

20 October 2003

Access to Workplace Saving is Key

The Retirement Commission says the amount of people in workplace retirement savings has fallen to “concerning levels”, and both the Government and business community need to act to improve the situation.

Commenting today on the debate between Finance Minister Michael Cullen and business representatives, Retirement Commissioner Diana Crossan says workplace saving is one of the most effective ways to make financial provision for retirement.

“The Government needs to make it easier for businesses, and businesses need to commit to helping their staff,” Ms Crossan said.

She said saving through the workplace can be one of the easiest and most effective ways for people to save, as it takes savings directly out of pay before people are tempted to spend it.

“The number of people now participating in employer saving schemes has fallen from 20% since the late 1990’s – down to 13.6% of the workforce.”

“We need to make it easier for employers to offer savings schemes to their staff in the first place.

“There are compliance costs that act as a disincentive to employers, who obviously need to be more focused on running their business than dealing with the complexities of providing schemes,” Ms Crossan says.

The Retirement Commission is working with Business New Zealand, the Council of Trade Unions (CTU), ISI (Investment Savings & Insurances Association), and ASFONZ (Association of Superannuation Funds of NZ), to look at ways of encouraging workplace saving. This includes measures such as reducing the disadvantageous tax rates for employees on low incomes experience when contributing to a super scheme.

The Retirement Commissioner says the issue is also high on the agenda for the Periodic Report Group, which will report to Government in December this year.

“Despite these issues employers need to be aware that there are some simple ways they can provide their staff with access to savings schemes run by others. The benefits to staff are significant for very little cost and just a small amount of time,” says Ms Crossan.

more

To employees her message is clear, "If your employer offers you access to a scheme in your workplace definitely check it out. Even if you're in a job for a short time being in a workplace scheme can be worthwhile, especially if your employer offers a top-up or pays the fees," says Ms Crossan.

The Retirement Commissioner says like any other investment or saving decision you make, you need to find out as much as you can about your company super scheme before deciding whether it's the best option for you.

The Retirement Commission's Sorted website www.sorted.org.nz/at work has information to help both employers and employees make saving decisions.

ends

For more information please contact:

Robyn Cormack
Marketing Communications Manager
Retirement Commission

Tel: 04-494 6243
Mobile: 025 242 7936
Email: robyn.cormack@sorted.org.nz