

Newsletter 42: 2026 Kiwi saver /Annuity /Superannuation / Protection Association of NZ.



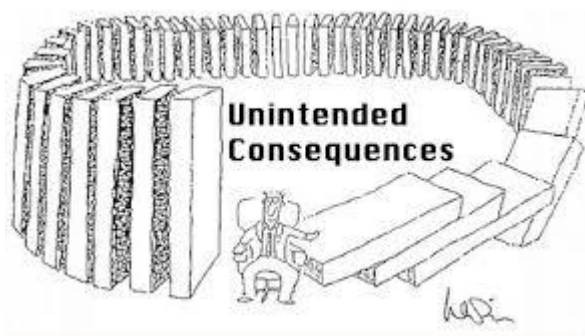
Issue 40 2026 issue



Hi everybody

KASPA NZ was formed in February 2013, enhancing our reputation with regularly refreshed website with retirement income articles and comment. The Consumer voice must be heard, the economist voice, and a limited diet of individual commentators of various worth, needs additional stimulus and Kaspanz tries to provide that through information and influence. Remember to click onto our website www.kaspanz.com on a regular basis to see what is there, and remember to click the icon for regular updates to your mailbox.

EDITORIAL



A black day for NZ when Nicola Willis announced pending policy for Kiwi Saver etc. Crude, naïve and stupid policy, ignoring the warning from Governments own Crown entity , not to introduce compulsion without a full review process. National approach includes components from the inefficient, complex Aussie Super scheme, and its expensive tax concessions, all of which arise as a consequence from adopting compulsion.

Compulsory Kiwi Saver has enormous new costs and un-intended consequences, see below for some of the reasons why, but also remember the pending changes are just a camouflage for Nationals real goal, change the age of entitlement for NZ Super and introduce means testing.

The National party has a long-term trend of ignoring advisory body recommendations, and not formally reviewing big ticket items, prior to determining their own positions. Their lack of evidence-based knowledge on many succinct and well researched review papers re how to best refine and approve wonderful Superannuation Policy and solid Kiwi Saver income support income, is so bad, it's hard to describe to average New Zealanders the consequences of such ignorance .

If you think Three Waters was a messy policy proposal, Nationals pending changes will impact, and harm future New Zealand retirement income policy, and re-place the 1975 Muldoon decision on NZ Super as a fiscal policy disaster. Richardson and Nicola Willis are in real terms the twin broomstick



witches when it comes to retirement income policy. Readers should remember Nicola put forward the suggestion to pay State Service executives bonus salary payments to achieve better outcomes, exhibiting an ignorance on that topic. I bet she has not read the 2013 and 2025 report and recommendations from then Retirement Commissioner Jane Wrightson.

*Both National and Labour should be supporting the recommendations from the 2025 Retirement Income review, working in accord and establishing a working party review of both NZ Super and Kiwi Saver.

What did they say in **2013** Retirement Commission Future Report

Page 66 Compulsion for Kiwi Saver

Some submissions to the Review have proposed in response that Kiwi Saver membership and contributions should become compulsory. However, would be conceived by members as an additional tax (even though contributions are placed into individual account) and undermine the objective of encouraging

individual responsibility and choice. It is also unclear the extent to which compulsion would allow higher income earners to simply substitute Kiwi Saver for other forms of savings, meaning that compulsion would not affect all members equally. A proportionally greater burden would probably fall on those with low incomes.

A compulsory system can also be expensive because of the need to ensure compliance. In addition, tax incentives are often still required to make compulsion acceptable. (Editor note-The Aussie scheme is full of expensive tax concessions-Nicola Willis silent on this topic). With compulsion there is little incentive for regulators and the financial industry to reduce complexity and allow for comparability of superannuation products. Financial services providers would not have to work so hard to keep customers, so competition and the pressure for innovation would be reduced. In terms of compulsion being a means of building numbers of Kiwi Saver members, it needs to be remembered that these have grown on voluntary basis from zero to 2.2 million in the first 6 yrs of Kiwi Saver, (Editor note, this trend has continued since 2013 with over 90% of eligible employees contributing in 2026. There is a strong argument that Kiwi Saver numbers and membership have already achieved their purpose}.

Finally, the 1992 Task Force on Private Provision for Retirement (The Todd Task Force) noted a likely outcome of a compulsory savings system would be introduction of means testing for New Zealand Superannuation. (Editor Note. The 2026 National Party Kiwi Saver proposals are a clumsy and crude policy shift, the outcome will be a messy and less than satisfactory retirement income system for the next Generations of New Zealanders.

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PUBLISHED BY THE PRESS. 20 AUGUST 2026 UNDER HEADING POOR RESEARCH

Eric Crampton “The troubling gaps in Treasury performance “was on the button. The Treasury 2025 Long Term Fiscal Statement was a poorly written opinion piece, silent on the increasing gap between rich and poor in the last 40 years, with invalid assumptions on key issues, and silent on more relevant ones. The media seized upon the “noise” within the Treasury projections, and ignored more evidence-based research from both the Inland Revenue Department Final Long Term Insights briefing paper, the Tax Justice Aotearoa suggestions, and Governments own crown entity “The Retirement Commission” with its Retirement income recommendations. Long term Fiscal predictions (40yrs) are worthless in Policy circles, so why the focus?

Alec Waugh

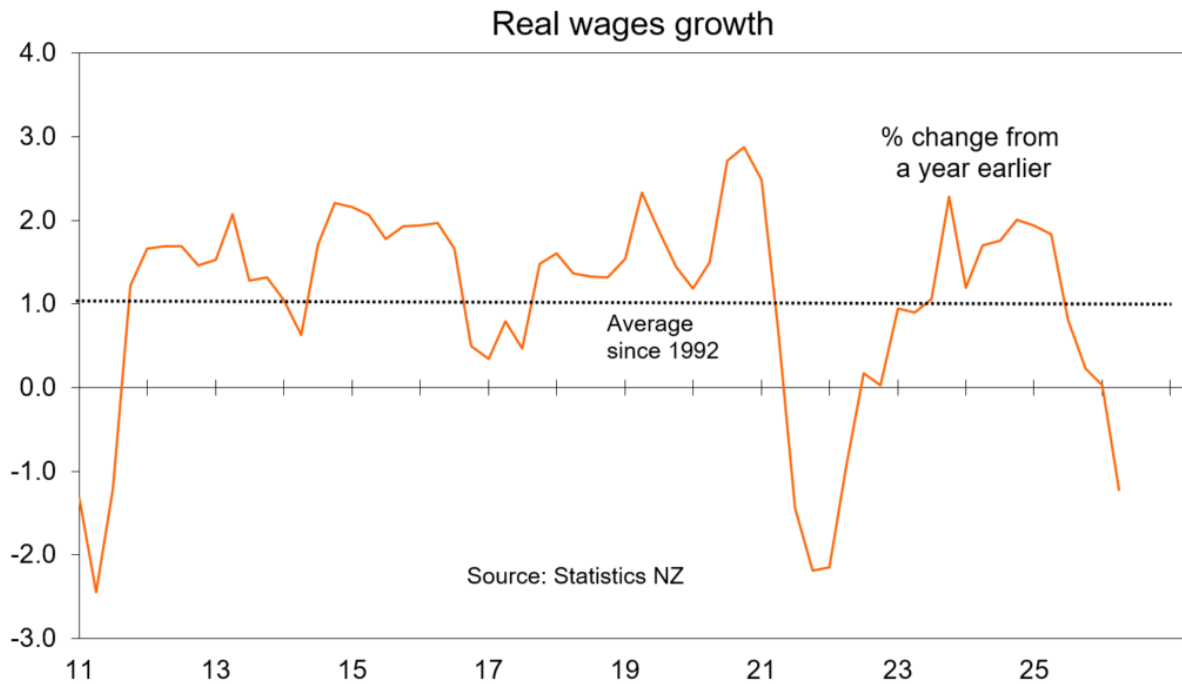
Wise words re Cost-of-Living Crisis

Tony Alexander repeats earlier assertions

Having been in this business since the mid-1980s I can observe that the popular negativism about our economy and everything in it is far greater than seen before but without the actual degradation people have been convinced is newly occurring.

The best example of this disconnection between media position advocacy and reality can be seen with regard to the cost of living “crisis”. On average since 2019 the cost of living in New Zealand as measured by the Consumers Price Index has risen by 30%. Average hourly ordinary time earnings have risen by 36%.

That means real wages have risen on average 1% a year since the end of 2019. The long-term average rate of growth in this measure of inflation adjusted earnings has been 1%. Despite high inflation above 7% in 2022 people’s disposable incomes are improving.



The latest result however of 1.2% real earnings shrinkage reflects soaring petrol prices because of the US attacks against Iran. This will eventually reverse and for a while deliver unusually high real earnings growth.

You can pick your own reason for why the media are no negative, but if you embrace the dystopic scenario, it might be a good idea to consider the most basic underlying feature of our economy. We have been, we are, and we always will be heavily dependent on the primary sector. There is no future for New Zealand in which we thrive on the back of manufacturing be it bulk or niche. We never were and never will be a financial centre of relevance to the rest of the world. We will never get rich from tourism because that is a low yield activity and we have just proven that when presented with an opportunity to focus overwhelmingly on high value flows, we revert to bulk inflow numbers.

We're not going to see much benefit from becoming an exporter of tokens via allowing data centres to be set up here. Job creation from such is minimal and profits will go to offshore owners. Meanwhile marginal pricing of electricity means higher prices for everyone in New Zealand than would otherwise be the case. We are no longer a low-cost producer of electricity therefore it makes little sense to try and base export growth on electricity transformation.

Our future depends on the primary sector, and we have what the rest of the world wants – quality products and protein in particular.

If I were asked to present a vision for New Zealand's economic future I would pay note the benefits of the technology sector, tourism, etc. But I'd put money and regulatory reform into backing the primary sector. When you're good at something then that is where you devote your resources.

3 April 2024-Martin Hawes. This article was first printed in Life Time income www.lifetimeincome.co.nz

Long live New Zealand Superannuation

New Zealand Superannuation (NZ Super) is a thoroughly excellent scheme. It is most retired people's financial bedrock, providing reliable income that appears every fortnight and allows people to at least buy the basics. The scheme is universal (nearly) and means that there is little or no absolute poverty amongst pensioners in New Zealand. It is relatively cheap to administer and, because it is not taxed at a special higher rate for those at the age of eligibility, it provides a financial foundation without disincentivising further work.

No penalties for older workers

Because retirees are not deterred from working by the tax system it is interesting to consider the large numbers of people who are employed beyond the age of eligibility for NZ Super. In fact, it is now no longer the norm for people to immediately stop work when they turn 65 – to the contrary, nearly 50% of people aged 65 to 69 are still working (this is up from about 15% in 1987).

Of course, a good number of these people keep working because they must. If some people stopped work completely, they would have a very ordinary lifestyle – working for a bit longer after 65 will mean a shorter retirement, but it might be a better one.

MORE BANG FOR YOUR BUCK

From a financial point of view, working beyond 65 is a good idea for two main reasons:

Take the first step towards a successful Retirement!

1. You ought to have more savings to live on when you do retire

Firstly, you might be able to add to your savings while you continue to earn. However, just as importantly for some, if you do not draw on your existing savings while you keep working, they should grow further through investment returns. Unfortunately (and wrongly in my opinion) employers of over 65-year-olds are not required to match KiwiSaver contributions. Nevertheless, even with no contributions, savings should grow.

2. You will be able to draw a greater percentage from your savings when you retire.

This is because your savings do not have to last as long. If you work for an additional five years and do not draw on savings, those savings will need to last five years less. Someone who retires at age 65 with \$100,000 may be able to draw between \$4-5,000 each year, whereas someone who works through to age 70 or more could perhaps draw \$5-6,000 a year.

Good riddance to the surcharge

Critically with NZ Super there is no extra tax levied on those who choose to work while receiving it. It was not always like this. Older readers might remember the Superannuation Surcharge in the 1980s and 90s, where those receiving NZ Super faced a special tax of 20% on income over a certain threshold. This was later increased to 25% of income and the threshold was lowered.

Something like 23% of Superannuitants lost all or part of their NZ Super because of the surcharge. It was loathed and there was a great deal of avoidance – the surcharge was one of the reasons for the immense popularity of family trusts in the 1990s.

Understandably, the surcharge created a disincentive to work past retirement age. If the extra income from work meant effectively losing all or part of your NZ Super, why would you bother?

Retirement is changing

Now, New Zealand needs these workers. Fortunately, most jobs do not require us to crawl around on a roof banging in nails (or other manual work) - there are many jobs for older people that can be done sitting down (like mine!).

The nature of retirement is much changed. Most of my parents' generation retired on their 60th birthday (that was retirement age until it was gradually increased to 65 through the 1990s). People stopped work completely on that date, gave a retirement speech, picked up a gold watch and left work for good.

The numbers show that the baby boomers are different. Retirement for many will not happen on a single day but gradually over months or even years. Plenty of people continue to work past age 65 and if this you, you will have lots of company. Let us hope that we can continue working without a surcharge or other income test.

We should treasure the gem that is NZ Super. Although we may need to raise the age of entitlement at some point, we should protect this scheme. Without NZ Super New Zealand would be a much poorer place to enjoy our 20 good summers.

LETTER TO THE PRESS: PUBLISHED June 2026

PM Luxon talks about "a credible policy" on superannuation. Why believe him? National has a track record of ignoring recommendations of the Retirement Commission, on both Kiwi Saver and NZ Superannuation, instead adopting one-off, single-issue tools, rarely from a careful review of the evidence and a collaborative approach. Willis and Luxon are silent on the research, never talking about the costs, or un-intended consequences of NZ Super reform. Most offshore commentators view NZ as the smart country in retirement income policy. National and coalition partner Act, track records show a slash and burn approach driven by ideology. Readers should remember Michael Littlewoods comment "New Zealand needs a research-led review of every aspect of NZS. New Zealand has never done such a review before. NZS is the best Tier 1 scheme in the world but it can undoubtedly be improved" and Martin Hawes "Mess with NZ Super at our peril.

KIWI SAVER: NATIONAL ALWAYS TAKE AWAY, NEVER DEVELOP OR IMPROVE, THE PARTY THAT DOES NOT SUPPORT RETIREMENT INCOME.

Kiwi Saver was the Labour party Baby, launched July 2007.

First cut came 2 yrs later when a National Govt cut the minimum contribution from 4% to 2% (partially reversed 2013), abolished the member fee subsidy of \$40, and ended the Kiwi Saver employer tax credit.

National then introduced the total remuneration principle, targeting high earners, but employers have used this change, to avoid making Kiwi saver contributions for lower paid. Described by the Labour as “loophole “policy, total remuneration allows employers strike individual agreements with their employees, so they can deduct their employer contributions from those employee salaries.

In 2012 national halved the Government contribution to 50 cents for every \$1 contributed to a maximum of \$523 per year, down from the previous \$1040

In 2015 National removed the \$1000 Kickstarter

In 2025 National halved again the maximum govt contribution from \$521 to \$260.72.

**In 2017 without warning, National revealed it would raise the age of entitlement to NZ Super from 65 to 67, staged, and this is still their policy.*

*2026. National proposes compulsory Kiwi Saver, increase progressively Kiwi Saver contributions, 6% employee and 6% employer*The pre cursor to raising the age of entitlement and means testing*

2 PAPERS : ONE FAR SUPERIOR.

Poorly written the near useless “*Treasury Long Term Fiscal Policy 2025 statement*”, a crystal ball exercise, seized upon as factual policy research.

[Inland Revenue \(IRD\)](#) published its Long-term Insights Briefing (LTIB) 2026 on April 13, 2026, titled "[Stable bases and flexible rates: New Zealand's tax system](#)". Solid document, but little attention from commentators, probably because it contained few one liners, or 2 second headline comments.

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