

Forum Proceedings:

Retirement Incomes Policy: The Future Is Now

Summary of issues

April 2014

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RPRC Forum:

Retirement Incomes Policy: the future is now

17 April 2014 at the University of Auckland Business School

Abstract: There has been international interest, particularly from the UK, Ireland, and the USA, in New Zealand's remarkably simple and successful retirement incomes policy framework. Nevertheless, the ageing of the population requires on-going evaluation of aspects of policy for their fiscal sustainability and intergenerational acceptability. In other countries there is intense interest in the future of pensions. Is New Zealand paying adequate attention?

In the last six months there have been some major reports from, amongst others, the Treasury, the Retirement Commissioner, the Financial Services Council, Mercers and the New Zealand Institute of Economic Research. Numerous proposals have been made for change, some quite radical. Political parties are now also positioning themselves for the election 2014. The RPRC Forum will foster an informed debate early in the year before political positions get too entrenched.

The Forum will examine proposals in the major policy areas: fiscal sustainability, including raising the age of eligibility for NZS, and other possible adjustments; KiwiSaver issues including compulsion v auto-enrolment, and default providers and funds; the taxation of savings especially KiwiSaver; and decumulation.

The intent is, in an independent environment, to analyse recommendations that have been put forward, especially by the Retirement Commissioner, but also by other stakeholders and interest groups. Are there gaps?

Resource:

Retirement incomes policy: The future is now. [Summary of issues, April 2014](#). RPRC Background paper

Acknowledgements:

The RPRC thanks the presenters; the Commission for Financial Literacy and Retirement Incomes; and the Chairs: Susan St John, Michael Littlewood and M Claire Dale of the RPRC, Jonathan Eriksen of Eriksen & Associates Ltd and Craig Elliffe of the University of Auckland. Thanks also to the Graduate Students who assisted on the day; the Events Team; the Business School; and the Economics Department of The University of Auckland for their ongoing support.

Forum: *Retirement Incomes Policy: the future is now*

Programme

Time	Topic	Presenter
9.15am	Registration	
9.30am	Welcome to our ageing future	Susan St John, RPRC
Part 1: Is the retirement income framework up to it?		
9.45am	International pension reform perspectives – is New Zealand better than we thought?	David Harris, TOR Consulting
10.15am	Discussion	
Part 2: The scary future scenarios		
10.25am	Surprise! Demographic change has serious implications	Natalie Jackson, NIDEA
10.50am	What demographic change means for NZS?	Matthew Bell, The Treasury
11.15am	Discussion	
Part 3: Spelling out options for reform of NZS		
11.25am	Role and advantages of the NZSF as a savings vehicle	Aaron Drew, NZSF
11.50am	What is the outcome of the 2013 Retirement Incomes Review?	Diane Maxwell, Retirement Commissioner
12.15pm	Discussion	
12.25pm	Lunch	
Part 4: KiwiSaver - the other half of the framework		
1pm	What is KiwiSaver for?	Susan St John, RPRC
1.20pm	Is KiwiSaver a clever scheme?	Peter Harris, Independent Consultant
1.40pm	KiwiSaver: Are employers happy?	David Lowe, EMA
2pm	How employers have embraced KiwiSaver	David Boyle, ANZ Wealth Management
2.20pm	Are KiwiSaver providers on easy street?	Michael Chamberlain, MCA NZ Ltd
2.40pm	Discussion	
Part 5: Building up saving and running nest eggs down		
2.50pm	The case for change: Tax and default suggestions from the industry	Peter Neilson, FSC
3.10pm	Taxing capital and savings income	Steve Mack, The Treasury
3.30pm	KiwiSaver decumulation is the elephant in the room	Adam Hunt, FMA
3.50pm	Panel discussion: A way forward	Diane Maxwell, David Harris, Peter Harris, Adam Hunt, Michael Littlewood
4.30pm	Refreshments	

Forum: Retirement Incomes Policy: the future is now

Presenter short bios (in speaking order):

<p>Susan St John</p> 	<p>Co-director Retirement Policy and Research Centre, Associate Professor of Economics, PhD, University of Auckland</p>	<p>Susan's New Zealand-focused projects include analysis of suitable decumulation products, tax reforms and the family tax credit system, overseas pensions policy, child poverty and family income assistance, long-term care policy, the role of home equity release, and the economic implications of Accident Compensation. Her research and teaching interests include public sector and retirement policy, international pension systems, tax and welfare, and applied macro-economics. She has developed local, national and international forums for policy debates in accident compensation, welfare, and retirement incomes.</p>
<p>David Harris</p> 	<p>Managing Director, TOR Financial Consulting Ltd.</p>	<p>David is well known in the financial services industries in the UK, USA and Australia as an expert on wraps and pensions systems and reform. Prior to founding TOR, he was a senior consultant with Watson Wyatt & Co. in the UK and Watson Wyatt LLP in Washington DC. David has worked for the financial services and consumer protection regulators in Australia and the UK. He has testified several times before the United States Congress on international social security and pension reform. He was awarded the AMP Churchill Fellowship to study "What influences public confidence in the life insurance and retirement industries".</p>
<p>Natalie Jackson</p> 	<p>Professor of Demography, PhD, Director of the National Institute of Demographic and Economic Analysis (NIDEA) at the University of Waikato</p>	<p>Natalie holds a PhD in Demography from the Australian National University and Master of Social Science degree in demography and anthropology from the University of Waikato. In 2010, after 11 years at the University of Tasmania, she returned to New Zealand to create the new institute, the National Institute of Demographic and Economic Analysis (NIDEA). Her research mainly focuses on the challenges and opportunities of population ageing for all levels of government and industry, particularly the labour market, workforce planning, and changing supply and demand patterns in the social and economic structure.</p>
<p>Matthew Bell</p> 	<p>Senior Analyst, The Treasury, M.Sc., Mathematics</p>	<p>Matthew, a member of the Modelling & Forecasting team at Treasury, was involved with the production of both the 2009 and 2013 Long-Term Fiscal Statements. He has worked in the area of retirement incomes, modelling future NZS expenditure and the NZS Fund, and also writing about its implications and potential policy options around it. He has also worked with the Commission for Financial Literacy and Retirement Income, including authoring The influence of an older population structure on public finances as a background piece to their 2013 Review of Retirement Income Policies.</p>
<p>Aaron Drew</p> 	<p>New Zealand Superannuation Fund (NZSF) M.Com, Economics.</p>	<p>Aaron Drew was an economist at the OECD in Paris from 2001 to 2004 where he worked on the OECD'S Economic Outlook and a range of policy issues. He joined the New Zealand Superannuation Fund from the Reserve Bank of New Zealand where he was Manager of Research in the Economics Department and a member of the Bank's Monetary Policy Committee. Aaron began with the NZSF as Senior Investment Strategist and has since become Manager of Macro Strategy. He has a number of working papers, articles and publications in refereed journals.</p>

<p>Diane Maxwell</p> 	<p>Retirement Commissioner, Commission for Financial Literacy and Retirement (CFLRI) BA Hons.</p>	<p>After 4 months as Interim Commissioner on secondment from the Financial Markets Authority (FMA), on 1 July 2013 Diane was appointed Retirement Commissioner for a three year term. At the FMA, she headed Stakeholder Management. Prior to this, she was Head of Brand and Corporate Affairs at Bank of New Zealand, Partner at Michaelides and Bednash in London, and Media Director at Saatchi and Saatchi New Zealand.</p>
<p>Peter Harris</p> 	<p>Independent Consultant</p>	<p>Peter Harris, an academic economist, moved into policy and advocacy for New Zealand trade unions, and worked there for 23 years. He was frequently the advocate for employee interests on aspects of superannuation policy change (the move to TTE, restructuring GSF and NPF, establishment of the GRT etc.). From 1999 to 2002 he was economic advisor to the Minister of Finance, and closely associated with the setting up of the NZ Superannuation Fund. He chaired the working groups that designed first the State Sector Retirement Savings Scheme, and then the architecture for what became KiwiSaver. He is a trustee of FireSuper, the occupational pension scheme for firefighters.</p>
<p>Michael Chamberlain</p> 	<p>Managing Director, MCA NZ Ltd. BSc, FNZSA, FIA.</p>	<p>Michael is an actuary and an adviser to large investors on strategy. Michael is also part-owner of Aventine, the ultimate manager of SuperLife (a master trust) and the SuperLife KiwiSaver scheme.</p>
<p>David Lowe</p> 	<p>General Manager, Advocacy and Government Relations, Employers and Manufacturers Association</p>	<p>David joined EMA in 2005. He and his team represent the interests of business and EMA members to local and central government, working with politicians and their advisors, encouraging them to create an environment where business can succeed, and support the families and communities who rely on them. His team deals with issues ranging from energy, finance and tax, education and training, infrastructure, employment, and includes dedicated and experienced people focusing on exporters and manufacturers. David is qualified in Law and has a corporate background in the telecommunications, banking, transport and services sectors. He has represented New Zealand business at several overseas forums and has also been private secretary to the Rt Hon Helen Clark and several other cabinet ministers.</p>
<p>David Boyle</p> 	<p>Wealth Leadership Team, ANZ Bank New Zealand Limited</p>	<p>David looks after the Funds distribution business for ANZ Wealth with accountability for growing and retaining investment funds (including KiwiSaver) via third party advisers in New Zealand. He has shared responsibility for the overall strategy of KiwiSaver business and manages key relationships of regulators and Retirement Commission. Previous roles include heading the Funds Management business for ANZ Wealth and the Bank Distribution team for OnePath, and Manager Wholesale Distribution responsible for the institutional client-base. He is a Councillor for Workplace Savings and on the FSC's KiwiSaver Sub Committee. He currently represents ANZ on a working group established by the Retirement Commissioner.</p>

<p>Peter Nielson</p> 	<p>Chief Executive, Financial Services Council (FSC).</p>	<p>Peter has been Chief Executive of the FSC since 2011. Before that he was CE of the Business Council for Sustainable Development for seven years, driving the campaigns to: put a price on carbon, create markets for fresh water quality management, add a levy on solid waste and include sustainability criteria in public procurement. Previously, as a Cabinet Minister, Peter had oversight of the financial sector. After graduation as an economist, he was initially employed in corporate finance.</p>
<p>Steve Mack</p> 	<p>Principal Advisor, The Treasury</p>	<p>Steve is a Principal Advisor at the Treasury working in the Tax Strategy group. Steve has worked as a tax practitioner in the United States and New Zealand and while in the Treasury provided advice to the 2009 Tax Working Group and the 2010 Savings Working Group and also to the external panel providing comment on the 2013 Long Term Fiscal Statement. Steve also worked on the 2012 Savings and Investment Tax Review carried out by the Treasury and Inland Revenue.</p>
<p>Adam Hunt</p> 	<p>Head of Strategic Intelligence, Financial Markets Authority (FMA)</p>	<p>Adam leads FMA's intelligence and knowledge management activities, ensuring FMA has accurate and up-to-the-minute knowledge of the market, from both a local and global perspective. His background is in compliance, intelligence, digital forensics and information technology. Adam was previously director of Tax Solutions and Strategy at Oracle Corporation and Establishing Manager of Inland Revenue's Strategic Risk and Intelligence Unit.</p>
<p>Session Chairs</p>		
<p>Michael Littlewood</p> 	<p>Co-director Retirement Policy and Research Centre, University of Auckland, BA, LLB,</p>	<p>Michael is principal editor of www.PensionReforms.com. Until his 2008retirement, he was an adviser, manager and service supplier to employers on employee benefit issues in several countries and over many years. He is involved in the debate on public policy for both public and private retirement incomes, and has written extensively on aspects of public and private provision for retirement.</p>
<p>M Claire Dale</p> 	<p>Research Fellow, PhD, Retirement Policy and Research Centre, The University of Auckland,</p>	<p>Claire's research interests include economic policy development: tax and welfare; pension and retirement policy including decumulation, portability, longevity risk and long-term care provision; and financial literacy. Another project: action research on microfinance in a developed country is well-advanced. She recently completed a 5-year term on the Insurance and Savings Ombudsmans Commission, and is on the executive of Child Poverty Action Group. Prior to her PhD study, she managed a retirement village.</p>

<p>Jonathan Eriksen</p> 	<p>Managing Director of Eriksen & Associates Ltd, New Zealand</p>	<p>From 1985 to 1995, Jonathan was Chief Executive, William M. Mercer Ltd NZ. He is a Fellow of the Institute of Actuaries of London (1975), Associate of the Society of Actuaries of America (1977), Fellow of the Institute of Actuaries of Australia (1979), and Inaugural Fellow of the New Zealand Society of Actuaries (1989). He has been deeply involved as a consultant on superannuation issues to employers, financial service providers, and government departments. In 2010 he investigated the unit pricing of a managed fund for a regulatory body, and reported on Kiwi-Saver schemes for a Government department.</p>
<p>Craig Elliffe</p> 	<p>Professor of Commercial Law, the University of Auckland, LLB (Hons), BCom Otago, LLM Cambridge</p>	<p>Craig is the Director of the MTaxS programme. He was appointed to a chair after 14 years as a tax partner at KPMG and 8 years as a tax partner at Chapman Tripp. Craig's research areas of interest include international tax, corporate tax and tax avoidance. He is listed in <i>Chambers</i> and the <i>International Tax Review</i> as a leading tax practitioner, and has written numerous articles and other materials on tax.</p>