

Uneven Ground: System Stability, Personal Fragility

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Key points



Getting richer



Markets work



But its unequal: serving the top 20-40%



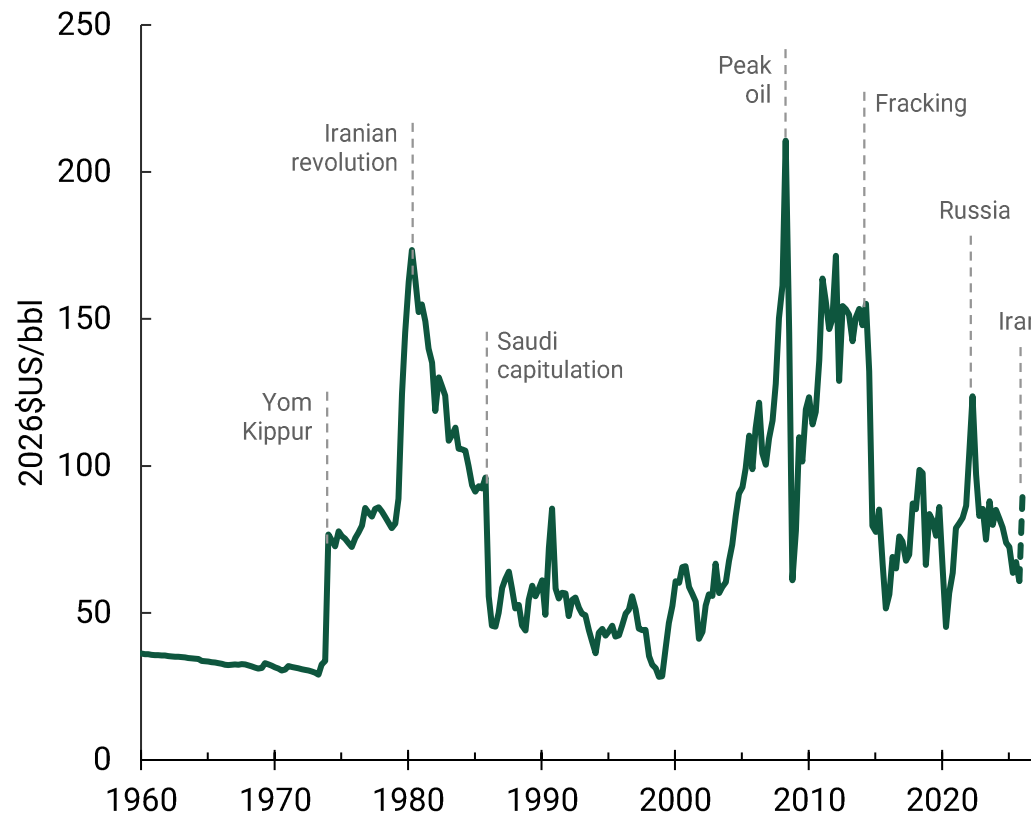
KiwiSaver a promising opportunity, but weakening it!

Global context

Interregnum

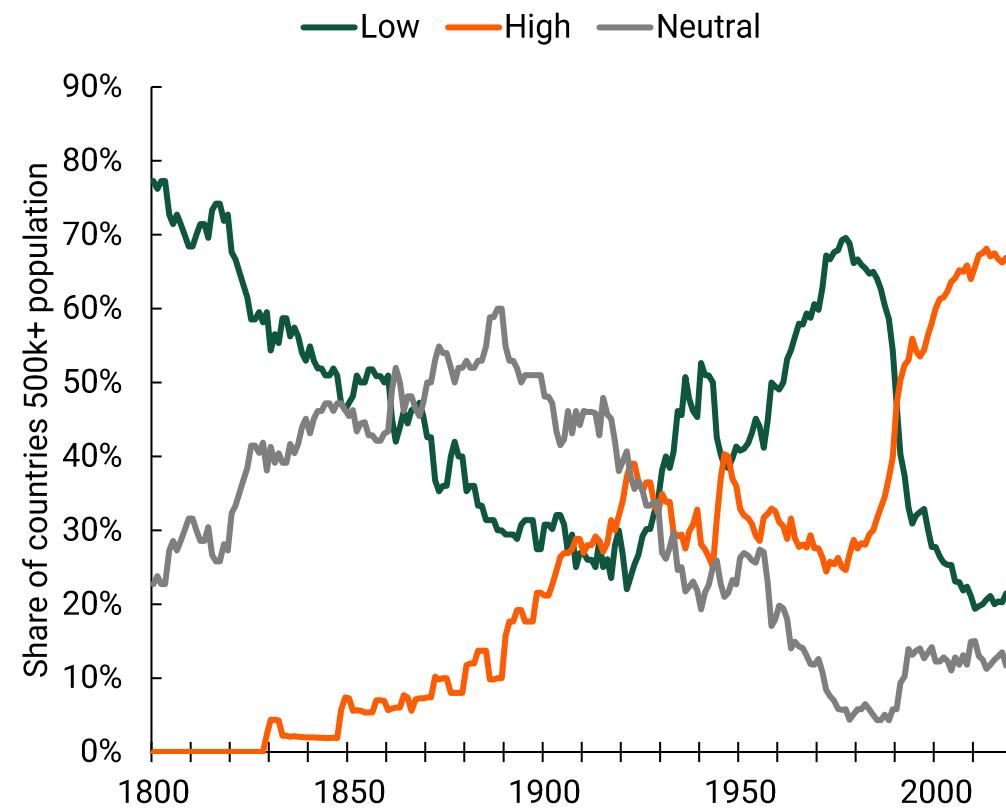
War, oil, security & economy

Brent Crude Oil Price



Source: MacroBond, Simplicity Research Hub

Political polarisation



Source: Polity Project, Simplicity Research Hub

Big global themes & unicorn allure



Shifting values

Geopolitics
Economy
Trade
Climate



Politics

No centre/fractured
Fiscal pressures
Unorthodox/less durable policy
Institutions under attack

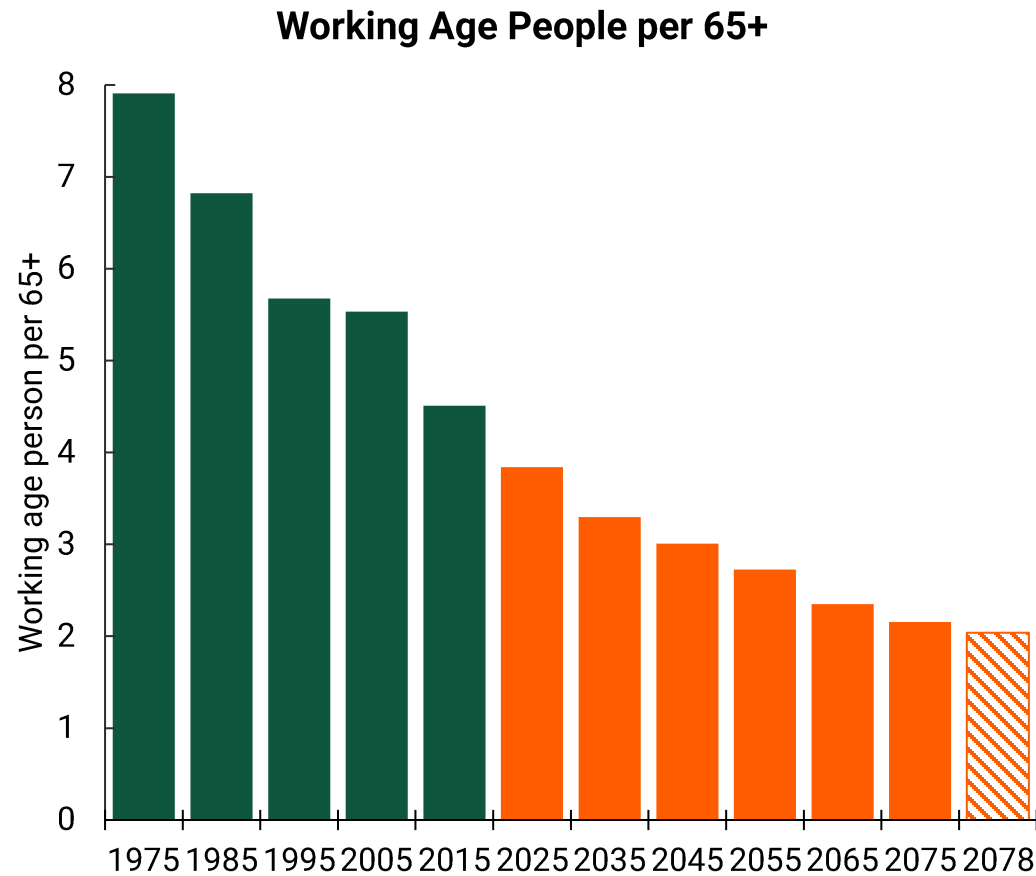


Which will affect

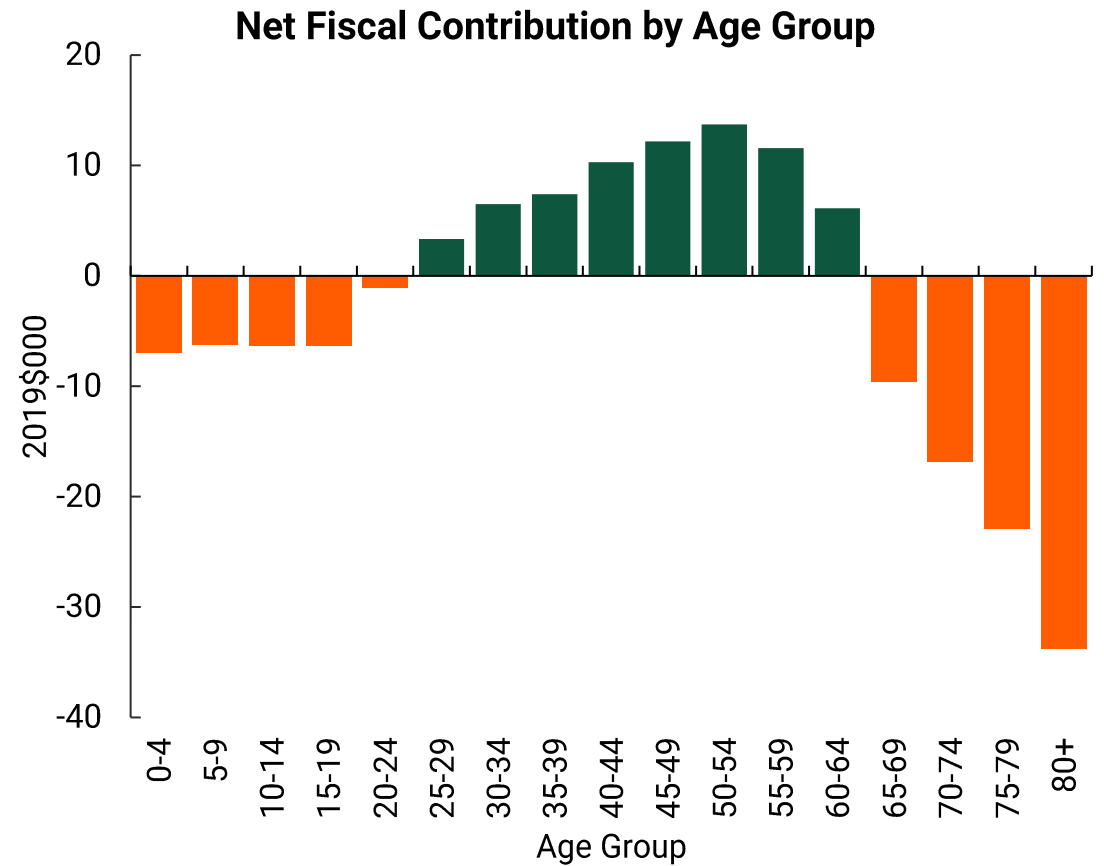
Demand & price
Supply chain
Technology



Financial security = resilience



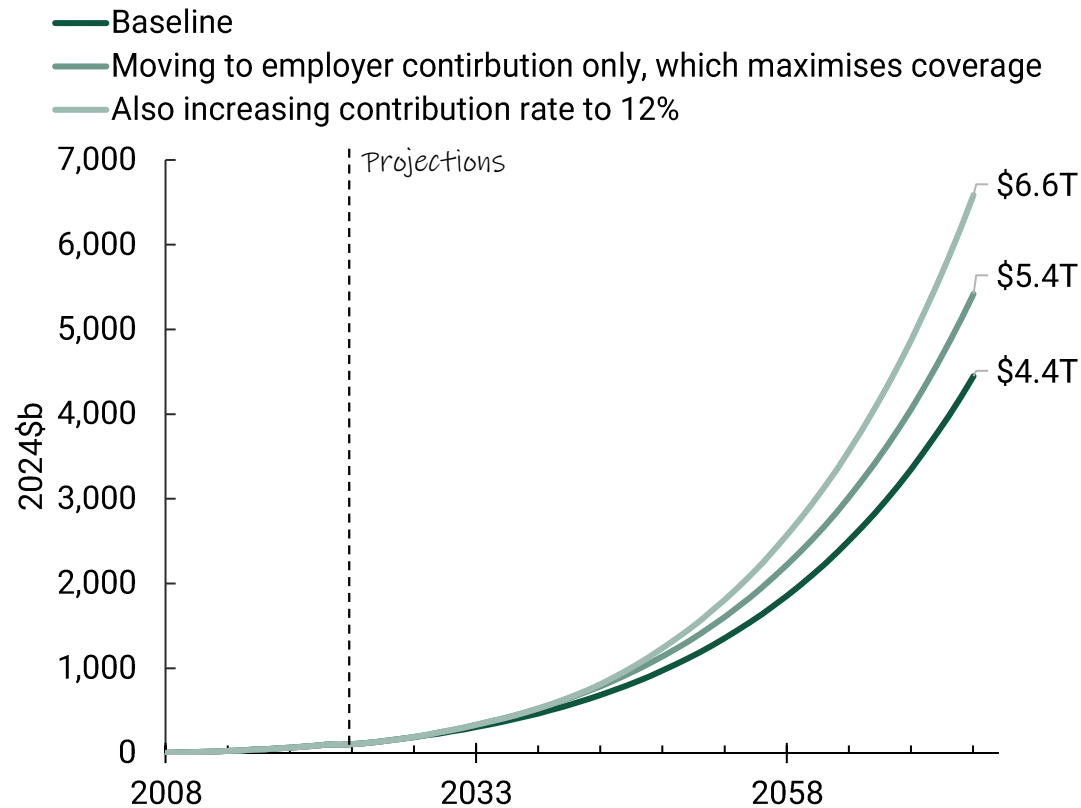
Source: Statistics NZ, Simplicity Research Hub



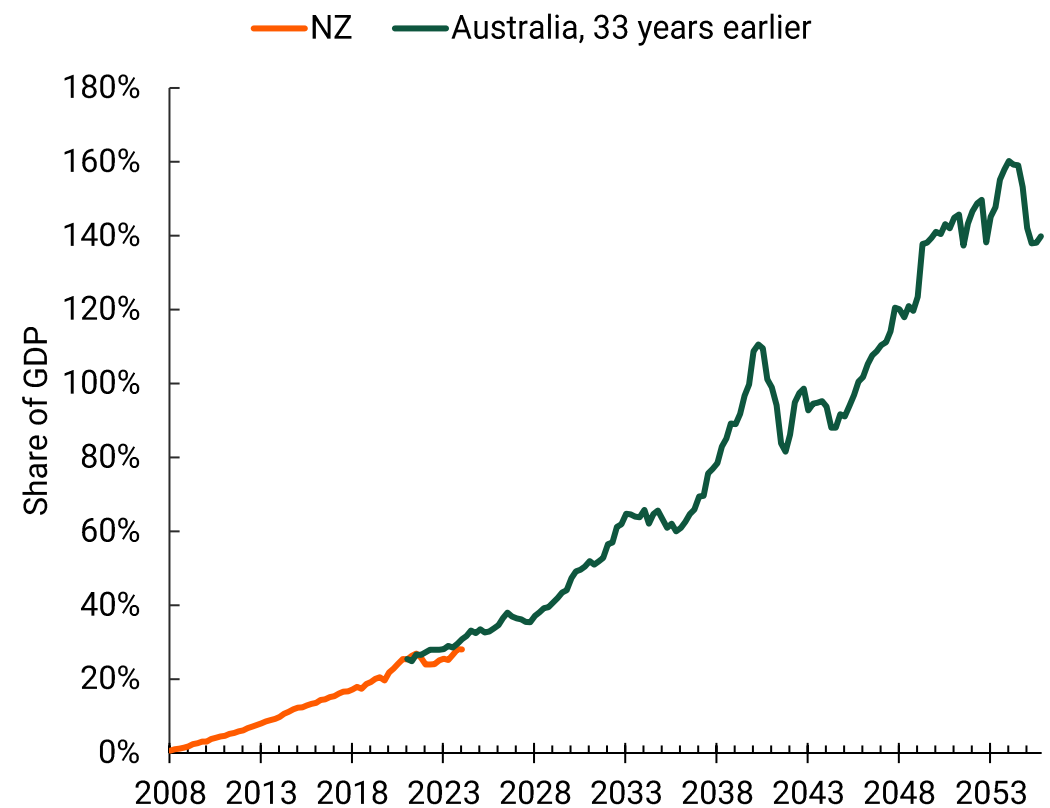
Source: NZ Treasury, Simplicity Research Hub

Better future (if we choose)

KiwiSaver assets under management



Superannuation assets



Source: IRD, RBNZ, Simplicity Research Hub

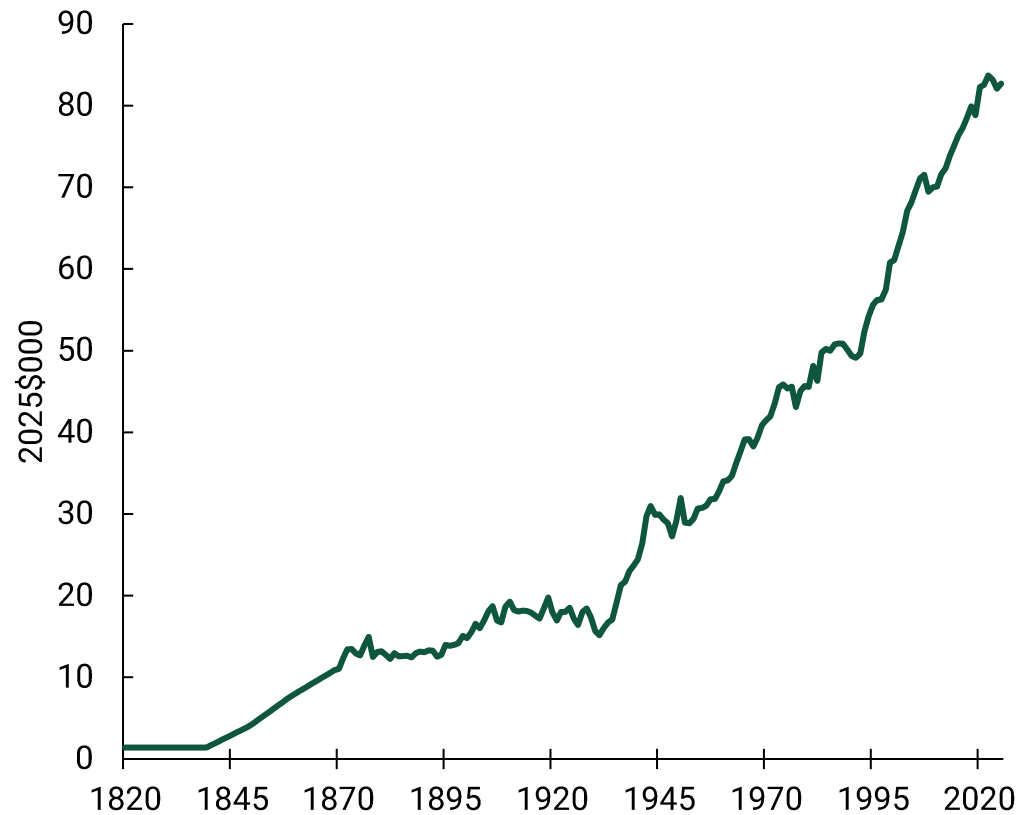
Source: RBNZ, ABS, Statistics NZ, APRA, Simplicity Research Hub

Local implication

Short vs long term

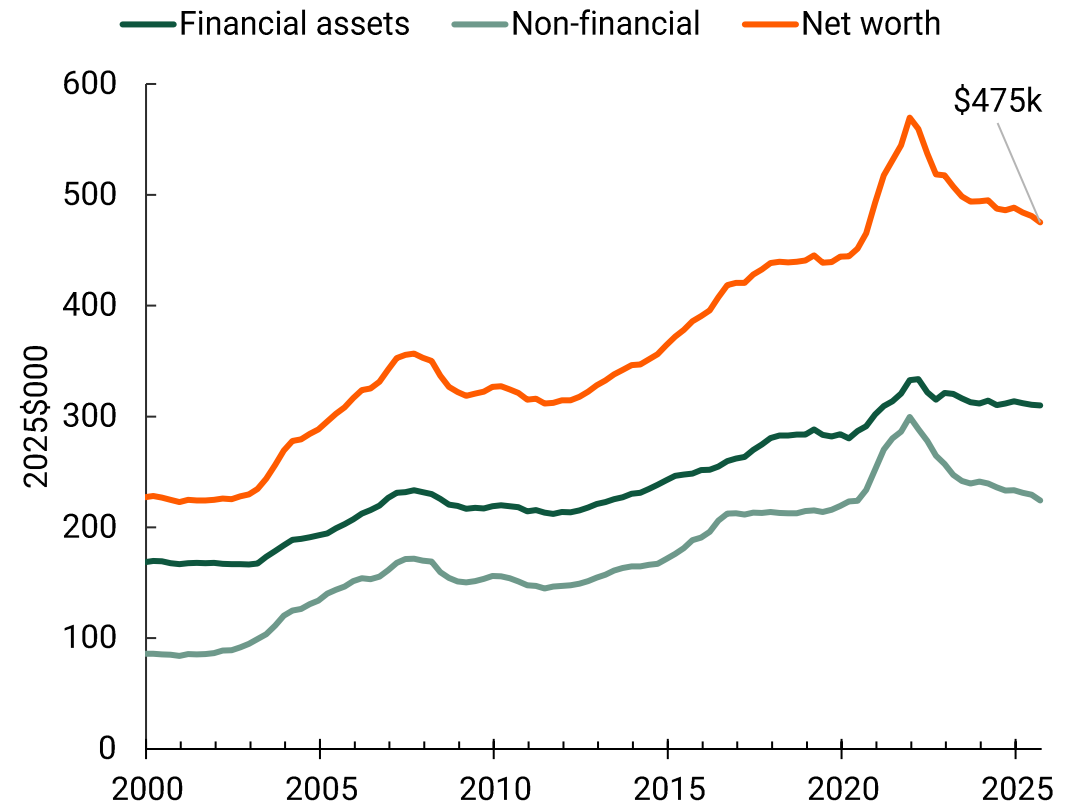
We are getting richer

GDP per Capita



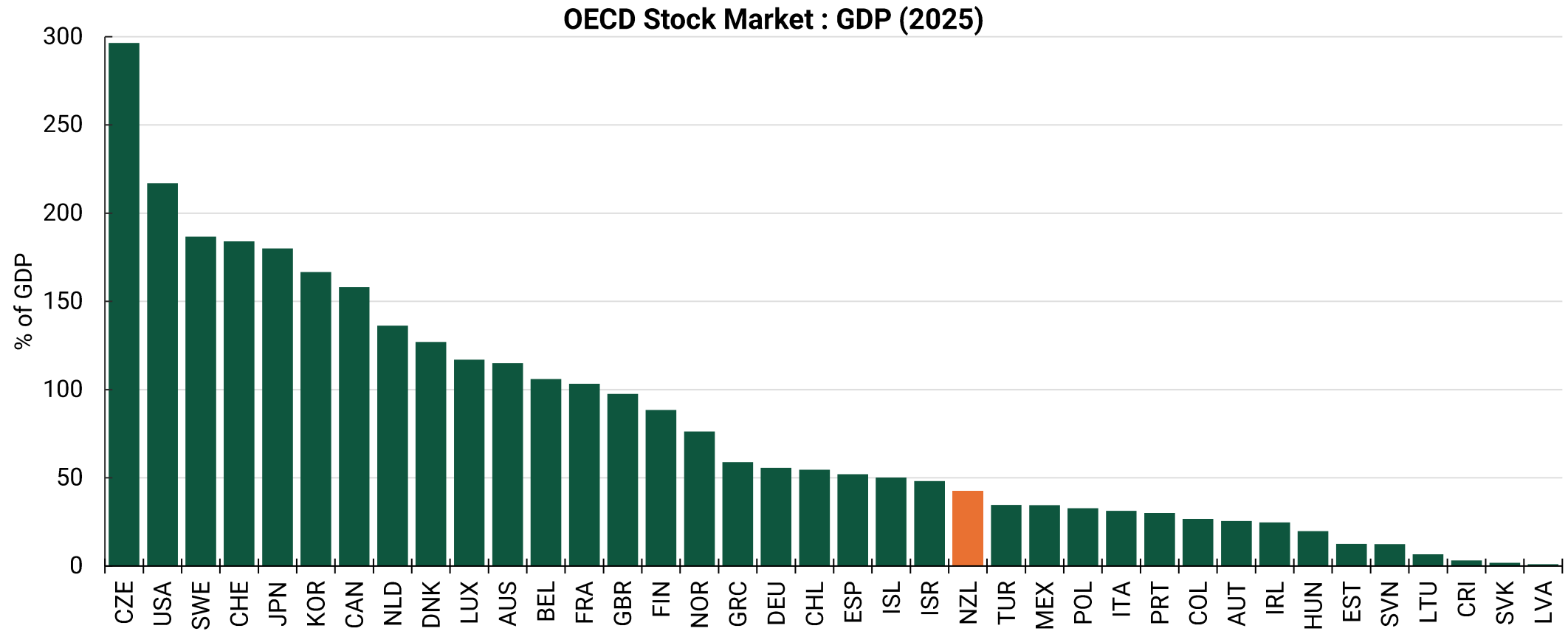
Source: Maddison Database, IMF, Statistics NZ, Simplicity Research Hub

Average wealth per capita



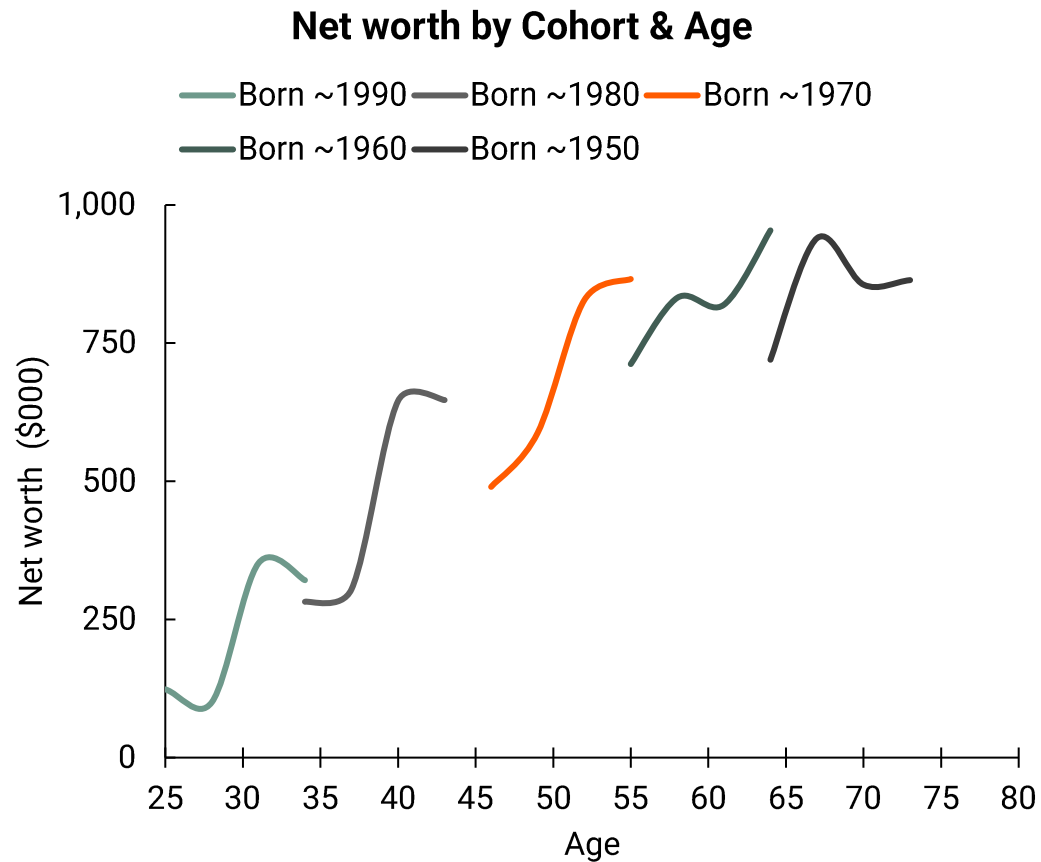
Source: RBNZ, Statistics New Zealand, Simplicity Research Hub

A thin little market

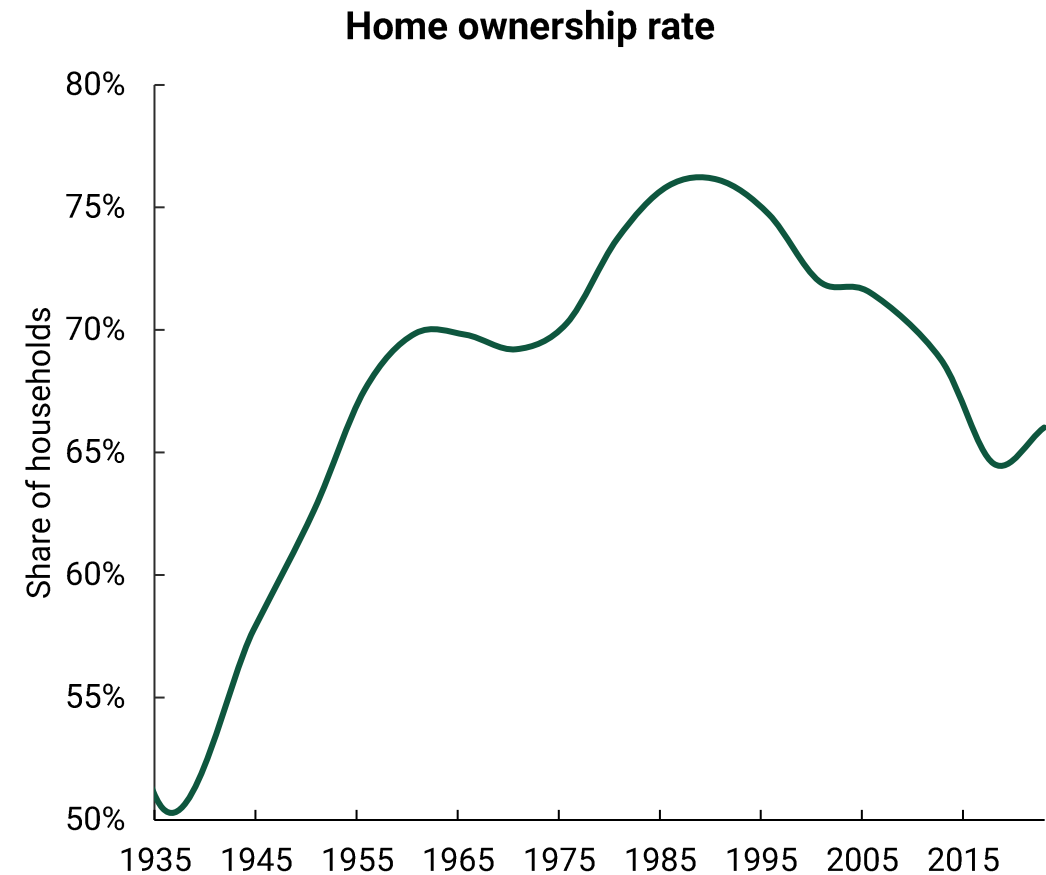


Source: MacroBond, Simplicity Research Hub

Generational gains; *on average*



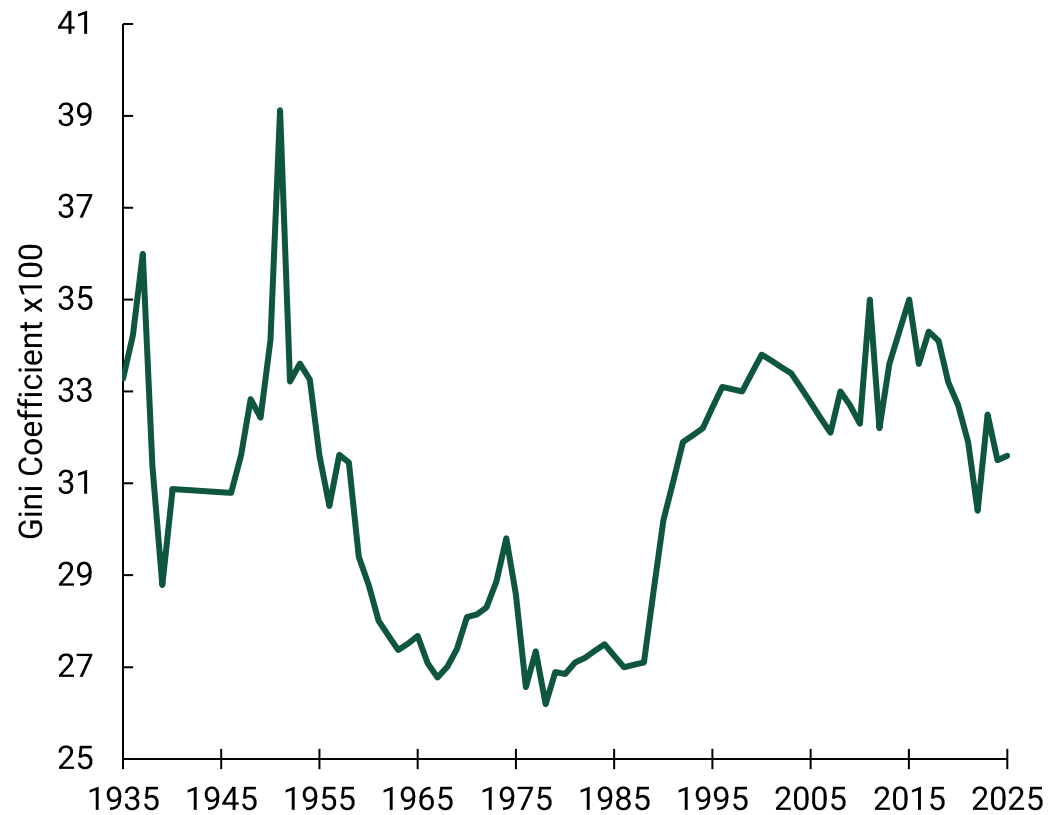
Source: Statistics New Zealand, Simplicity Research Hub



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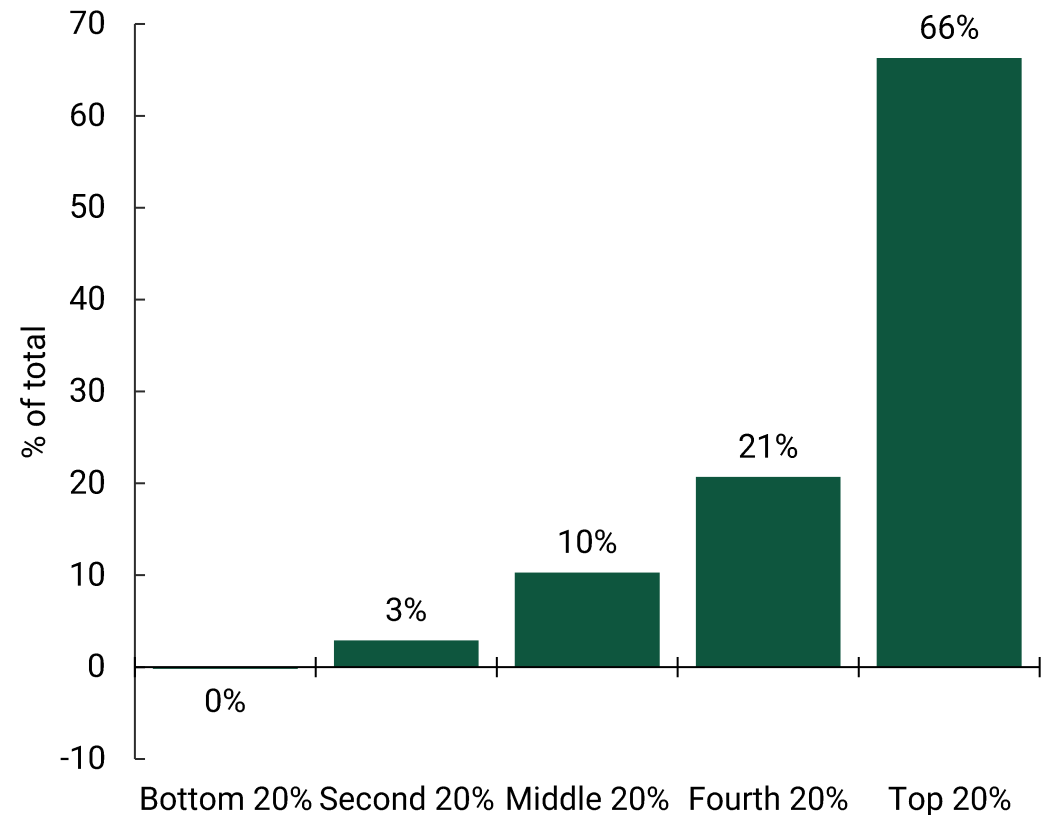
Hidden in averages

NZ Income inequality



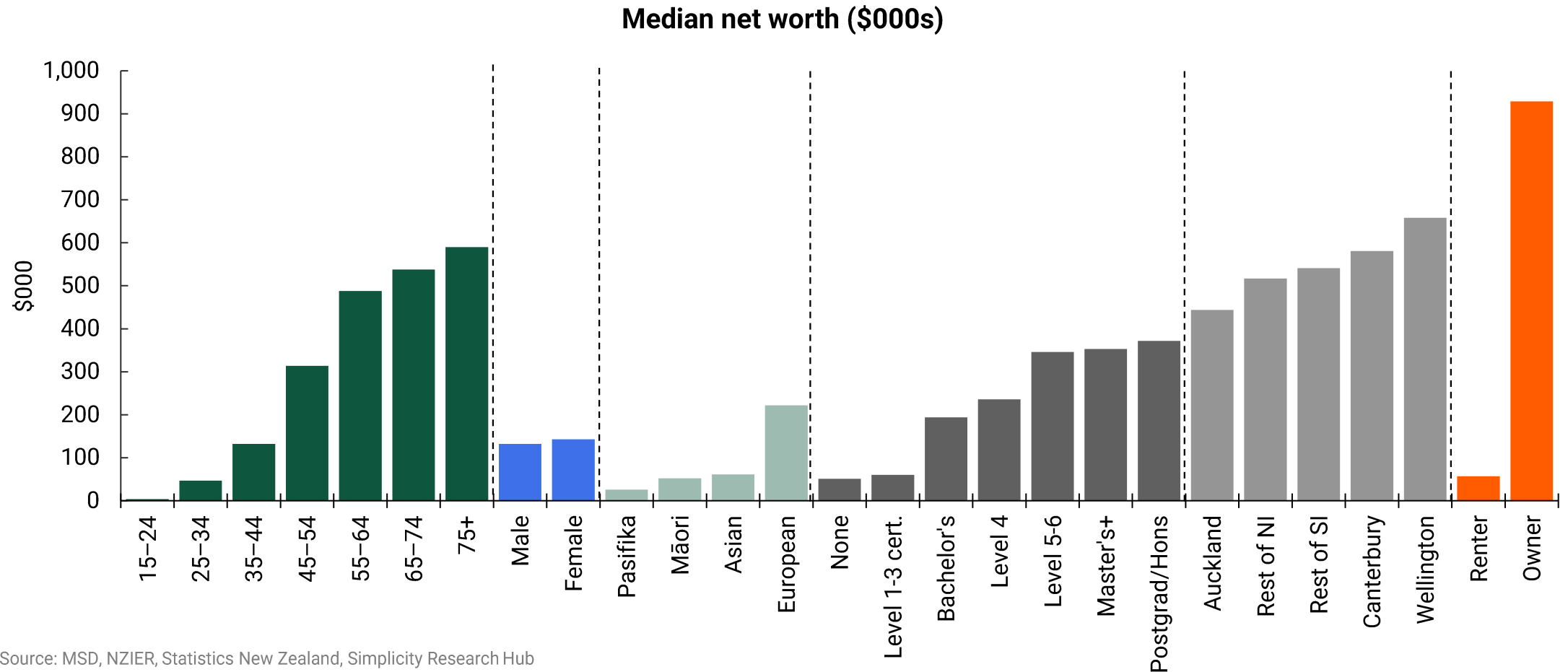
Source: MSD, NZIER, Statistics New Zealand, Simplicity Research Hub

Net Worth by Quintile (2024)



Source: Statistics New Zealand, Simplicity Research Hub

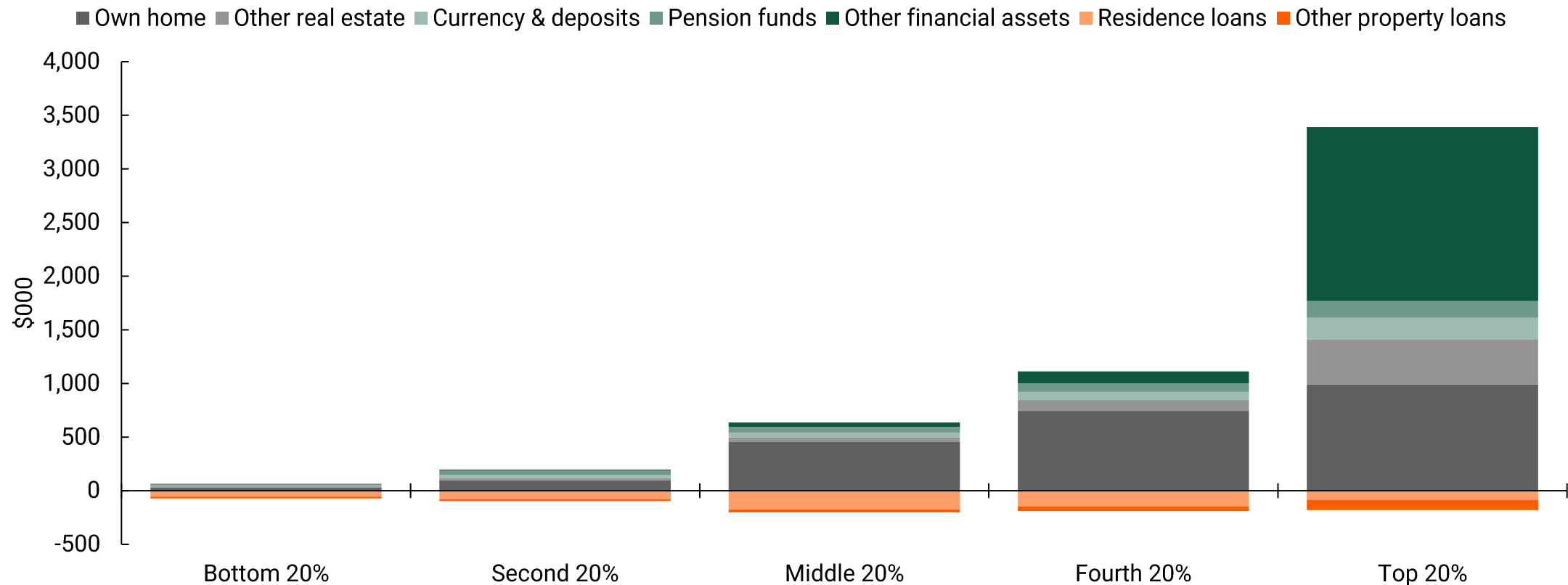
Is everyone well served?



Source: MSD, NZIER, Statistics New Zealand, Simplicity Research Hub

Financial assets for the rich?

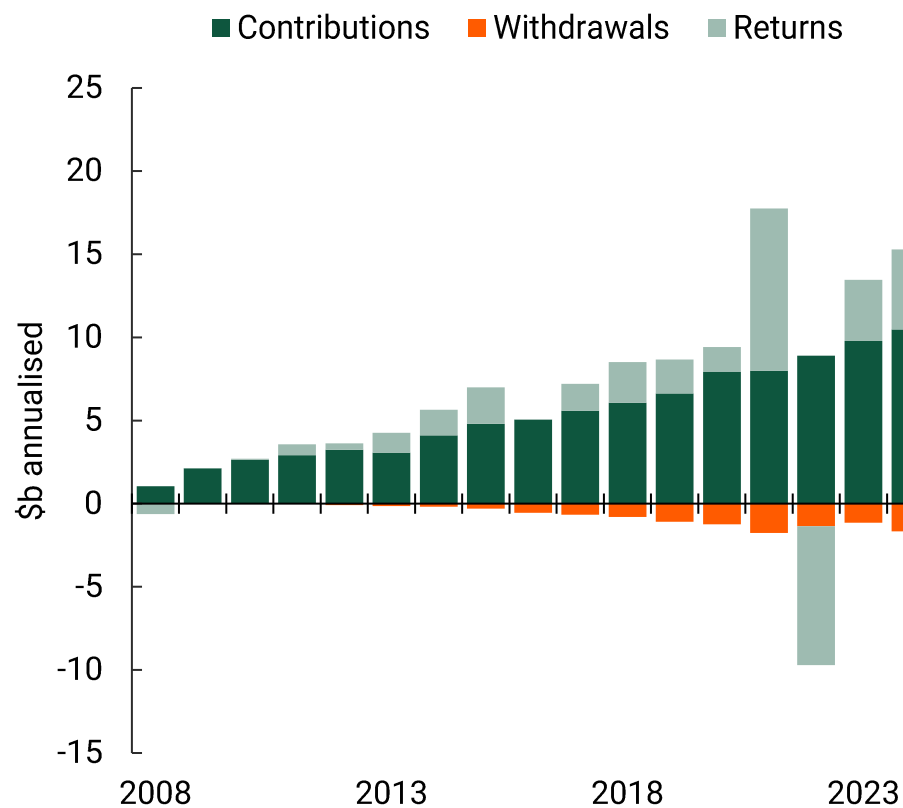
Average Household Asset & Liability Holdings by Net Worth Quintile (2024)



Source: Statistics New Zealand, Simplicity Research Hub

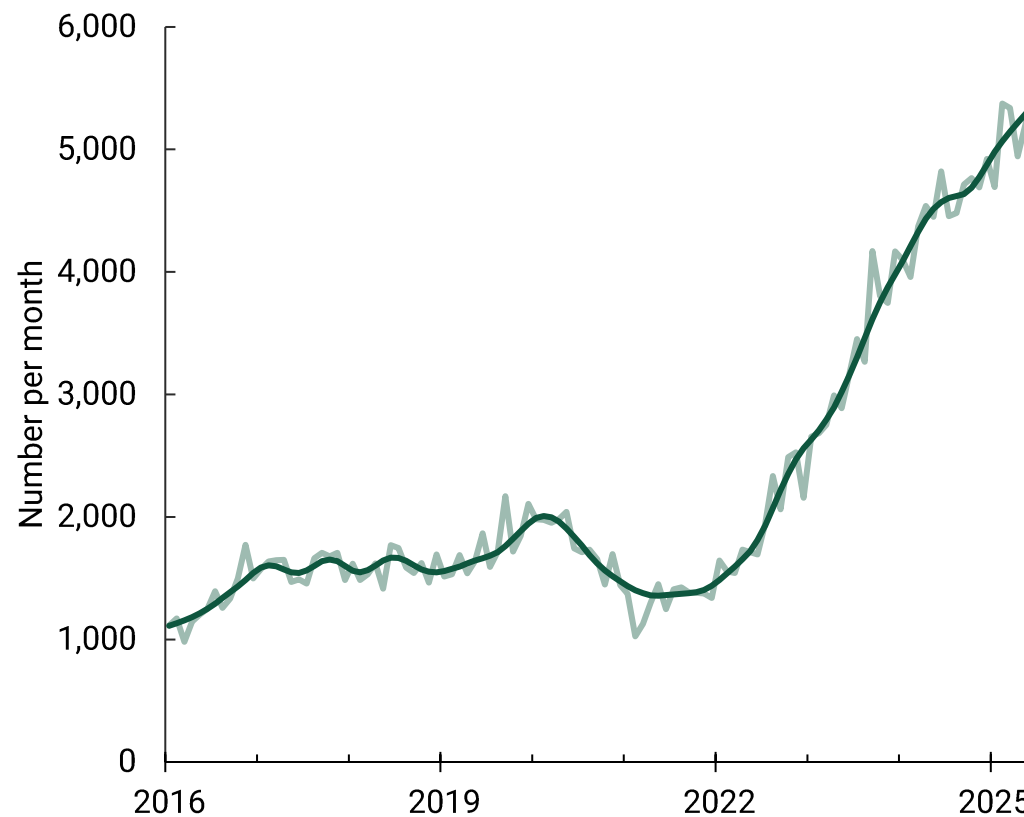
KiwiSaver a democratiser

KiwiSaver Flows



Source: IRD, RBNZ, Simplicity Research Hub

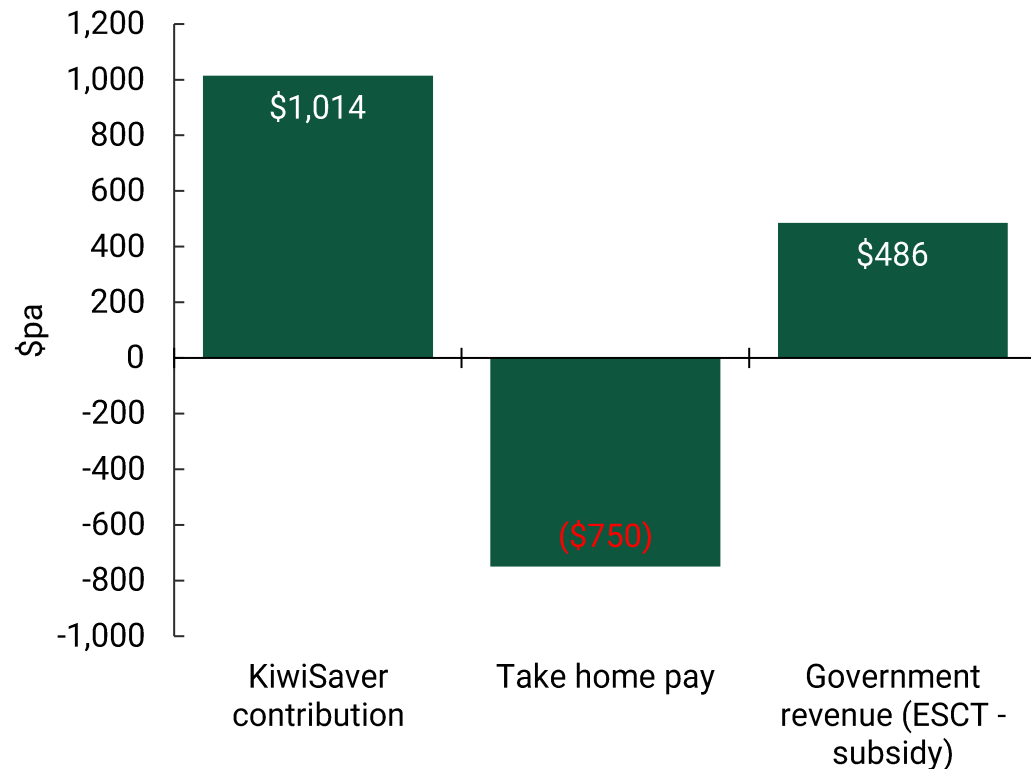
KiwiSaver Financial Hardship Withdrawals



Source: IRD, Simplicity Research Hub

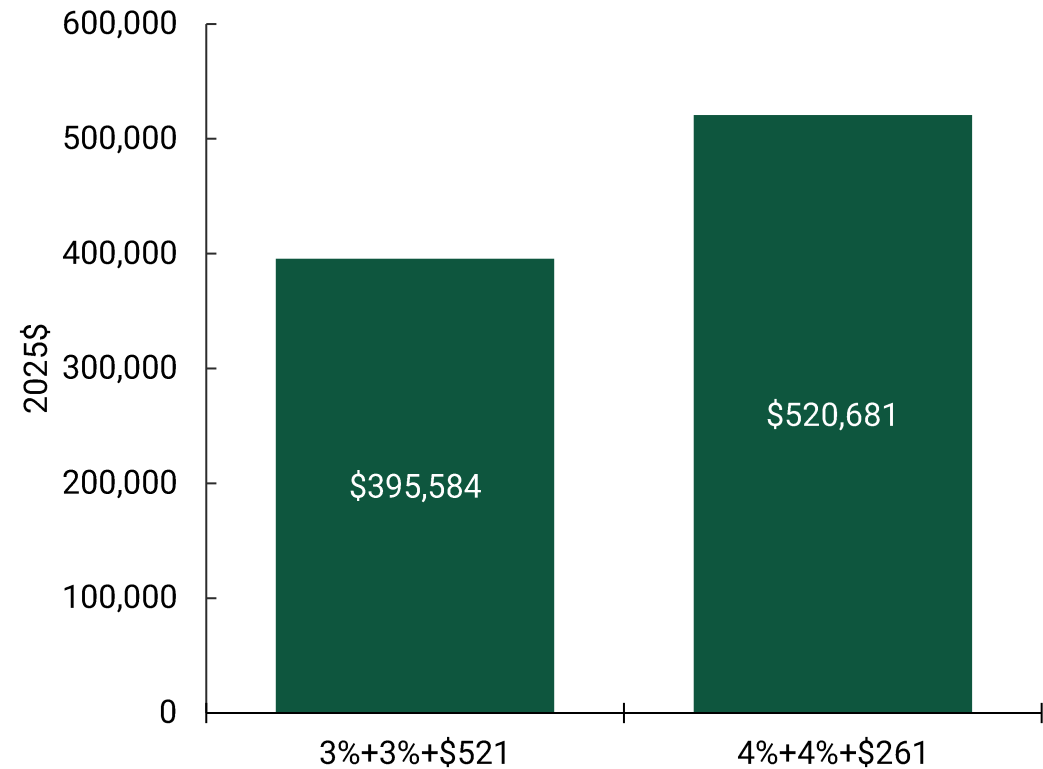
KS tinkering is anti poor

Effect of policy change for average Kiwi earning \$75,000



Source: Simplicity Research Hub

Savings at retirement for average income through each stage of life (scenario only*)

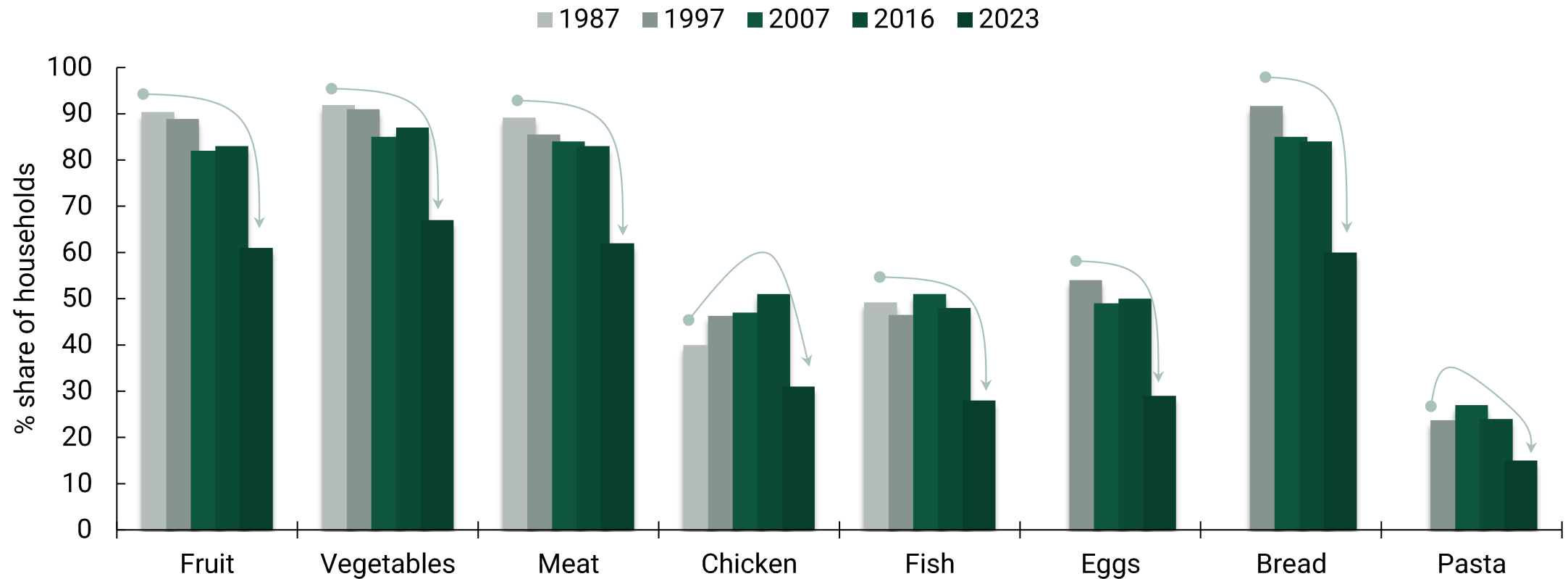


Source: Simplicity Research Hub

* Assuming at 4%+4%+@261, 5%pa return after tax, 0.25% fees, and average income profile by age.

Growing poverty

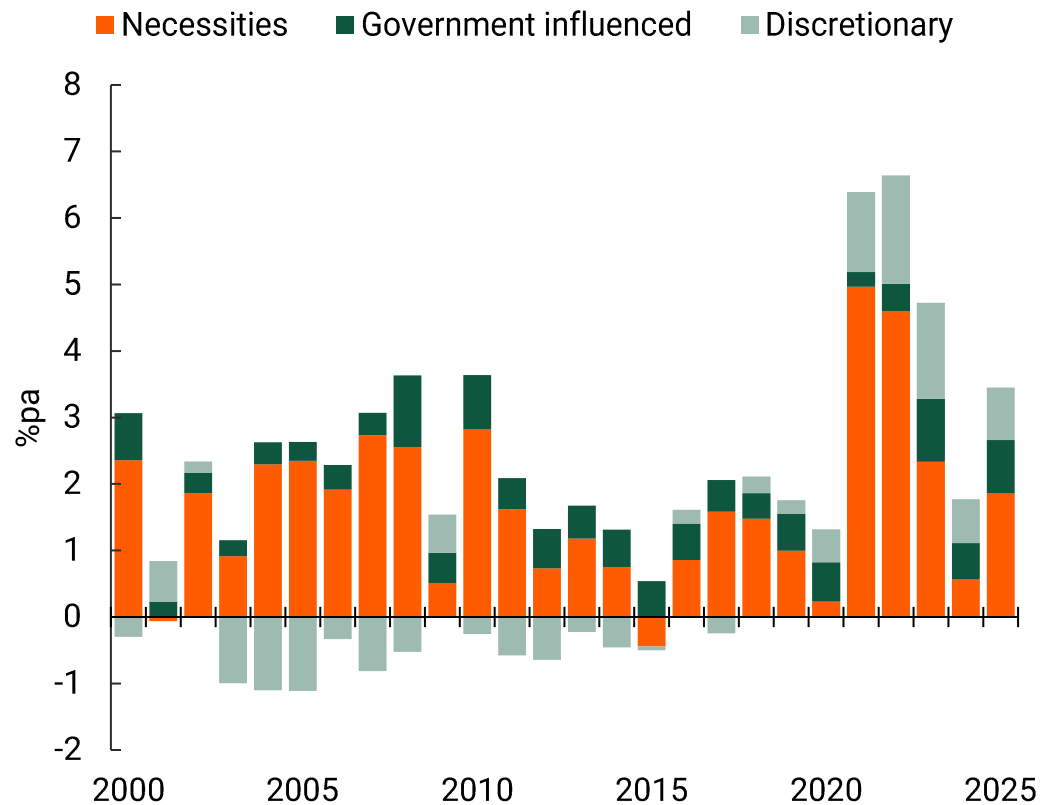
Households reporting purchase in a given week: selected items



Source: Statistics NZ, Simplicity Research Hub

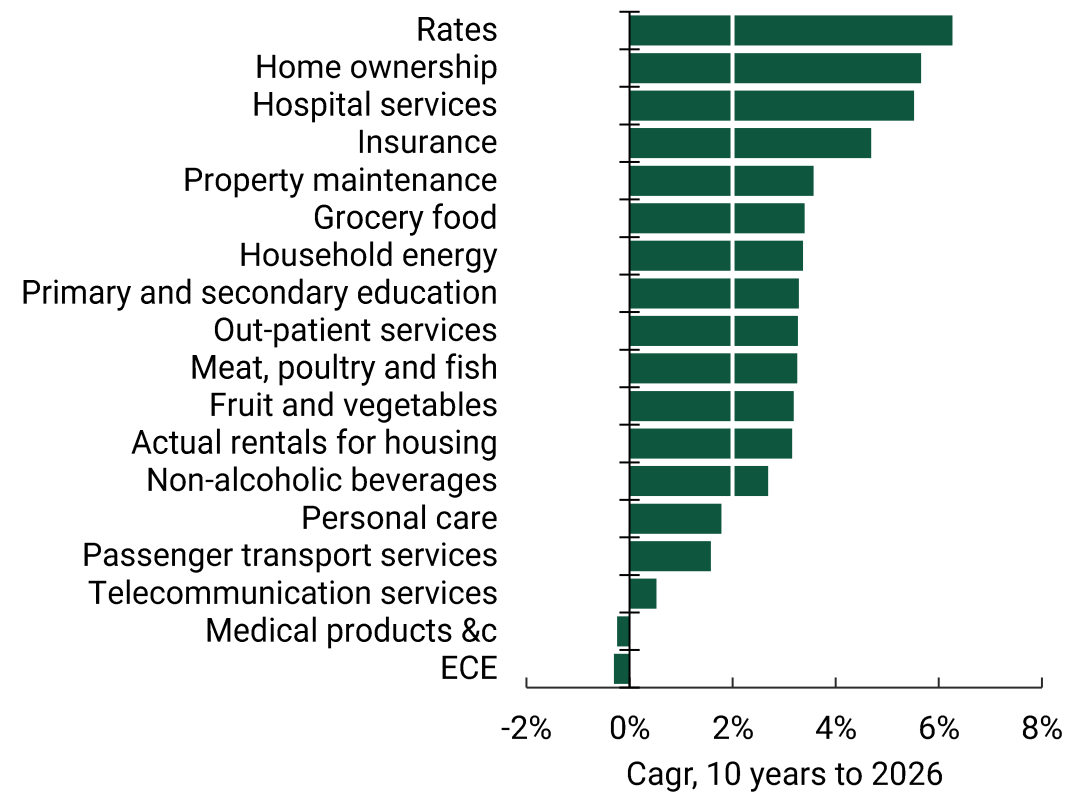
Worsened by inflation

Inflation Composition



Source: Statistics NZ, Simplicity Research Hub

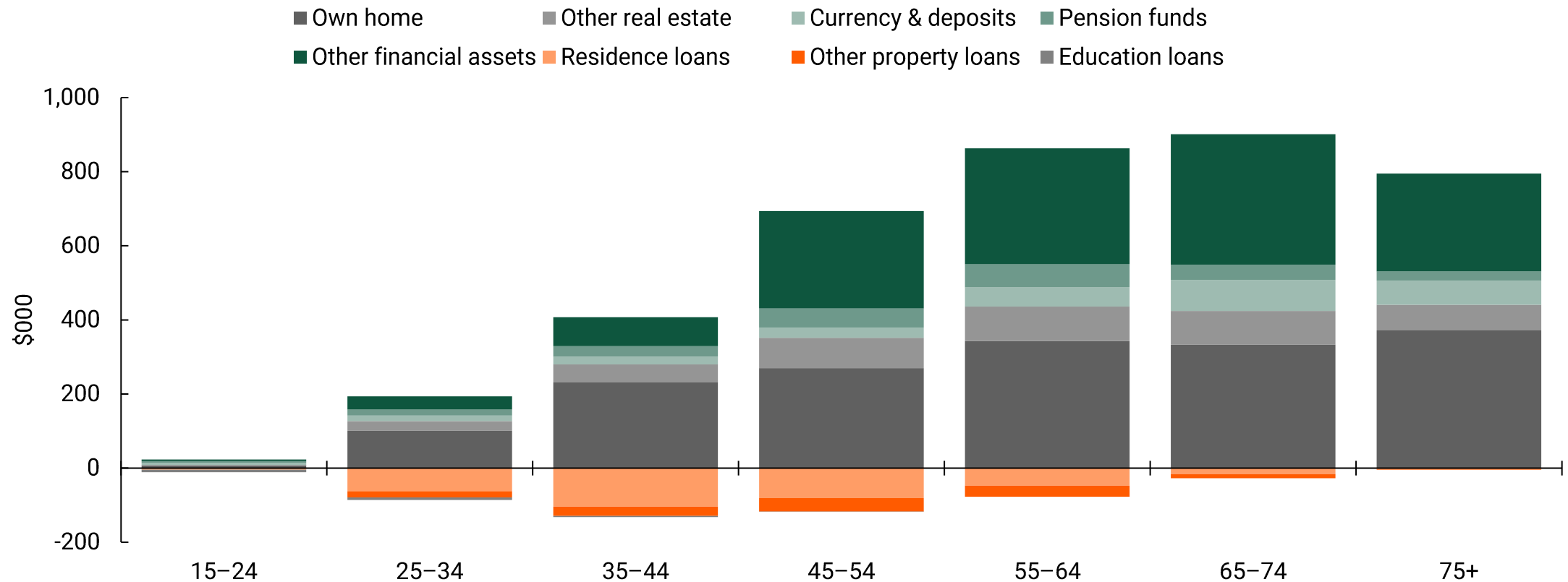
Inflation of necessities last decade



Source: MoE, Simplicity Research Hub

Hidden in demography

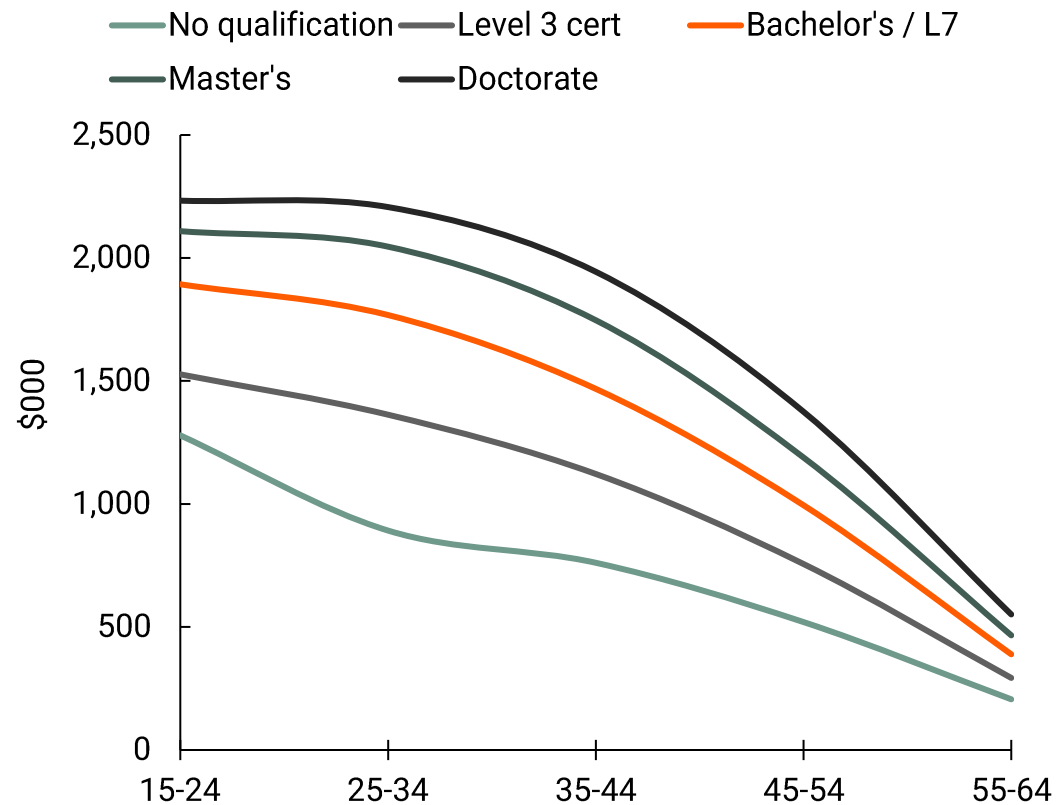
Average Household Asset & Liability Holdings by Net Worth Quintile (2024)



Source: Statistics New Zealand, Simplicity Research Hub

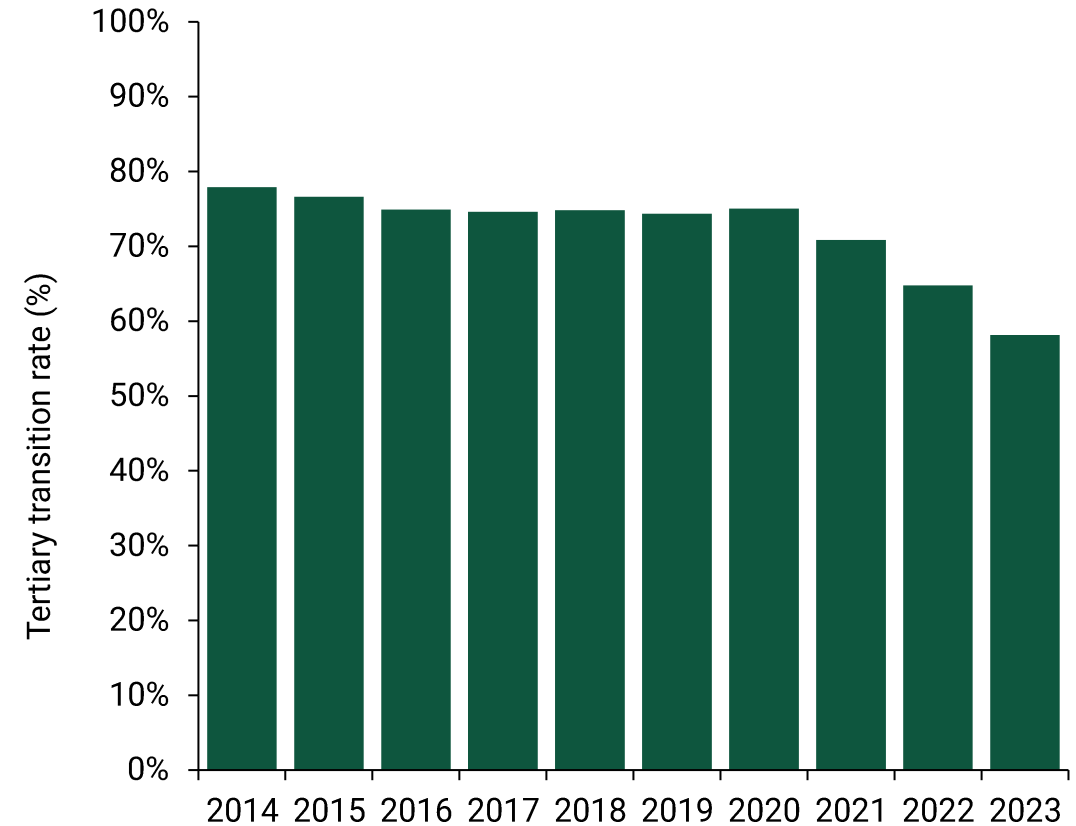
Time & education

Lifetime income by qualification & age



Source: Statistics NZ, Simplicity Research Hub

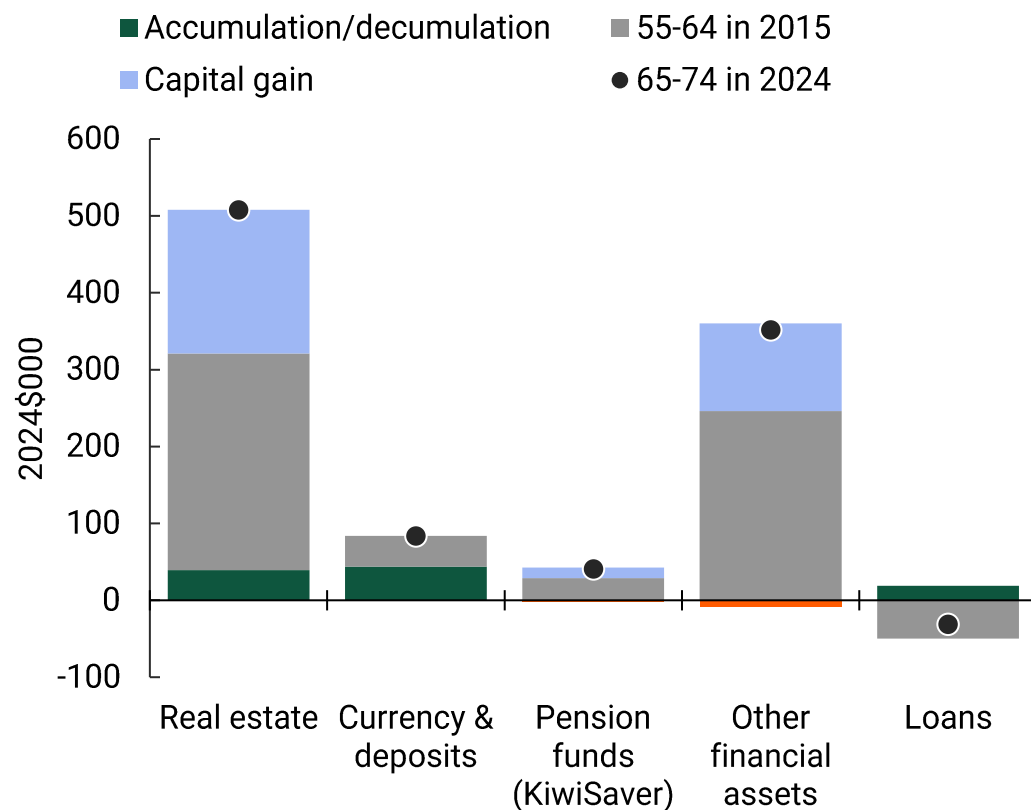
School to Tertiary Education 3 year Transition



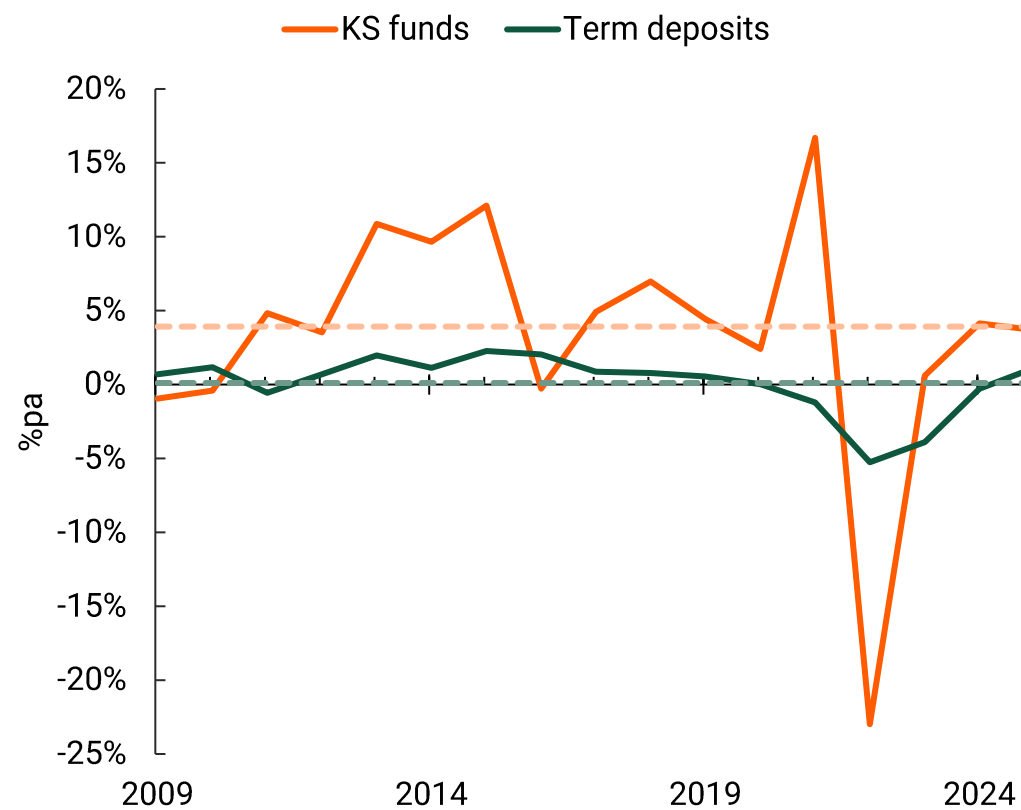
Source: MoE, Simplicity Research Hub

Housing, deposits, & decumulation

Savings/Investment of Recent Retirees



Real net returns



Source: Statistics NZ, IRD, RBNZ, Simplicity Research Hub

Source: IRD, RBNZ, Statistics NZ, Simplicity Research Hub

We can do better

Efficiency & equity

Context & ideas

The past is a foreign land

- More uncertain
- Regressive inflation
- Education falling
- Housing accidental wealth policy

Fix KiwiSaver

- Compulsion
- Contributions up
- Kids at birth
- Direct assets to infrastructure

Protect NZ Super

- Means test
- Equalise benefits

Decumulation

- Easy/automatic rules based
- Annuity



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