

New Zealand = Rugby & The Lord of the Rings & eh, Retirement planning???



The recent drawn Rugby series between the Lions and All Blacks got us thinking...

Being on the opposite side of the world, New Zealand is not a place we often discuss here on Life online, but that doesn't mean that there isn't plenty to learn from the land of the "long white cloud"



One area that New Zealand seems to be leading the way on (other than rugby) is helping their citizens plan for a better retirement. There is often discussion on this topic in governments around the world, but the cost and time needed to address inadequacies in a national pension strategy often has politicians acting decisively.

In fact, like the All Blacks, New Zealand's approach to retirement planning has been leading the way for a long time now. They first tackled the idea of an old age pension as far back as 1898, when a means-tested pension was introduced for the over 65's. This offering was then widened by removing the means testing in 1938.



However, 1975 saw the introduction of compulsory scheme where employees and employers contributed at least 4% of earnings. Unfortunately this was a bit ahead of its time and was quickly abolished. It was replaced by a scheme called the "National Superannuation scheme" that paid 80% of the average wage to married people over 60. This has since been increased to 65 years of age.

In addition to this, the "Kiwi saver scheme" was introduced in the last decade as a way for New Zealanders to top up their "Superannuations". These savings are similar to our personal pensions as the individual has control over who and how their savings are managed. This allows them to fine tune their pension savings strategy to best suit their needs in retirement. Today, one quarter of New Zealand operating expenditure goes on "Superannuations".



But what does that all mean for us?

We, just like many other countries, are now taking heed of how New Zealand and other countries have approached universal retirement

Today, lower levels of younger people are saving for retirement, perhaps as a result of the way that our working lives are changing. The disappearance of jobs for life and the emergence of the 'gig economy' could mean less and less people thinking about their future, whilst focused on today.

While a national compulsory pension scheme might be on the card for us down the line, that is unfortunately not a good enough reason to not start planning for retirement now. Remember "time" is the most valuable asset you have, don't waste any of yours.



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In his spare time he enjoys chasing after his young daughter and following the ups and downs of Leinster and Irish rugby.

He regularly writes here on Life online and has a passion for taking the "complex" out and putting the "straight forward" into financial planning topics.

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