



Spending the savings

Decumulation and middle income retirement

30th November 2012

Spending the savings- the aims

- Focus is on *decumulation* not accumulation
 - KiwiSaver lumpsums and other financial assets
- To find a clear way forward
 - recommendations and ideas to the 2013 RC review

RPRC proceedings summary on website

Current policy incoherence

- **New Zealand Superannuation** provides basic longevity insurance
- **Middle income groups are on their own**
 - Lump sums may be used up too quickly
 - KiwiSaver
 - Other savings
 - Home equity illiquid
 - Longevity risk not insured
 - Risk of expensive healthcare-
Long-term care costs



Middle income insecurity

**“Don't blow
KiwiSaver
windfall”**



“Even with my background in finance, I can see the task of controlling a widely diversified portfolio becoming increasingly onerous as I get older”.

(Mary Holm quoting reader)

Context

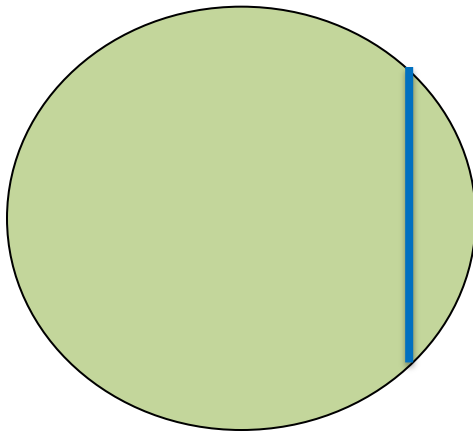
- Population ageing
- Future projections of increased fiscal spending
- Issues of intergenerational equity



The simple economics of ageing

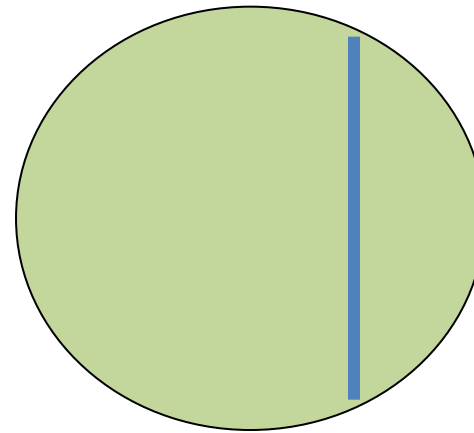
Useful Output from each 5 of working age

2010



1 retired 5 workers

2050



2 retired 5 workers

Task for today

- **How can people be helped to decumulate in ways that are good for them and good for working age populations too?**
- **Could we spread the costs more equitably—eg making the older wealthier pay a greater share? If so how?**
- **What role might government play?**

Session 1

Setting the scene

