

'Retirement Income Adequacy' What is it?

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- **Retirement:** diversity
 - Different for different people at different ages
 - Not always straight from all work to all play
- **Income:** all resources and costs matter
 - 'Just in case' assets
 - Home ownership saves rent
 - Poor health costs, so does health insurance
- **Adequacy:** Choice around more than the policy minimum supported by financial education

“ The level of NZ Superannuation is not intended as a generous replacement for earnings, nor is it just to alleviate poverty; rather it is set at a level intended to **allow older people to belong to and participate in their community**”

Retirement Commissioner's 2007 Review of Retirement Income Policy

- Poverty and hardship rates lowest for Kiwis 65 + years



Marguerite &
Phil
Mid 70s



John & Jenny
72 and 68



Mary
89



Marguerite and Phil
Mid 70s



John and Jenny
72 and 68



Mary
89

Living costs: **\$47,632**
NZ Super: \$25,450

Living costs: **\$27,353**
NZ Super: \$25,450

Living costs: \$16,536
NZ Super: \$16,542

Based on NZ Super rates: M tax code, April 2010

- Retirees make economies
- Spending priorities shaped by pre-retirement lifestyles
- Just-in-case money is important: car, household appliances, repairs, unexpected bills, especially medical and vet
- Most highly content despite concern over rising costs
 - Source: Judith Davey (2009) Expenditure in Retirement, www.retirement.org.nz
- Late October sorted.org.nz campaign