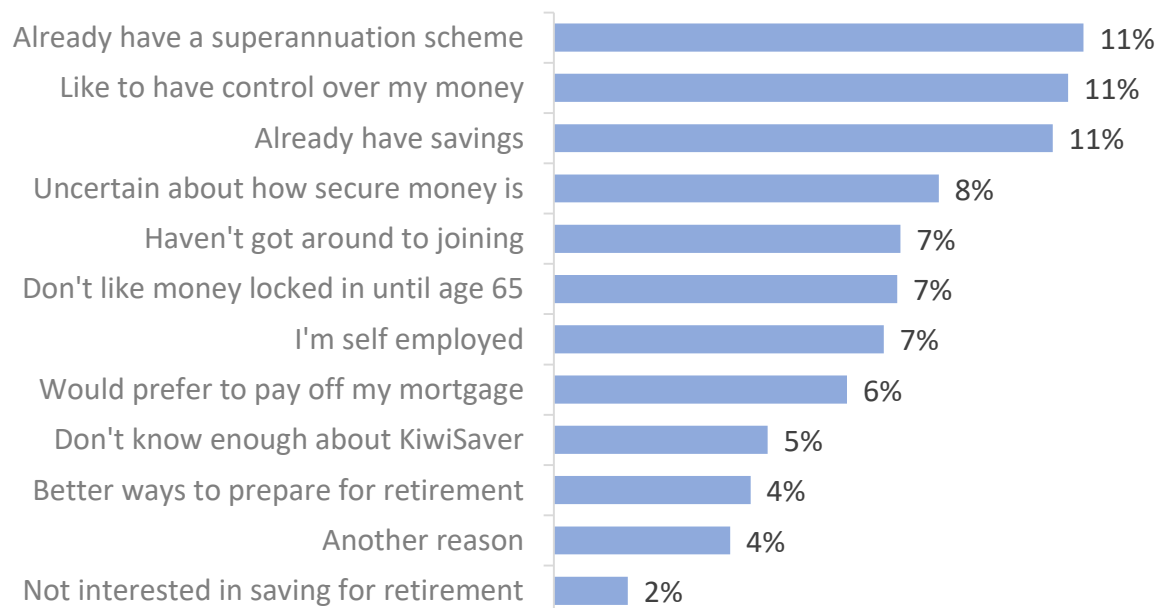
not currently employed



15%

can't afford to, income too low, income unstable

Other reasons:

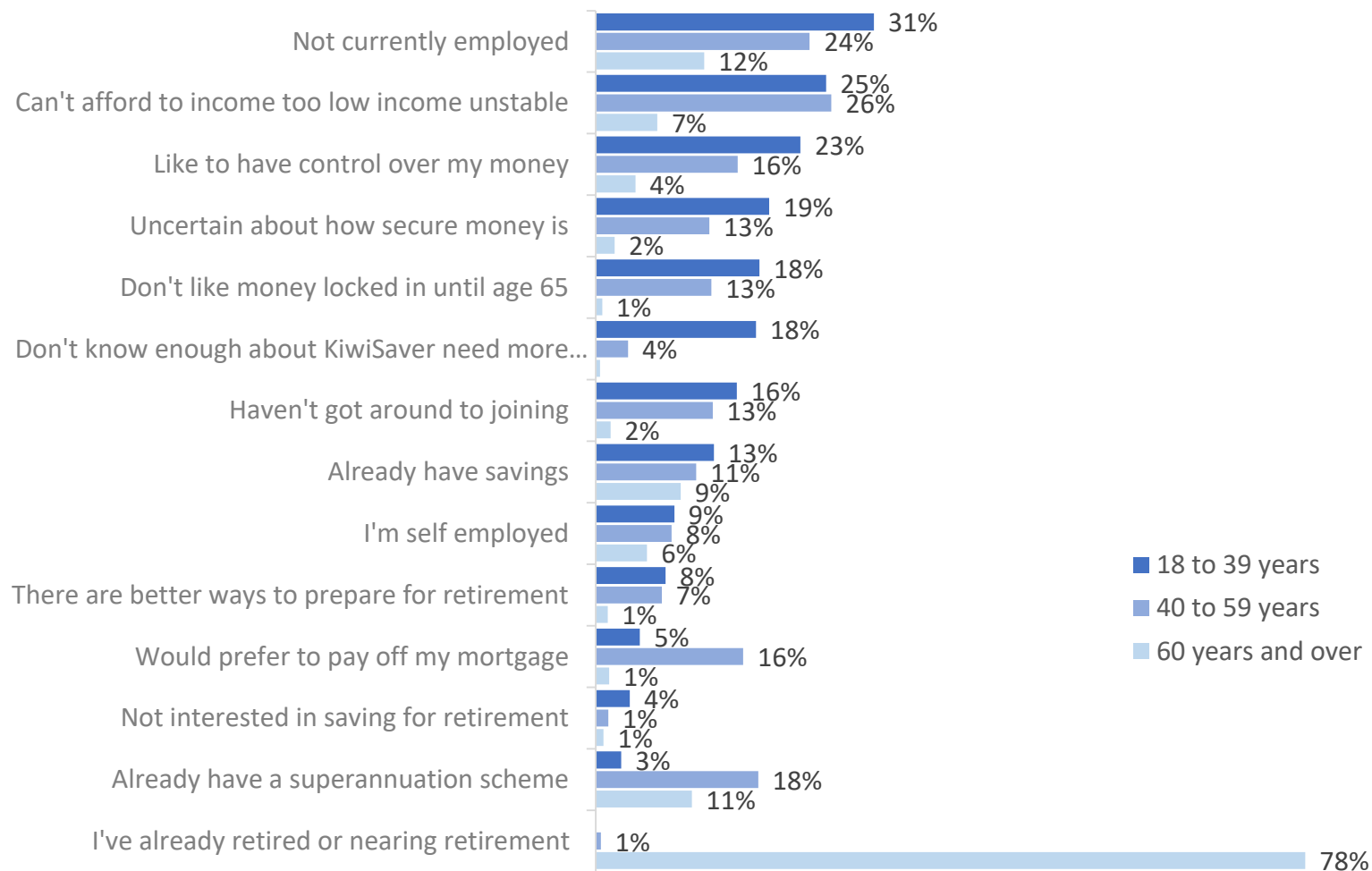


The main reason overall for not being a KiwiSaver member is being already retired or near retirement age – mentioned by four in ten of those without KiwiSaver.

However the reasons given vary by age/lifestage – shown on the next slide.

Reasons not a KiwiSaver member

Broken down by age:



The main reasons for not being a KiwiSaver member are largely age/life stage related.

The top reason 18 to 59 year olds are not KiwiSaver members is not currently being employed. Other reasons given include having a low or unstable income, and liking to having control over their money.

People aged 40 to 59 years are more likely than the other age groups to mention they would prefer to pay off their mortgage and/or already have a superannuation scheme.

On the other hand the majority of people aged 60 years and over give the reason that they are already or nearing retirement. Some mention they already have a superannuation scheme and/or savings.

Conclusion



Conclusion

The findings indicate male KiwiSaver members appear to be considerably more engaged with their KiwiSaver investment than female members. They are significantly more likely to:

- be happy with their current scheme, saying they consider it to be good or excellent value for money;
- have read their annual statement, checked their balance, and/or compared their scheme with other schemes;
- find the information on their annual statement about gains/losses and financial performance very useful;
- have checked if their scheme is on track to produce the income they're planning for in retirement;
- have looked at the projections on their annual statement;
- be in full-time employment and/or have an annual personal income of \$50,000 or more.

In contrast, females are more likely to be uncertain what type of KiwiSaver fund they're in, whether their fund is good value (23% don't know compared to 12% of males) and are also more likely to say they haven't checked if their scheme is on track to produce the income they're planning for in retirement (71% compared to 60% of males).

We asked women aged 18 to 29 years if they recalled having seen the recent FMA campaign on social media, and 11% said they have seen it.