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Turning the Tide: A call to strengthen our retirement future

Data from the latest ANZ KiwiSaver Insights Report underscores the need for urgent, bipartisan action to strengthen New Zealand's retirement savings system.

The report – *Turning the Tide* – shows younger generations are reshaping New Zealand's retirement future but there are challenges, such as regional disparity, the gender retirement savings gap and a lack of contributions by around 40 per cent of members.

"We're at a pivotal moment in shaping our retirement savings system," says Fiona Mackenzie, Managing Director, ANZ Investments. "With the right support Gen Alpha and Gen Z could lead New Zealand into a future where retirement is secure, equitable and sustainable.

"If we hope to achieve this, we need a shared commitment to addressing the long-term sustainability of NZ Superannuation and KiwiSaver through adjustments to both systems.

"This should include a serious look at gradually increasing both the KiwiSaver default contribution rate and the retirement age, more incentives or assistance for those who find it hardest to save and improved financial literacy initiatives for everyone.

"Recent announcements to strengthen KiwiSaver by increasing contribution rates and extending employer contributions to younger generations are a welcome development.

"At the same time, changes to government contributions may reduce some of the incentives for participation. Ensuring long-term equity across the system remains an important consideration as these reforms evolve."

Key findings from the report show:

Gen Alpha and Gen Z are contributing to KiwiSaver at encouraging rates, despite limited incentives, signalling a shift toward stronger long-term savings.

- 27% of 16–17-year-olds contributed in June–July, even without government or employer matches.
- A 15-year-old starting work at 21 could save \$1.16M by age 65, or \$689,000 if they buy a home at 35.

Generational Contribution Trends

- Gen Z: 53% contributed, despite high youth unemployment.
- Millennials: ~60% contributed.
- Gen X: 72% of women and 68% of men contributed.
- Baby Boomers: ~60% contributed; 33% of pre-1946 members still contribute.

Regional Engagement

- South Island regions lead in KiwiSaver contributions:
Marlborough, Otago, Southland, Canterbury: Over 70% engagement.
Auckland, Northland: Just over 60% engagement.

Gender Savings Gap

- Males contribute more than females across all age groups except Gen Alpha.
- The gap grows with age, reflecting broader income disparities:
Average balance: Men \$38,206, women \$32,133.
At age 64, the gap reaches \$17,000.

Fund Selection Patterns

- Younger members increasingly choose growth-oriented funds:
Gen Alpha: 64% in Growth Fund.
Gen Z: 41% in Growth Fund.
Millennials: 35% in Growth Fund.

Digital Tools Boost Confidence

- ANZ's Fund Chooser Tool:
Delivers ~4,000 monthly recommendations.
Guides nearly half of all fund switches.

"The data around the savings habits of younger generations is particularly encouraging," Ms Mackenzie says.

"They get it, and our own research confirms this; they see KiwiSaver as their primary way of saving for a first home and for retirement. They aren't relying on NZ Super in the way older generations have.

"We like to compare ourselves to Australia, but if we aspire to a similar approach there is significant work to do building our national savings."

Ms Mackenzie says it's important that everyone – including employees and employers – are given certainty about KiwiSaver's future, so they have time to prepare.

"It is time for a proper conversation about the eligibility for superannuation, including the age of eligibility for NZ Super and whether means testing needs to be introduced at some future date.

"Well in advance of any changes to eligibility for superannuation, we need to be strengthening our savings, looking at how we get every young person signed up for KiwiSaver, and how we support those who are disadvantaged. Giving everyone time and certainty to plan for their life after 65 is critical."

ANZ Investments' *Turning the Tide* report aims to produce insights from customer data to help inform important conversations about KiwiSaver and help members understand the challenges and opportunities they face.

This includes focussing into areas where people are disadvantaged and looking at innovative ways to help close the savings gap.

Ms Mackenzie says better understanding where and why variations and disparities are occurring can help policymakers and providers tailor strategies to boost participation, particularly in lower-contributing areas.

"We all have a role to play here in how we work together to address these challenges over time in a way that earns public support.

"KiwiSaver is a powerful long-term investment in New Zealand's future prosperity. Establishing a clear and consistent long-term plan for KiwiSaver will help build confidence and ensure Aotearoa stays on a strong and sustainable path while helping New Zealanders plan for their futures with certainty."

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For media enquiries contact:

Briar McCormack
Head of External Communications
Tel: +64 21 2801173

Tony Field
External Communications Manager
Tel: +64 21 220 3152