

# MONEY & YOU

LITERACY | INSIGHT | ADVICE



In partnership  Trustees Executors

Powered by  CORE DATA  
research

**Financial Services Council.**  
Growing and protecting the wealth of New Zealanders

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## 01

## INTRODUCTION

The 2020 Financial Services Council research series is focusing on Money and You, taking a look into how New Zealanders think about money and how it affects decisions and wellbeing. The research surveyed 2,000 New Zealanders about their views on KiwiSaver, Investment and Life Insurance just as the global Covid-19 crisis was hitting our shores in March 2020.

In the first part of the research, “Money and You – It’s not about money”, it’s about you, we saw that there is a strong relationship between wellbeing and money, with money worries causing great stress, affecting mental and physical health.

Overall, New Zealanders are underprepared for a personal financial shock caused by, for example, losing their job or a health issue.

This is especially prevalent in younger New Zealanders, the group the research found to be more stressed financially and least prepared for loss of income.

Despite a recognition of the risks we face living in New Zealand, we are poor at managing them. This is driven, in part, by a lack of understanding of the language of money, which prevents many of us from being financially resilient and being able to make good, sustainable financial decisions.

In this, the second part of the research, we look at why New Zealanders don’t seek help with their finances and delve into what good support means and understand how it can reduce financial stress.

We seek help, advice and support from family, friends, and experts in many other aspects of our life to give us peace of mind, from health and fitness to finding a job and getting a warrant of fitness for a car. This part of the research looks at why the majority of New Zealanders don’t always seek professional advice with finances and highlights the benefits of doing so.



Rob Flannagan  
Chairman, FSC



Richard Klipin  
CEO, FSC

## 02

FOREWORD  
TRUSTEES EXECUTORS

Trustees Executors is delighted to support and participate in the next phase of the Financial Services Council 2020 consumer research series. The second part of this research highlights how those who seek out advice with their finances can help navigate towards a brighter future, both in terms of their financial position as well as emotional and physical wellbeing.

Although New Zealand has managed the health concerns related to the COVID-19 pandemic better than most countries, many individuals and families are now having to deal with unexpected financial concerns. Many have had their hours cut or have been temporarily or permanently laid off, and this has added another layer of stress at an already difficult time.

It is certainly uplifting to see how governments, the banks, business, and the community are all coming together to help. It also highlights who to trust and not trust – there have unfortunately been a lot of scams out there.

Our advice community has tremendous opportunity and obligation to play a leading role in helping Kiwis have better access to advice, and I am proud that Trustees Executors is playing our part in supporting this.

As with series one, there are some key points from the survey to highlight the value of advice through client outcomes. For example, the 4% superior return in outcome for advised investors is the perfect case in point to illustrate this. Depending on the time of investment, an advised investor could be better off by hundreds of thousands of dollars, or even more, compared with a non-advised investor.

Good financial advice is integral to our financial wellbeing. As much as advisers can help in making sure you have investments that are appropriate for your goals and needs, they can also protect you from making behavioural mistakes similar to the panic selling we saw during the early stages of the COVID crisis.

Trustees Executors has a strong partnership with the Financial Services Council and endorse the important role they now play in connecting the value of our industry's services to the wellbeing of the communities that we serve.



Ryan Bessemer  
Chief Executive Officer  
Trustees Executors



## 03

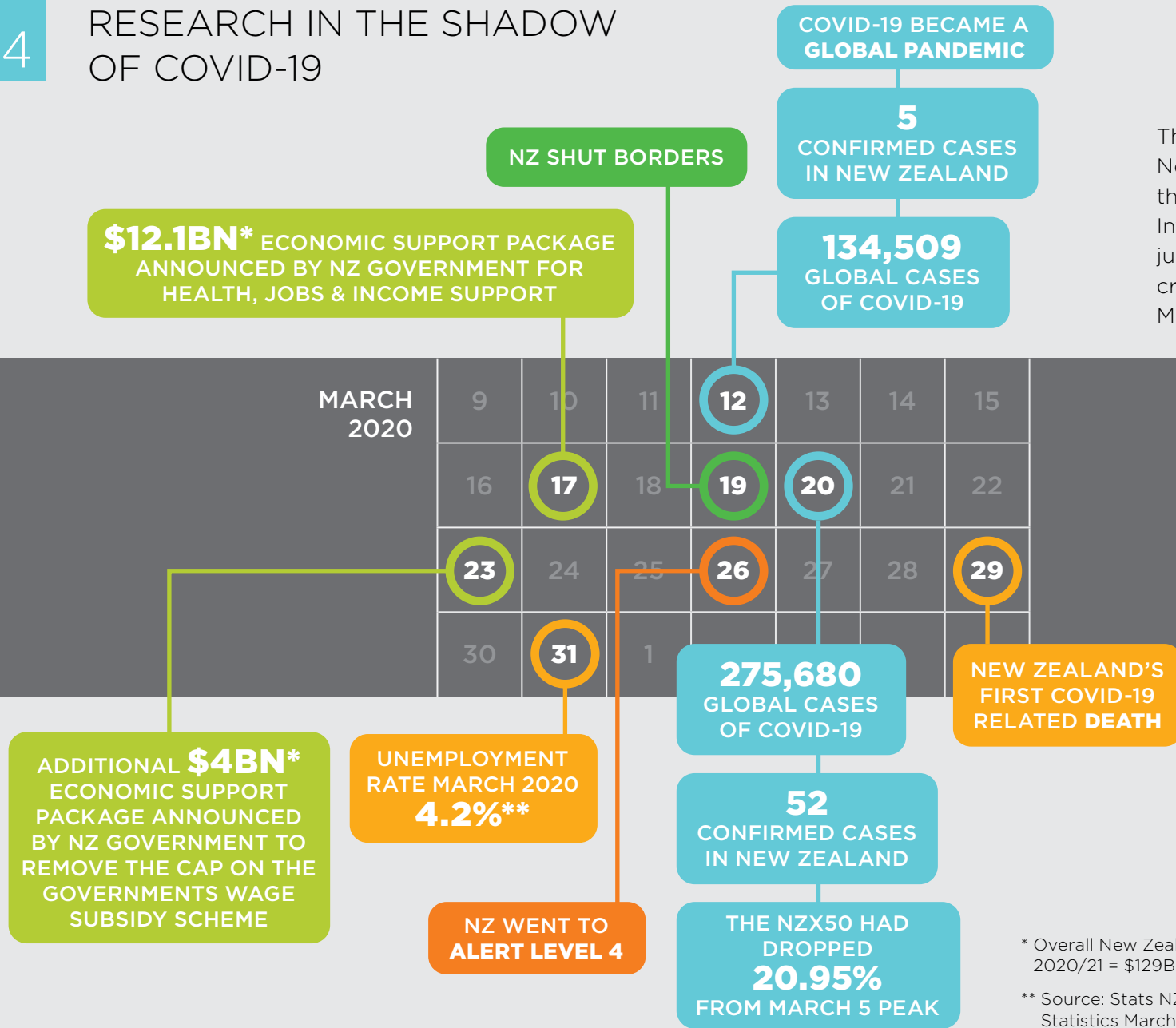
## KEY FINDINGS

- 1 New Zealanders are in poor financial shape, and think they are in a financially better position than they actually are, with many unable to survive financial distress for much more than a month.
- 2 New Zealanders that get professional financial advice tend to be higher earners and are financially stronger. They have:
  - 50% more in their KiwiSaver
  - Save 3.7% more of their earnings
  - Travel 6x more frequently
- 3 New Zealanders that get professional financial advice on average receive 4% better investment returns. Our model shows additional savings growth of:
  - Young (age 25): \$1.5m
  - Middle-aged (age 40): \$3m
  - Pre-retiree (age 55): \$1.9m
- 4 Whilst household income impacts financial outcomes, there are many triggers for seeking advice:
  - Coming into money (eg inheritance)
  - Financial distress (eg health, divorce)
  - Property transactions
  - Approaching retirement
- 5 There are many intangible benefits to taking advice including confidence, an understanding of the 'language of money' and a positive impact on wellbeing.



04

# RESEARCH IN THE SHADOW OF COVID-19



The research surveyed 2,000 New Zealanders about their views on KiwiSaver, Investment and Life Insurance just as the global Covid-19 crisis was hitting our shores in March 2020.

\* Overall New Zealand Budget 2020/21 = \$129BN

\*\* Source: Stats NZ Labour Market Statistics March 2020 Quarter

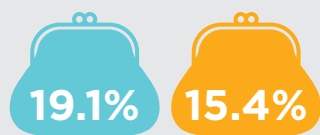
05

# OVERALL, THOSE THAT GET PROFESSIONAL FINANCIAL ADVICE ARE BETTER OFF

Professional financial advice can give New Zealanders the confidence and to weather difficult and unanticipated events from a global to personal scale.

Professional financial advised New Zealanders travel more, save more, invest more, and overall have more.

Approximately what proportion of your after-tax income would you estimate you save each pay cycle, after paying your mortgage/rent, debt repayments and all other living expenses?

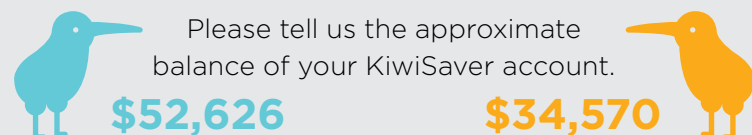


Professional financial advised New Zealanders save 3.7% more of their income

Approximately how many times have you gone travelling on holidays (alone or with family/friends), whether locally or overseas, over the past five years?



Professional financial advised New Zealanders travel six times more per decade



Professional financial advised New Zealanders have approximately 52% more in their Kiwisaver

Advised Unadvised

## ADVISED NEW ZEALANDERS ARE MUCH MORE SATISFIED WITH THEIR KIWISAVER

How would you rate your scheme provider on the following?

OVERALL



Please tell us the approximate annual return on your household's total amount of investment portfolio over the past five years (excluding your residential property, net of fees and tax).



12.9%



8.9%

**Investment returns are 4% better on average under professional financial advice**

Approximately how much cover do you have for the following types of insurance?

**LIFE INSURANCE**



**INCOME PROTECTION INSURANCE**



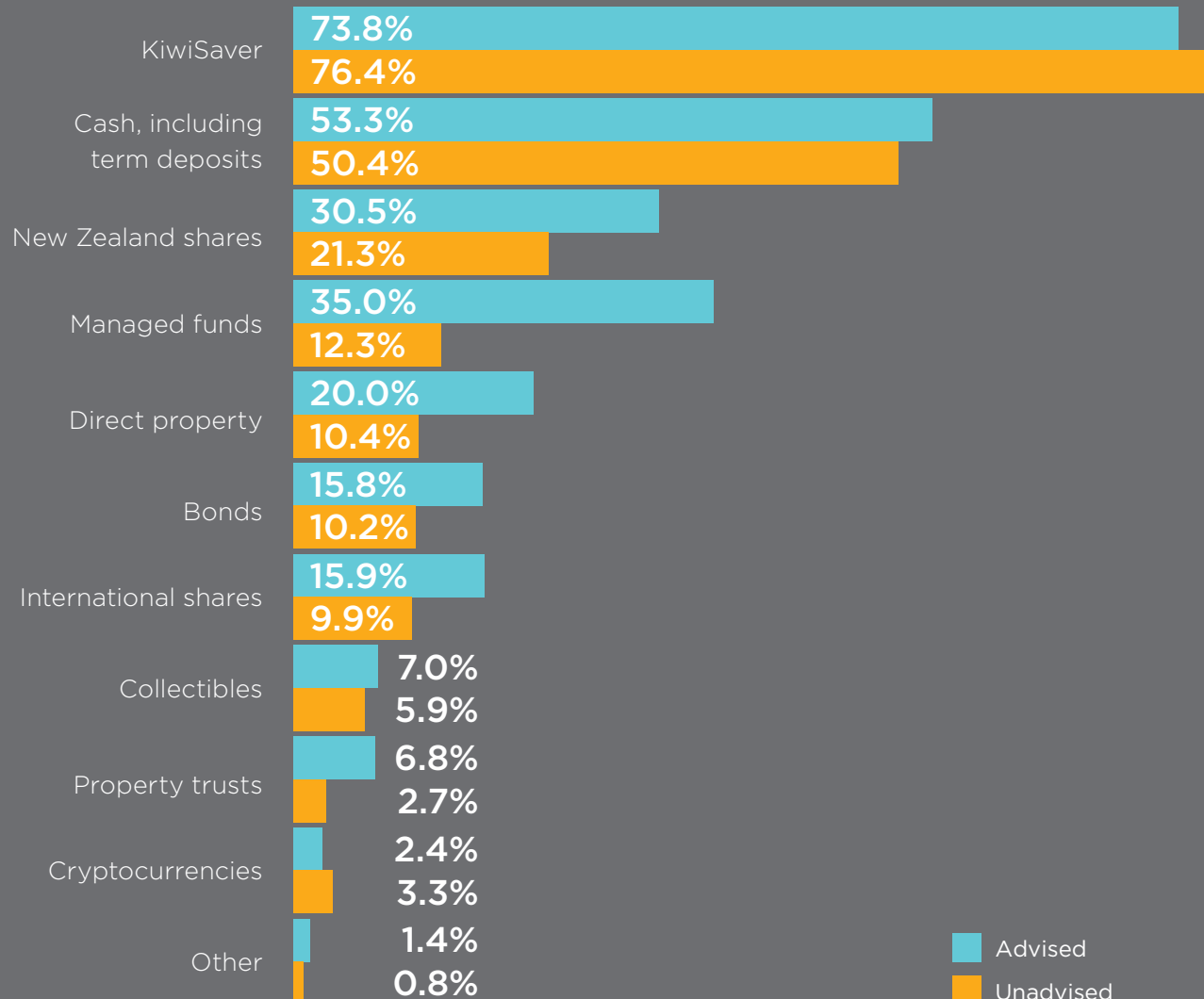
**CRITICAL ILLNESS INSURANCE**



**New Zealanders are more likely to have more insurance cover if advised**

■ Advised ■ Unadvised

**WHICH OF THE FOLLOWING TYPES OF INVESTMENTS DO YOU CURRENTLY HAVE?**



■ Advised  
■ Unadvised



The research highlighted an average 4% increase in investment returns between those that took professional financial advice and those that didn't. To see how that additional percentage return grows over time in dollars and cents, CoreData modelled three scenarios for younger (age 25), middle-aged (age 40) and pre-retiree (age 55) based on the same starting balance, deposit and withdrawal each year.

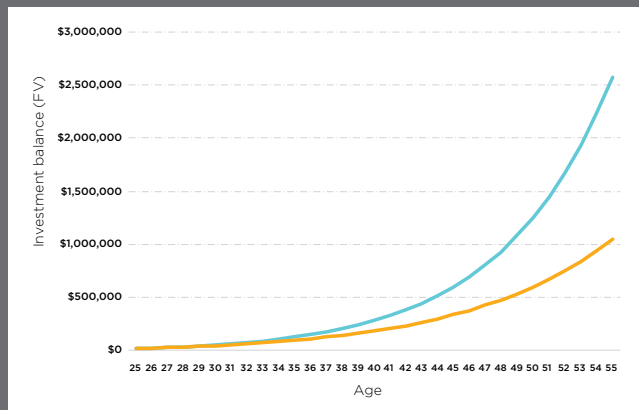
This model shows that younger New Zealanders starting with a balance of \$16,830 and depositing \$2500 every year would have earned an additional

\$1.5m on their investment if they sought help and professional financial advice. Even starting later in life at age 55, more initial savings in the investment pot sees advised earn close to \$2m more in their investment and those starting at 40 years old could see a massive \$3m in additional investments.

This significant growth is due to compounding returns which is where the interest earned each year is re-invested or added to the investment. This increases the amount of money saved each year and therefore the amount of interest earned in subsequent years.

### WHAT FOUR PERCENT LOOKS LIKE IN DOLLARS AND CENTS

#### YOUNG SCENARIO



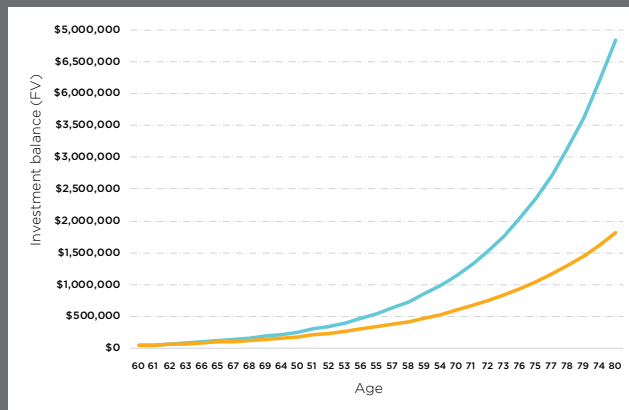
AT AGE 55:

**ADVISED**  
**\$2,574,249**

**UNADVISED**  
**\$1,044,381**

**DIFFERENCE \$1,529,868**

#### MIDDLE-AGED SCENARIO



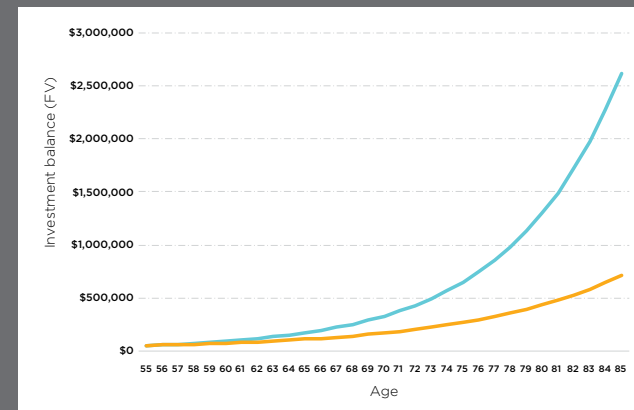
AT AGE 70:

**ADVISED**  
**\$4,831,372**

**UNADVISED**  
**\$1,809,226**

**DIFFERENCE \$3,022,147**

#### PRE-RETIREE SCENARIO



AT AGE 85:

**ADVISED**  
**\$2,618,945**

**UNADVISED**  
**\$715,376**

**DIFFERENCE \$1,903,569**

■ Advised ■ Unadvised

06

# THOSE TAKING PROFESSIONAL FINANCIAL ADVICE FEEL BETTER

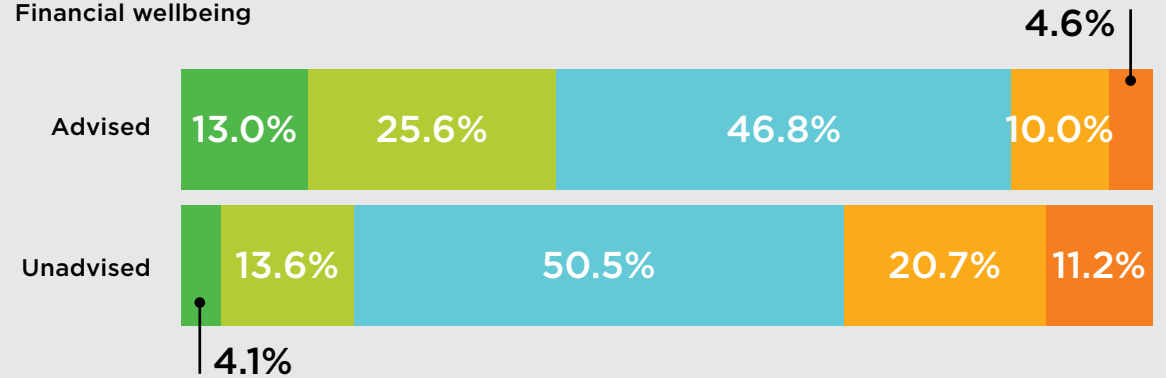
More than twice as many New Zealanders that take professional financial advice rated their financial wellbeing as high or very high compared with those that do not take professional financial advice and close to 90% of advised respondents rated their overall holistic wellbeing as moderate to very high.

A great sense of peace of mind.

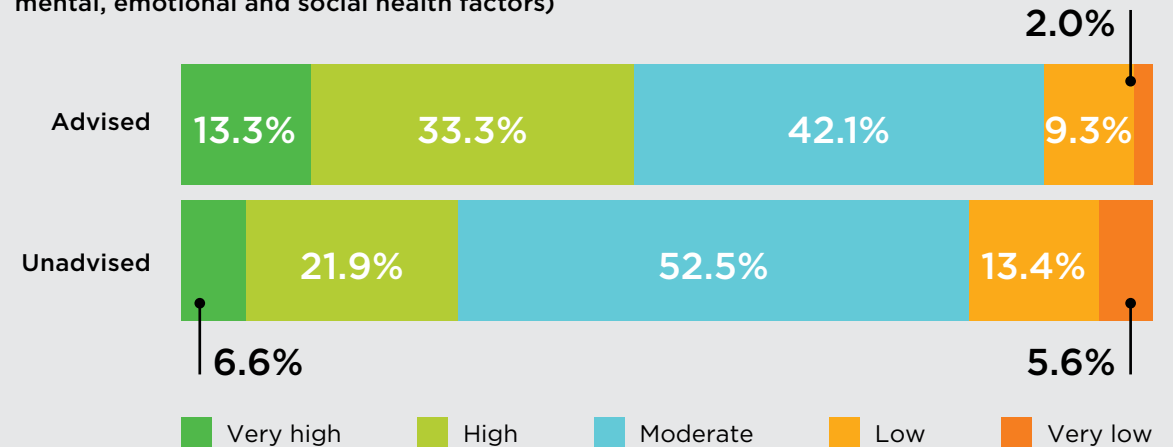
**FEMALE, 43 YEARS OLD, AUCKLAND**

## Overall, how would you rate your level of ...?

### Financial wellbeing



### Overall wellbeing (holistic wellbeing that includes your physical, mental, emotional and social health factors)



n = 382 (Advised); 1,618 (Unadvised); 2,000 (Overall)

07

## DELIVERING TANGIBLE BENEFITS

This support has helped to deliver both tangible and intangible benefits. Those that have taken professional financial advice are more able to live within their means, have more savings and are able to pay down debts quicker, but, on the whole, advised earn a higher wage and tend to have more investments.

- Generation Y (37 years old & below)
- Generation X (38 - 52 years old)
- Baby Boomers (53 - 72 years old)
- Pre-Boomers (73 years old and above)

%YES



Receiving financial advice has given me a better understanding of how to manage my finances.

**FEMALE, 87 YEARS OLD, AUCKLAND**

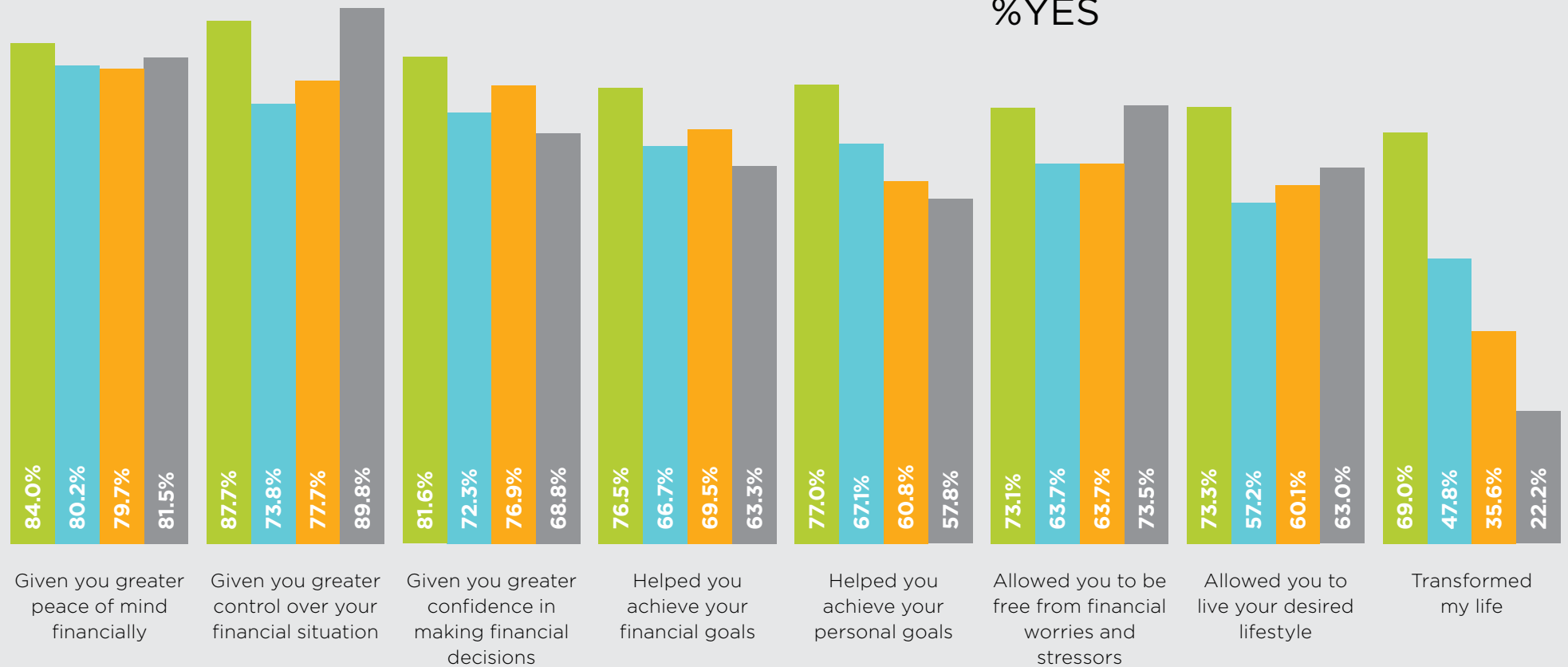
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## DELIVERING INTANGIBLE BENEFITS

And those tangible benefits result in the majority of advised respondents having peace of mind, greater control, confidence and being free from financial worries and stress.

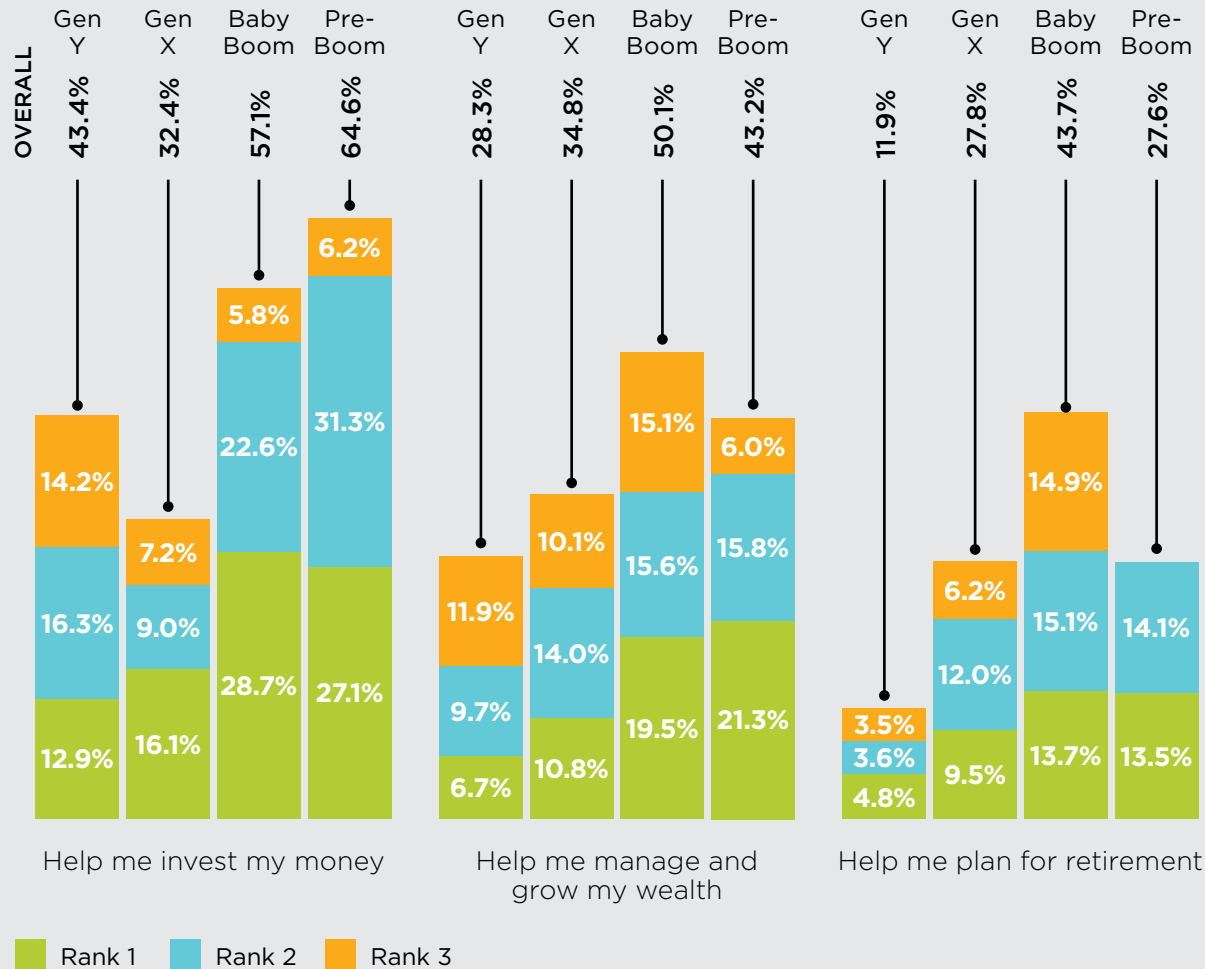
- Generation Y (37 years old & below)
- Generation X (38 - 52 years old)
- Baby Boomers (53 - 72 years old)
- Pre-Boomers (73 years old and above)

%YES



# FINANCIAL ADVISERS HAVE HELPED TO INVEST, GROW AND PLAN

## Which of the following areas has/have your financial adviser(s) been helping you?



Across the generations, the key areas that professional financial advice has contributed include helping to invest money, manage and grow wealth and plan for retirement. In addition, respondents also mentioned the help provided to find financial products to help manage risk and to budget and manage cashflow.

I am more confident to live my life [knowing my] loved ones [are] secure and [having] less stress.

MALE, 45 YEARS OLD, WAIKATO



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# THE BARRIER TO SEEKING PROFESSIONAL FINANCIAL ADVICE IS A PERCEIVED LACK OF WEALTH

**How much do you agree or disagree with the following statements on receiving professional financial advice from a financial adviser?**

Over 60% of respondents that indicated that they are not being advised didn't think that they had enough assets and wealth to need professional financial advice, and think that it is unaffordable. Over half felt it was not the right time to seek professional financial advice.

■ Strongly agree
 ■ Agree

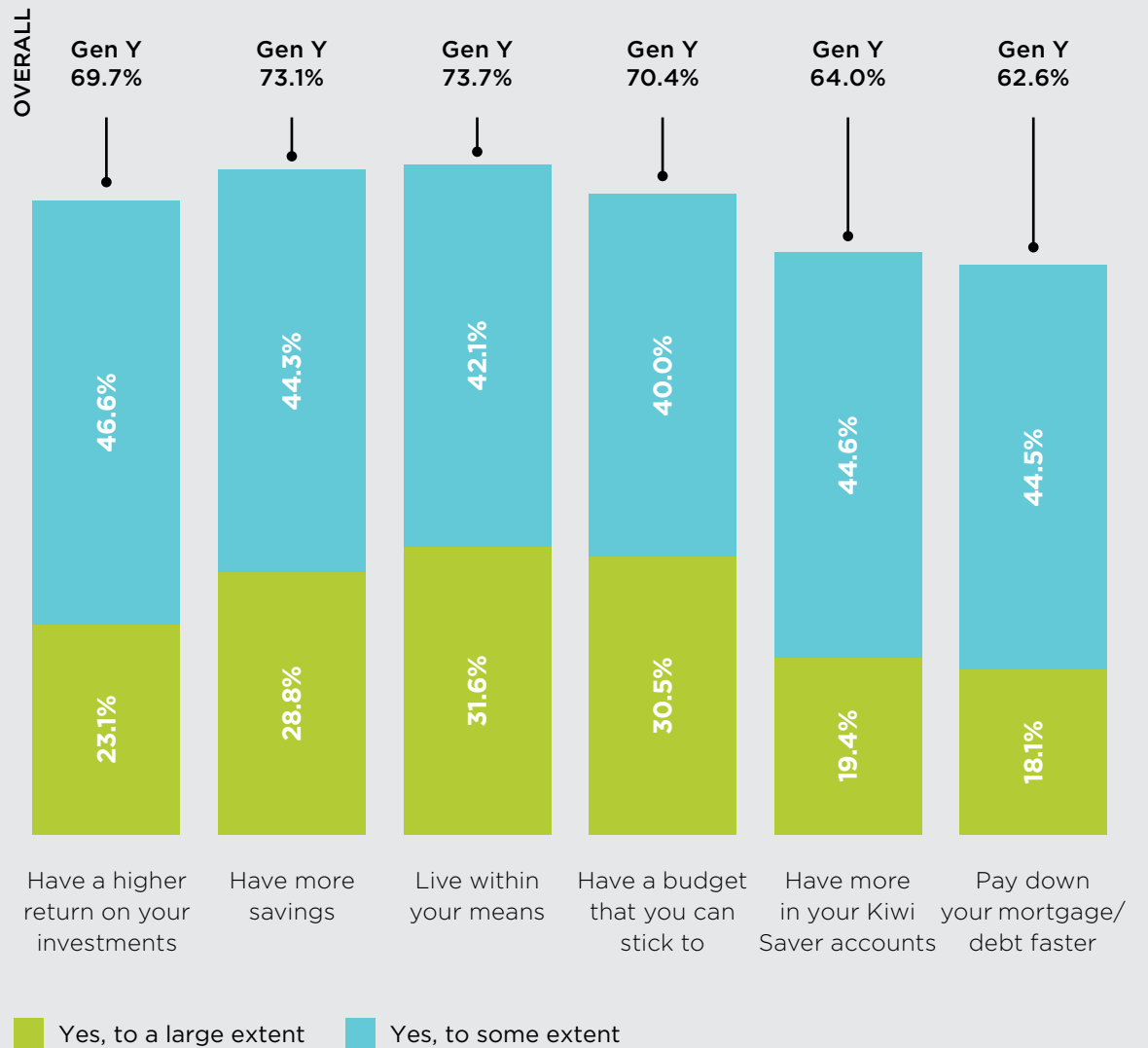


Interestingly, those Generation Y (37 years old or less) respondents that are receiving professional financial advice said that they had more savings, a budget that helps them live within their means and the professional financial advice received will help them to pay down their mortgage indicating the earlier professional financial advice is taken, the better for this group.

Helped me organise my life and allow me to pay off my debts in small amounts preventing further detrimental action to my credit rating.

**FEMALE, 29 YEARS OLD, AUCKLAND**

### Which of the following areas has/have your professional financial adviser(s) been helping you?

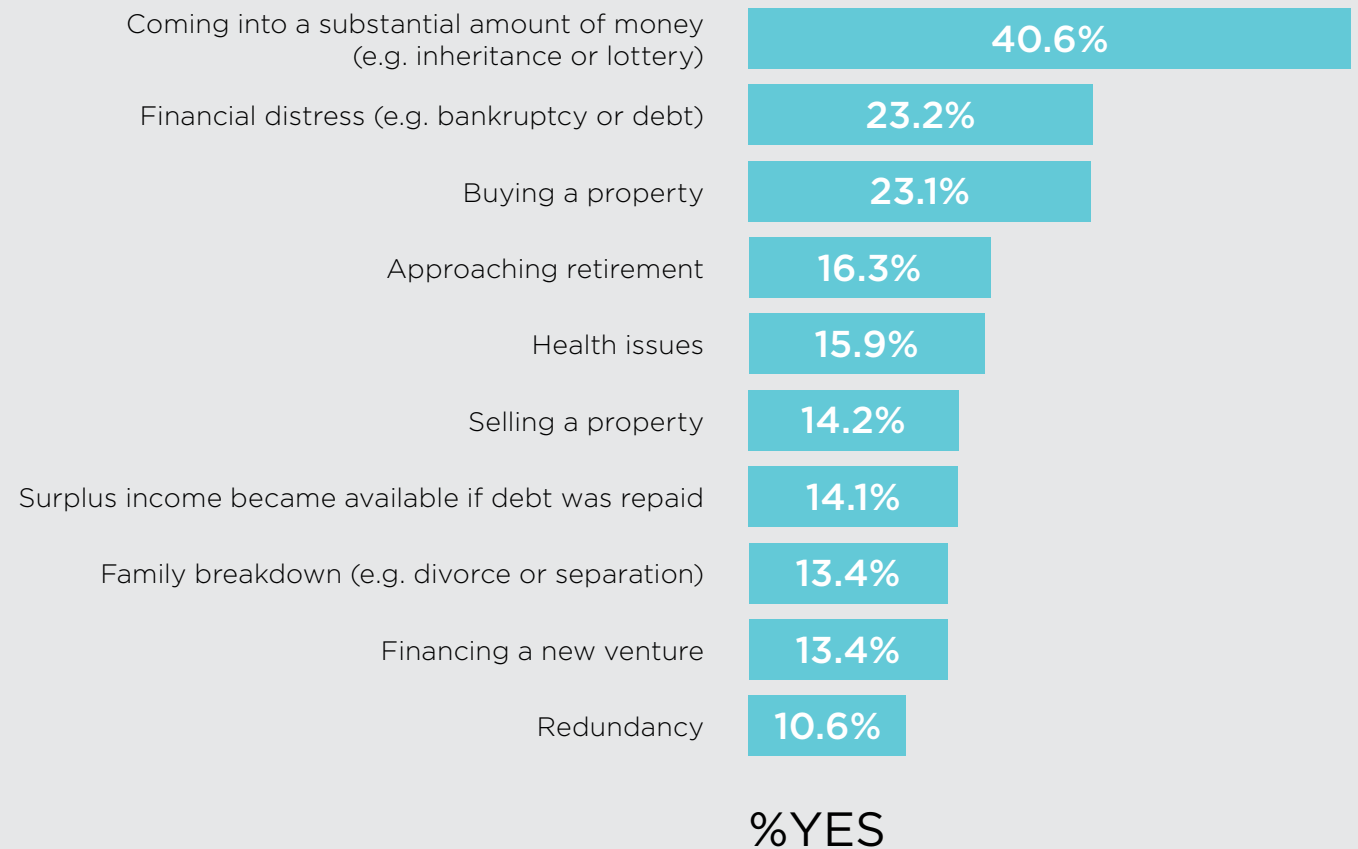


## 11

## LIFE EVENTS TRIGGER THE NEED FOR PROFESSIONAL FINANCIAL ADVICE

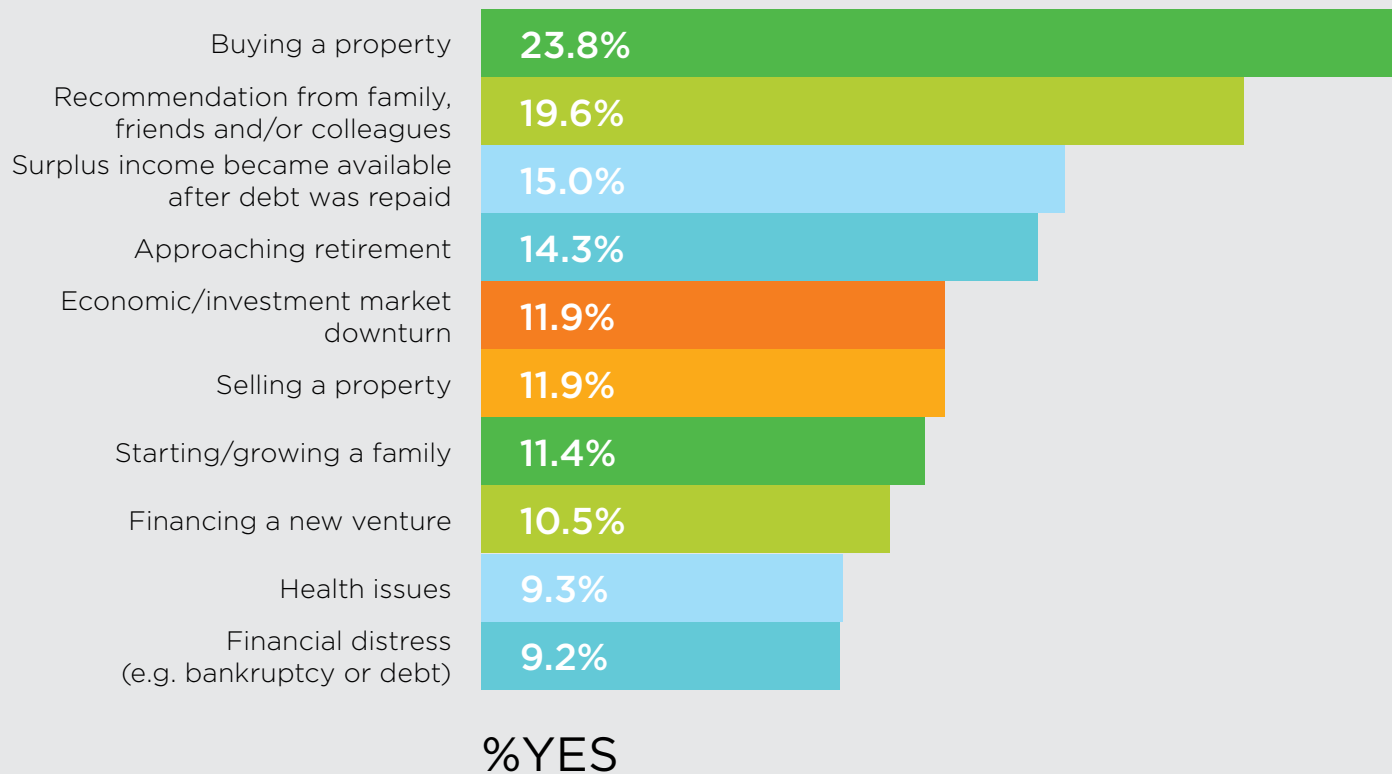
Changes in financial situations are the most likely trigger New Zealanders to seek professional financial advice. Coming into a substantial amount of money (40%) and financial distress (23%) were the top two triggers and property, retirement and redundancy were also triggers, albeit to a lesser extent.

**Which of the following could trigger you to start seeking professional financial advice from a financial adviser?**



For those respondents that are currently advised, the majority first sought professional financial advice because of house purchase.

**Which of the following triggered you to first seek professional financial advice from a financial adviser?**

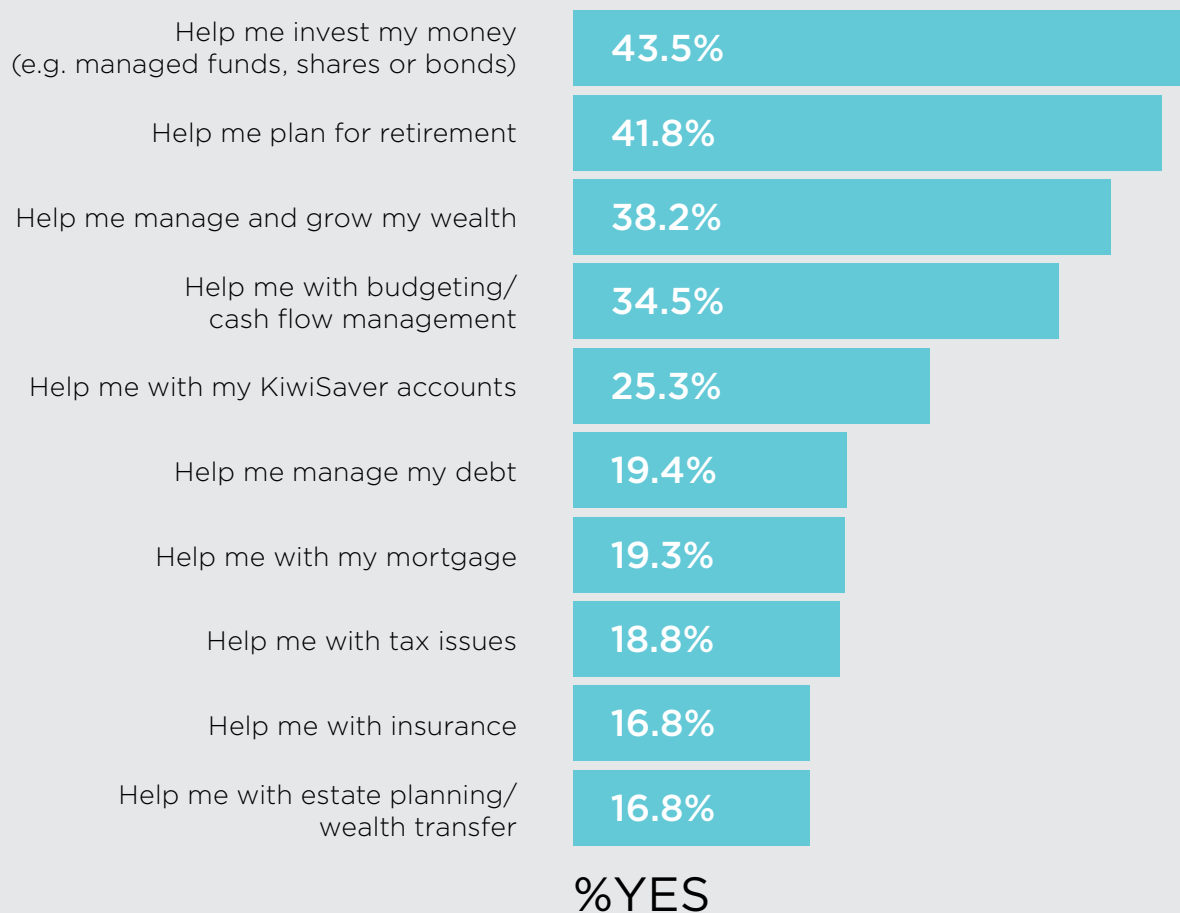


I just had a meeting to discuss house deposits and I am way closer than I expected so she [adviser] helped me start organising things I need to buy a house.

**FEMALE, 22 YEARS OLD, WELLINGTON**

Therefore, there is an understanding how advisers can support in the longer-term. When respondents were asked what could trigger the need for professional financial advice, the majority highlighted property as a key reason. However, when asked to highlight where they thought an adviser could help, the focus is on investment, planning for retirement and managing wealth.

**Which of the following areas do you think a professional financial adviser can potentially help you with?**



I am now retired and able to live a comfortable stress-free financial life even allowing for issues such as this current Corona virus pandemic. I am currently able to withstand the money market shocks now happening through judicious advice and planning that I have followed.

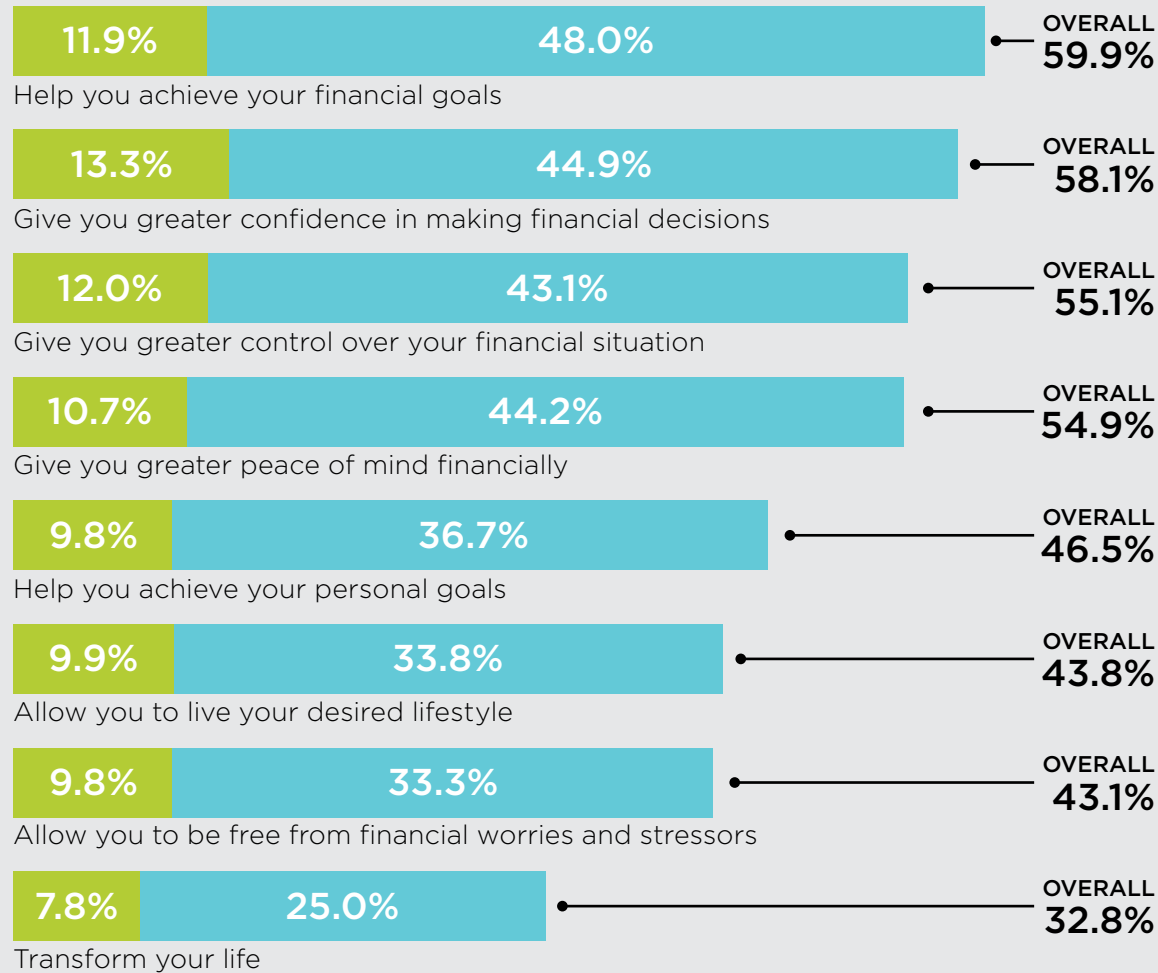
**MALE, 77 YEARS OLD, AUCKLAND**



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# THERE IS A DISCONNECT BETWEEN FINANCIAL STABILITY AND WELLBEING

## Overall, do you think receiving professional financial advice would ...?



The research has highlighted that there is a connection between financial stability and wellbeing and health, but this connection isn't always recognised by New Zealanders.

Close to 60% of respondents felt that receiving professional financial advice would help achieve financial goals and give them greater confidence in making financial decisions. Around 55% said that professional financial advice would help to give them greater control and greater peace of mind.

Overall, New Zealanders don't see themselves as financially healthy. Only just over one-fifth (21.5%) rate their financial wellbeing as better than moderate. This suggests that there is a link between financial wellbeing and overall wellbeing, with only slightly more (31.8%) rating their overall wellbeing as better than moderate.

■ Yes, to a large extent  
■ Yes, to some extent

Despite the recognition that support and coaching would be of benefit, there is a disconnect between how New Zealanders think getting help would improve their wellbeing.

1 in 2 would expect to see an improvement in financial wellbeing, dropping to around 1 in 4 expecting an improvement in overall wellbeing and mental health if they were to take professional financial advice. Close to 40% didn't think that receiving professional financial advice could help improve anything.

### Which of the following do you think could improve as a result of receiving professional financial advice?

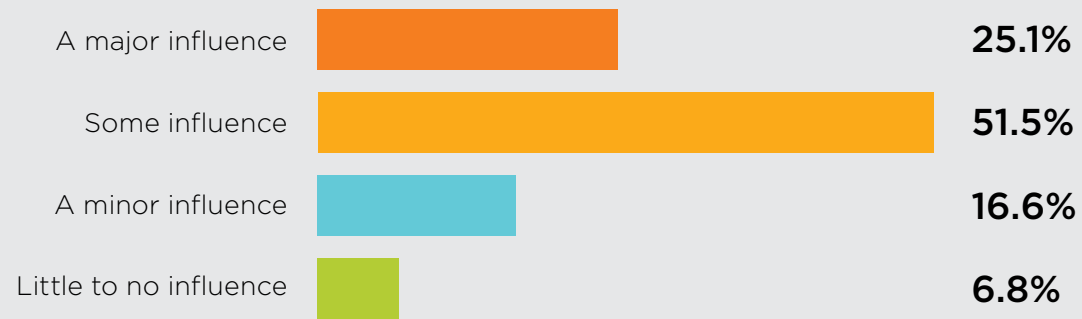


We have peace of mind knowing that the money is safe and getting some interest but have money in case of an emergency.

MALE, 75 YEARS OLD,  
GISBORNE

Indeed, over 75% said that financial wellbeing has a major or some influence on their overall wellbeing, but still do not seek help or see the benefit of getting it.

**How much influence does your financial wellbeing play in your overall wellbeing (holistic wellbeing that includes your physical, mental, emotional and social health factors)?**



Peace of mind and financial security is important, it allows me to be able to live comfortably without worries and enjoy a good standard of living. It will allow me to share the wealth with family and loved ones. It will also impact my physical and mental health by not being so stressed out and taking it out on others.

**FEMALE, 46 YEARS OLD,  
MANAWATU-WANGANUI**

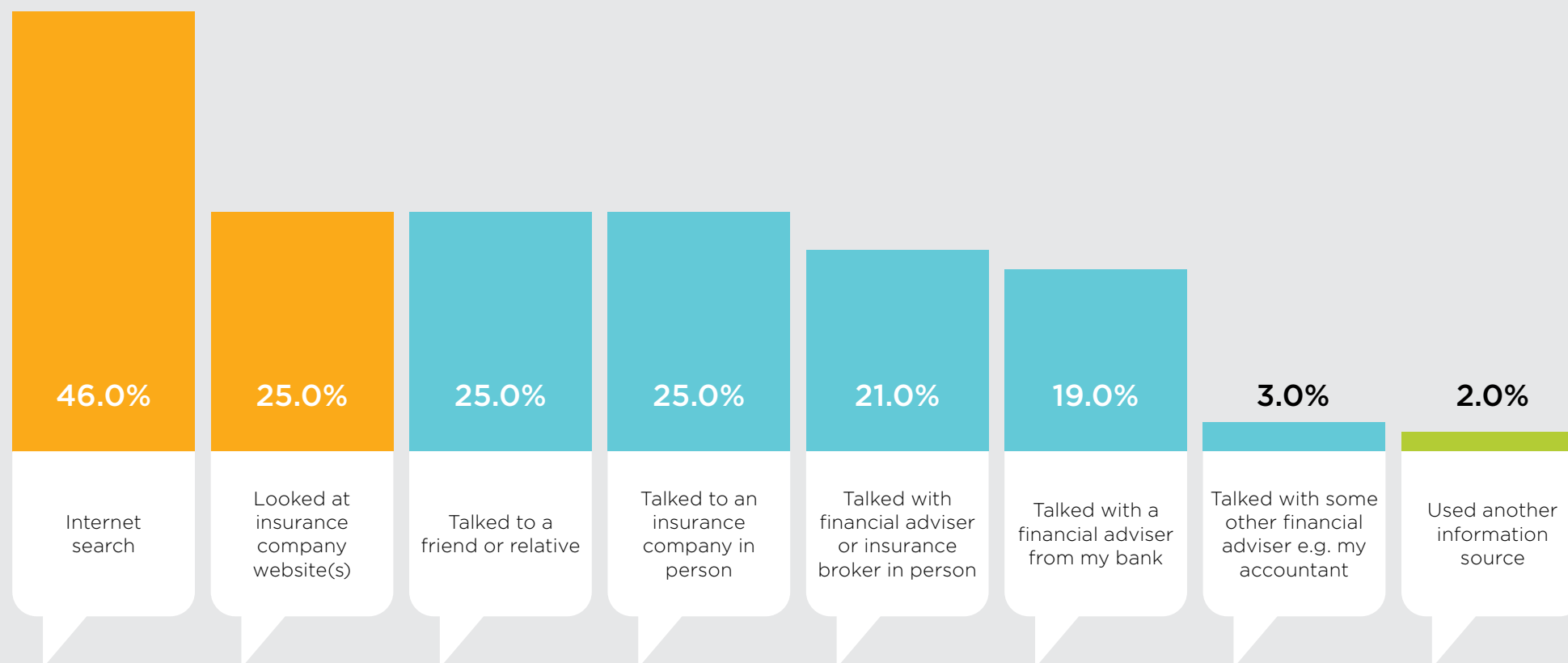
## 13

SEEKING PROFESSIONAL FINANCIAL ADVICE  
AND FINDING INFORMATION

Professional financial advice comes in many forms on many topics. Previous research by the Financial Services Council\* into understanding how New Zealanders accessed insurance products revealed several ways information and professional financial advice for financial products was sought.

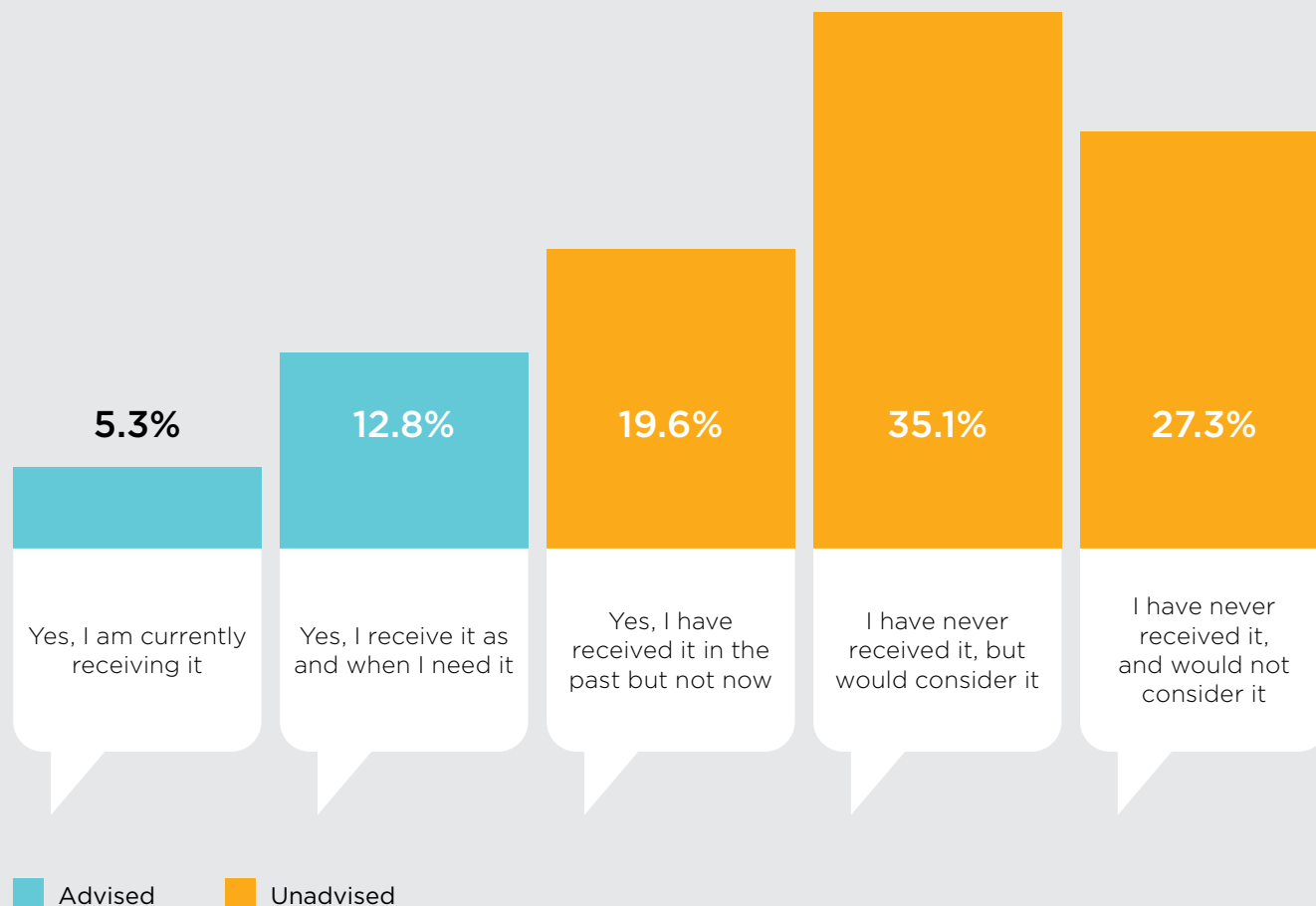
For those that had recently looked for products, online and face to face professional financial advice (whether from friends, family or a professional) were the more common sources of support.

■ Online sources  
■ Offline sources  
■ Other



However, overall professional financial advice uptake in New Zealand is low with less than 20% of respondents having ever received professional financial advice from a financial adviser.

### Have you ever received professional financial advice from a financial adviser?



Advice helped us pay off mortgage early; now mortgage free. Advice helped us choose which KiwiSaver plan to use, whether we have adequate insurance coverage, where to invest savings for childrens' college funds. Working on plans for retirement savings.

**FEMALE, 64 YEARS OLD,  
WELLINGTON**



## ANNEX A: FINDING HELP AND PROFESSIONAL FINANCIAL ADVICE

### 1. Government Support

The Government continue to offer a wide range of help and support to New Zealanders' who have been affected by the pandemic. This ranges from financial support for employees and businesses, through to help and professional financial advice for looking after your emotional and mental wellbeing.

For more information go to <https://covid19.govt.nz/>

### 2. Provider help and support

Your life insurance, KiwiSaver and investment provider will have support in place to help you. These will range from payment holidays to professional financial advice on accessing your investments or KiwiSaver should you be in difficulty.

They are also there for you if you have less urgent queries about your policies and investments, and now is a great time to check-in that you have the right levels of protection and are in the right type of KiwiSaver or investment funds.

Access our member websites by clicking on the member logo at <https://www.fsc.org.nz/About/Members.html>

### 3. Online resources to help you manage your finances

The Sorted website has a whole range of resources to help you in plain english. From tailored tools to help you decide how to best manage your money through to making decisions about KiwiSaver and insurance, the site has case studies, helpful articles and provides real, practical help.

Visit <https://sorted.org.nz>.

### 4. Getting help from a financial adviser

A financial adviser will help coach you through your financial situation and support you in getting the right financial plan to meet your needs. Advice is available and accessible for all and by getting professional financial advice, you are more likely to be confident about money and improve your wellbeing.

The Financial Markets Authority regulates professional financial advice in New Zealand, and more information about professional financial advice and where to find advisers can be found at <https://www.fma.govt.nz/investors/getting-financial-professional-financial-advice/>



## 15

ANNEX B:  
METHODOLOGY

The research was conducted via an online survey developed and hosted by CoreData. Data was collected between 12 March and 20 March 2020.

A total of 2,000 valid complete responses were collected, which formed the basis of the analysis and the report.

We then went back into field following the same methodology with a smaller sample of 1,000 New Zealanders' to understand how attitudes have changed around resilience and wellbeing following the Coronavirus alert levels.

The sample is representative of the New Zealand consumer population in terms of age, gender and income based on the latest Stats NZ data.

The purpose of this survey was to understand how financially prepared New Zealanders' are.

**CORE DATA**  
research



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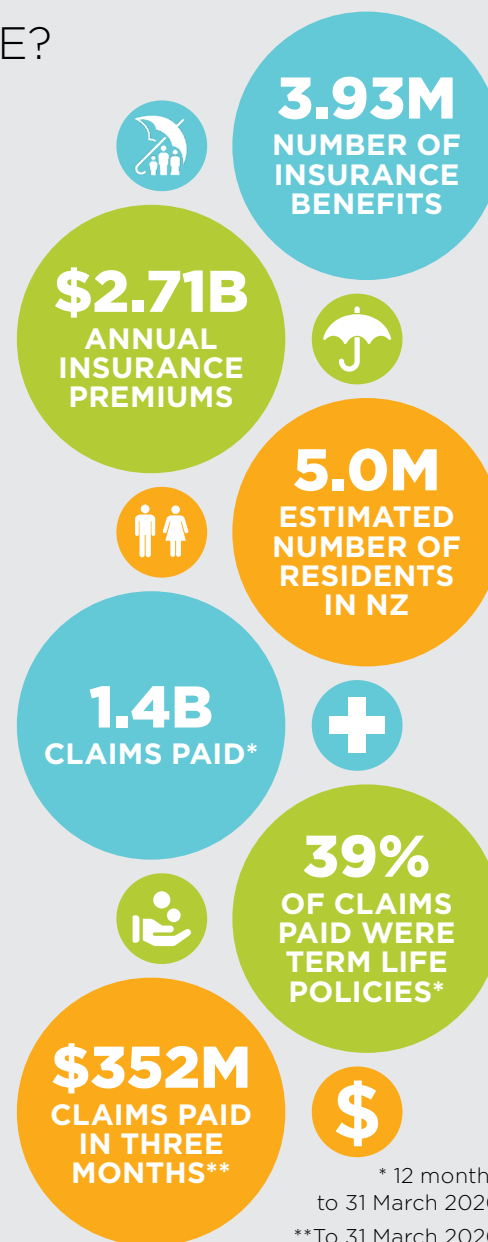
## ANNEX C: WHAT IS LIFE INSURANCE?

Insurance transfers the risk of financial losses (as a result of specified but unpredictable events) and is transferred from an individual to an insurer in return for an insurance premium. If a specified event occurs, such as loss of income, critical illness or death, an insured or nominated individual can claim compensation from the insurer, subject to the terms of their policy. Insurers pool the individual premiums of policyholders, in relation to insured events, which allows the financial impact of an event that could be disastrous for an individual to be spread among a wider group.

Insurance benefits society in a number of ways, including:

- It provides a means for individuals to reduce financial uncertainty in relation to insured events, e.g. where an accident occurs leading to an inability of an individual to work.
- It allows individuals to manage their own financial risk by transferring risk of loss, resulting from an insured event, to an insurer. In return for buying an insurance policy for a smaller, agreed premium, the possibility of a larger loss is removed.
- Without insurance, people may be less likely to engage in some activities of modern life because the potential financial costs they would be exposed to would be too great. For example, people might be less likely to buy their own home, since they would be responsible for the cost of a mortgage, even if there was no longer household income to pay it, due to an unforeseen event such as an injury or illness.

### Annual Snapshot\*



### The main types of life insurance available in New Zealand:



#### Life insurance

Provides a lump-sum payment in the event of death.



#### Critical illness insurance

Provides a lump-sum payment if you suffer one of a large number of critical illnesses eg cancer, heart attack or stroke or a major head injury. This may also be called serious illness, trauma or total and permanent disability insurance.



#### Income protection / mortgage repayment insurance

Provides a regular payment if you are unable to work due to illness/injury and ACC does not fully apply. This may also be known as mortgage or loan repayment insurance.

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ANNEX D:  
WHAT IS KIWISAVER?

KiwiSaver is a defined contribution scheme funded by a mix of employer, employee, and Government contributions. The objective of KiwiSaver, as set out in its legislation is to “encourage a savings habit and asset accumulation among individuals who may not be in a position to enjoy standards of living in retirement, similar to those in pre-retirement”.

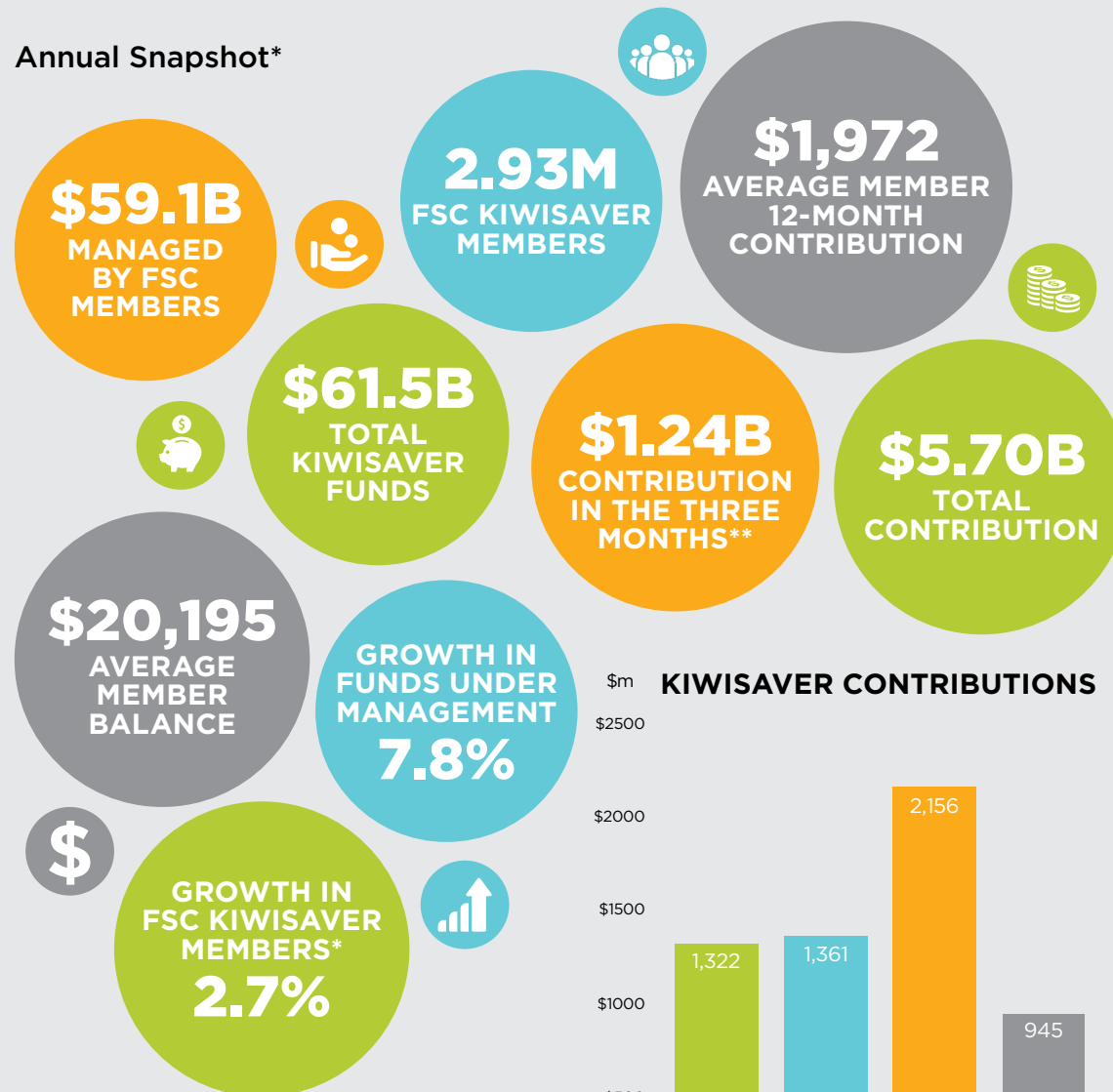
The KiwiSaver 2019 annual report highlights 2.9 million members with total assets over \$57 billion (FMA, 2019).

From its inception, KiwiSaver was seen as making retirement easy through its comparatively simple scheme design. This is a crucial reason for its success and why very quickly KiwiSaver became the dominant retirement savings scheme, leading previous employer-based schemes, to slowly decline.

Underpinning KiwiSaver are several innovative features including auto-enrolment where workers aged 18-65 years are enrolled automatically into KiwiSaver on the start of new employment and can choose to opt-out if they wish between 2-8 weeks. If they do not opt-out, the employer is then compelled to contribute.

Savers can choose which KiwiSaver provider they want to administer their product, and which fund they want to be in, whether it is conservative, balanced, or growth. An auto-enrolled member does not have to choose as he or she will be allocated to one of the default funds and the KiwiSaver member can make their choice and switch between funds at any time.

## Annual Snapshot\*

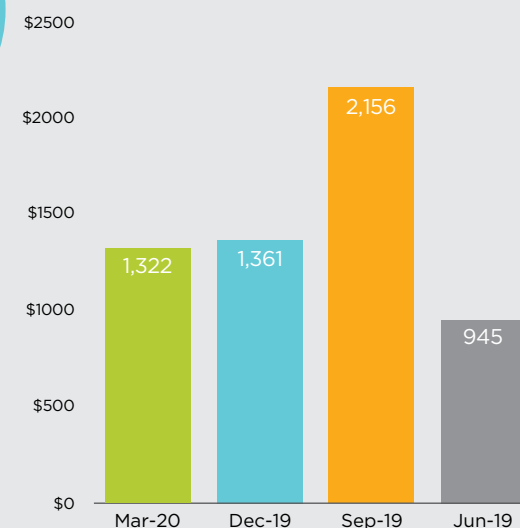


\* 12 months to 31 March 2020

\*\*To 31 March 2020

Source: FSC Quarterly KiwiSaver Survey, 31 Mar, 2020

\$m **KIWISAVER CONTRIBUTIONS**





KiwiSaver members also have the choice of how much they save, choosing to contribute more either directly or by increasing their contribution through their salary (3%, 4%, 6%, 8% or 10%).

For contributing member employees, employers are required to provide an amount equal to at least 3% and the Government matches individual contributions by up to \$521 a year.

KiwiSaver members can take some of their KiwiSaver savings to help towards a first home deposit and after three years of contribution, members may be entitled to a subsidy, up to a maximum of \$10,000.

There is also provision for the withdrawal of KiwiSaver funds if the KiwiSaver member falls into hardship.

KiwiSaver is administered by the Inland Revenue Department, find out more at <https://www.ird.govt.nz/KiwiSaver>



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## ANNEX E: DEMOGRAPHICS TABLES

### Gender

Female	52.1%
Male	47.6%
Prefer not to say	0.1%
Other/non-binary	0.2%
<b>Total</b>	<b>100.0%</b>

### Age Generation

Generation Y (37 years old & below)	33.9%
Generation X (38 – 52 years old)	27.3%
Baby Boomers (53 – 72 years old)	30.8%
Pre-Boomers (73 years old and above)	7.9%
<b>Total</b>	<b>100.0%</b>

### Marital Status

Single	27.7%
Living with partner/married	61.0%
Separated/divorced/widowed	10.8%
Other	0.5%
<b>Total</b>	<b>100.0%</b>

### Level of Education

Primary	0.4%
Part of high school	10.0%
Completed high school	20.4%
Diploma or certificate qualification	28.9%
Degree qualification	27.1%
Postgraduate qualification	13.2%
<b>Total</b>	<b>100.0%</b>

### Employment Status

Business owner	2.2%
Self-employed	7.0%
Full-time employee	35.9%
Part-time employee	15.5%
Casual employee	2.4%
Contractor/freelancer	1.1%
Not employed at present	14.3%
Retired	18.3%
Other	3.2%
<b>Total</b>	<b>100.0%</b>

## Ethnic Group

European	73.0%
Maori	6.0%
Pacific People	1.8%
Asian	15.1%
MELAA (Middle Eastern, Latin American and African)	1.2%
New Zealander/Kiwi	1.7%
Pakeha	0.3%
Australian	0.2%
Other	0.6%
<b>Total</b>	<b>100.0%</b>

## Current Living Arrangement

Living alone (never had children)	10.9%
Living with flatmate(s) (never had children)	8.0%
Living with parents/siblings (never had children)	9.0%
Living with partner only (never had children)	11.2%
Living with your children (under 18 years) at home	26.2%
Living with your children (over 18 years) at home	6.2%
Living with your children (both over and under 18 years) at home	2.9%
Children have all left home	23.4%
Living with partner only (had children)	0.4%
Other	1.8%
<b>Total</b>	<b>100.0%</b>

## Personal Income

\$20,000 or less	28.9%
\$20,001 to \$30,000	14.6%
\$30,001 to \$40,000	11.4%
\$40,001 to \$50,000	10.4%
\$50,001 to \$60,000	9.0%
\$60,001 to \$70,000	6.9%
\$70,001 to \$80,000	4.8%
\$80,001 to \$90,000	3.1%
\$90,001 to \$100,000	2.8%
\$100,001 to \$125,000	3.6%
\$125,001 to \$150,000	1.6%
\$150,001 to \$200,000	1.5%
More than \$200,000	1.4%
<b>Total</b>	<b>100.0%</b>



### Household Income

\$20,000 or less	8.8%
\$20,001 to \$30,000	10.6%
\$30,001 to \$40,000	10.2%
\$40,001 to \$50,000	8.3%
\$50,001 to \$60,000	7.5%
\$60,001 to \$70,000	7.6%
\$70,001 to \$80,000	7.0%
\$80,001 to \$90,000	5.0%
\$90,001 to \$100,000	6.8%
\$100,001 to \$125,000	8.9%
\$125,001 to \$150,000	9.0%
\$150,001 to \$200,000	6.2%
More than \$200,000	4.2%
<b>Total</b>	<b>100.0%</b>

### Household Debt

I have no debts	36.7%
\$50,000 or less	32.5%
\$50,001 to \$150,000	9.1%
\$150,001 to \$250,000	6.1%
\$250,001 to \$350,000	4.7%
\$350,001 to \$450,000	3.9%
\$450,001 to \$550,000	2.5%
\$550,001 to \$650,000	1.8%
\$650,001 to \$750,000	0.8%
\$750,001 to \$1 million	1.0%
More than \$1 million	1.0%
\$150,001 to \$200,000	1.5%
More than \$200,000	1.4%
<b>Total</b>	<b>100.0%</b>

### Household Investment Portfolio

I have no investments	24.9%
\$50,000 or less	34.4%
\$50,001 to \$150,000	20.7%
\$150,001 to \$250,000	6.0%
\$250,001 to \$350,000	3.7%
\$350,001 to \$450,000	1.9%
\$450,001 to \$550,000	2.0%
\$550,001 to \$650,000	1.2%
\$650,001 to \$750,000	0.9%
\$750,001 to \$1 million	1.6%
More than \$1 million	2.7%
<b>Total</b>	<b>100.0%</b>

Please tell us your Household's annual income, including all wages, salaries, pensions and other income, before tax.

	Advised	Unadvised
\$50,000 or less	27.6%	40.2%
\$50,001 to \$100,000	33.2%	34.1%
More than \$100,000	39.2%	25.7%

Please tell us the approximate size of your household's total amount of debt, including mortgages, personal loans, credit cards and other debts.

	Advised	Unadvised
I have no debts	37.2%	36.6%
\$50,000 or less	24.2%	34.4%
\$50,001 to \$250,000	17.5%	14.7%
More than \$250,000	21.1%	14.3%

### Household Investment Portfolio

	Advised	Unadvised
I have no investments	10.8%	28.0%
\$50,000 or less	23.3%	36.9%
\$50,001 to \$150,000	27.3%	19.2%
\$150,001 to \$250,000	11.8%	4.7%
\$250,001 to \$350,000	6.1%	3.2%
\$350,001 to \$450,000	2.6%	1.8%
\$450,001 to \$550,000	2.6%	1.9%
\$550,001 to \$650,000	3.7%	0.6%
\$650,001 to \$750,000	2.2%	0.6%
\$750,001 to \$1 million	3.7%	1.1%
More than \$1 million	5.9%	2.0%

## Region

Auckland	32.6%
Bay of Plenty	6.9%
Canterbury	14.2%
Gisborne	0.6%
Hawke's Bay	3.7%
Manawatu-Wanganui	6.1%
Marlborough	0.7%
Nelson	1.0%
Northland	2.8%
Otago	4.3%
Southland	2.2%
Taranaki	2.8%
Tasman	0.7%
Waikato	9.1%
Wellington	11.8%
West Coast	0.5%
<b>Total</b>	<b>100.0%</b>

## Region Banded

Auckland	32.6%
Northland, Waikato, Bay of Plenty, Gisborne	19.4%
Wellington and Surrounding Regions	24.4%
Canterbury and the Northern Regions	16.6%
Otago, Southland, West Coast	7.0%
<b>Total</b>	<b>100.0%</b>

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ANNEX F:  
FSC NZ SURVEY MODELLINGOverview and  
Assumptions

**Aim:** To model up the compounded effect of the returns differential between advised vs. unadvised consumers

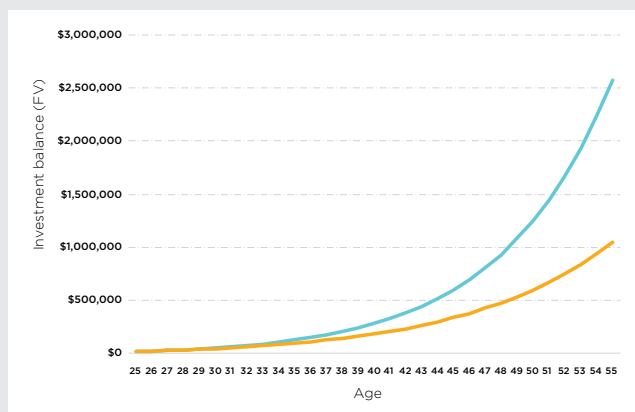
**Three scenarios have been modelled:**

- Young (age 25)
- Middle-aged (age 40)
- Pre-retiree (age 55)

**General assumptions used:**

- CPI = 2.15% (<https://www.rbnz.govt.nz/monetary-policy/inflation>)
- Advised investment return = 12.90%
- Unadvised return = 8.90%
- 30 year projection period
- Same starting balance, yearly deposit and withdrawal for advised and unadvised

## Young Scenario

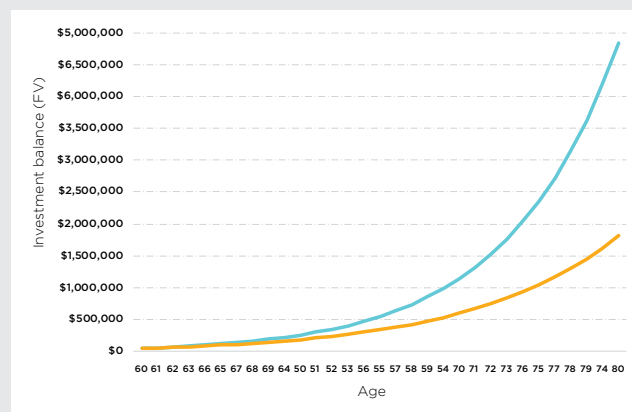
**Assumptions:**

Starting balance = \$16,830  
Withdrawal = \$2,500 p.a.  
Deposit = \$5,000 p.a.

**At age 55:**

Advised \$2,574,249  
Unadvised \$1,044,381  
Difference \$1,529,868

## Middle-Aged Scenario

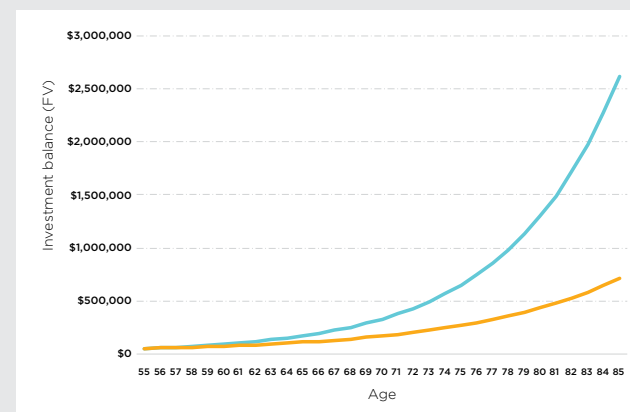
**Assumptions:**

Starting balance = \$48,133  
Withdrawal = \$5,000 p.a.  
Deposit = \$7,500 p.a.

**At age 70:**

Advised \$4,831,372  
Unadvised \$1,809,226  
Difference \$3,022,147

## Pre-Retiree Scenario

**Assumptions:**

Starting balance = \$55,192  
Withdrawal = \$7,500 p.a.  
Deposit = \$5,000 p.a.

**At age 85:**

Advised \$2,618,945  
Unadvised \$715,376  
Difference \$1,903,569

■ Advised ■ Unadvised

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## ABOUT THE FINANCIAL SERVICES COUNCIL

The Financial Services Council is a non-profit member organisation and the voice of the financial services sector in New Zealand. Our 71 members comprise 95% of the life insurance market in New Zealand and manage funds of more than \$83bn. Members include the major insurers in life, disability and income insurance, fund managers, KiwiSaver and workplace savings schemes (including restricted schemes), professional service providers, and technology providers to the financial services sector.

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### Other Research

#### Life Insurance:

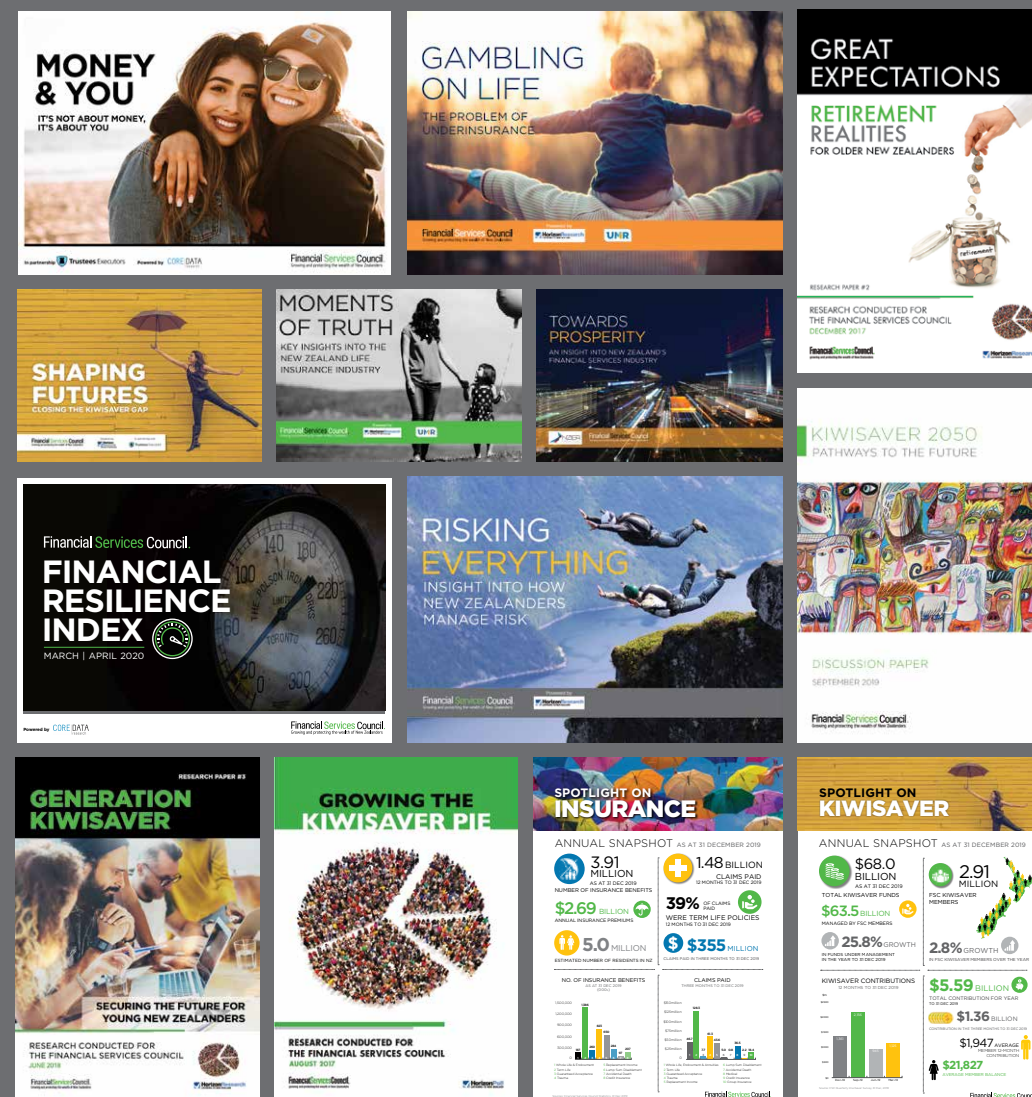
Gambling of Life  
Moments of Truth  
Risking Everything

#### KiwiSaver:

Generation KiwiSaver  
Great Expectations  
Growing the KiwiSaver Pie  
KiwiSaver 2050 – Pathways to the Future  
Shaping Futures: Closing the KiwiSaver Gap

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Growing and protecting the wealth of New Zealanders

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