

Media release

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Work based Savings an Easy Way to Save

The Retirement Commissioner Diana Crossan welcomes the Government's work based savings initiative as a positive step which offers New Zealanders an easy way to save.

"I certainly support the use of the workplace as a savings avenue. And it will be the implementation detail that counts. For example, I'll be looking for simplicity, competition amongst suppliers, transparency of costs, minimal compliance costs for employers, a sound education programme for employers and employees, and easy portability of funds."

"I have always viewed the work place as a very logical place to save, because it's a straightforward way of 'paying yourself first'", said Ms Crossan. "When payments come directly out of your pay it's easier to make regular savings. And after a while contributions are hardly even noticed."

The Retirement Commissioner says that the new Government scheme offers another option for workers. She says a critical aspect of the introduction of this new scheme, will be the impact it has on existing schemes.

"There are many very good schemes currently in the workplace, and it is important that these are not jeopardised. In many instances existing schemes will be of greater benefit to the employee than the proposed scheme, and people will need to look carefully at what's on offer."

Ms Crossan says "It's very important that people receive independent, impartial financial information around the scheme to help them make decisions best suited to their particular situations."

"The proposal seems to fit with NZ's voluntary approach to retirement income. While the proposal is for a 'in unless you opt-out' it still gives employees that choice", says Ms Crossan

This initiative had its origins in the report of the 2003 Periodic Report Group, which recommended the Government establish a working group to develop an agreed approach to promote work-based savings.

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