



# Point of retirement research

December 2016

# Methodology



In December 2016 FMA commissioned Colmar Brunton to carry out research among people who are nearing retirement age, or who have recently retired. This research is designed to help FMA learn more about the financial decisions that people make when they retire.



The research was carried out online.



Fieldwork was conducted from 5 – 9 December 2016.



A total of 501 people aged 60-74 participated in the research.

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$$m.e. = \pm \frac{1}{\sqrt{n}}$$

The margin of error for overall results n=501 is +/-4.4%.

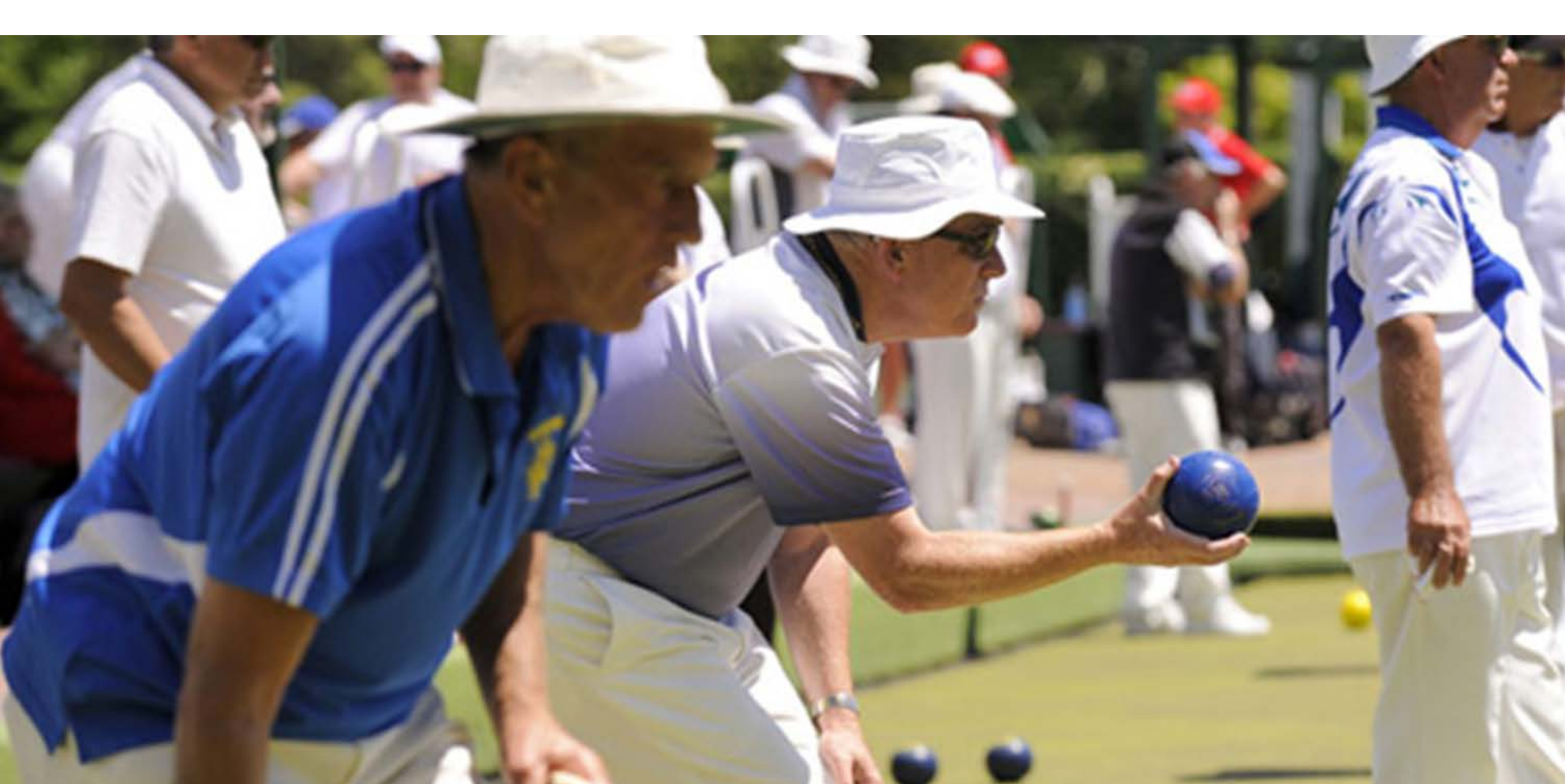
## Key outtakes

Three-quarters of respondents aged 60-74 have looked for information or advice about their retirement. Of those nearly four in ten had been to a professional financial adviser. This equates to 29% of the total sample population who had seen a professional financial adviser.

One quarter of people have not looked for information or advice about retirement.

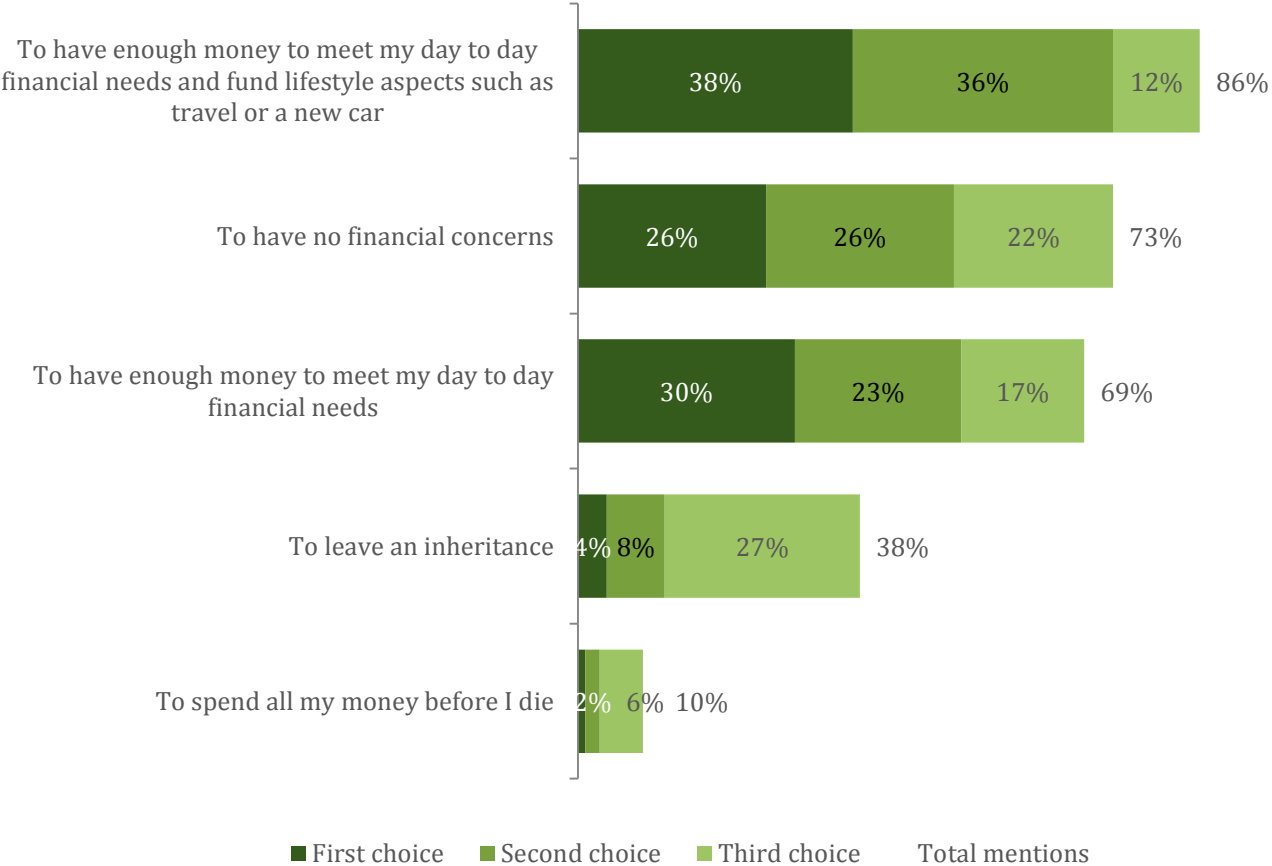
Those who sought information or advice more than 10 years before retirement are most confident about their financial preparedness.

Advice from a professional financial adviser is the most common source of information. Four out of five respondents who have seen a professional financial adviser say that it has helped them make better financial decisions.



Before retirement

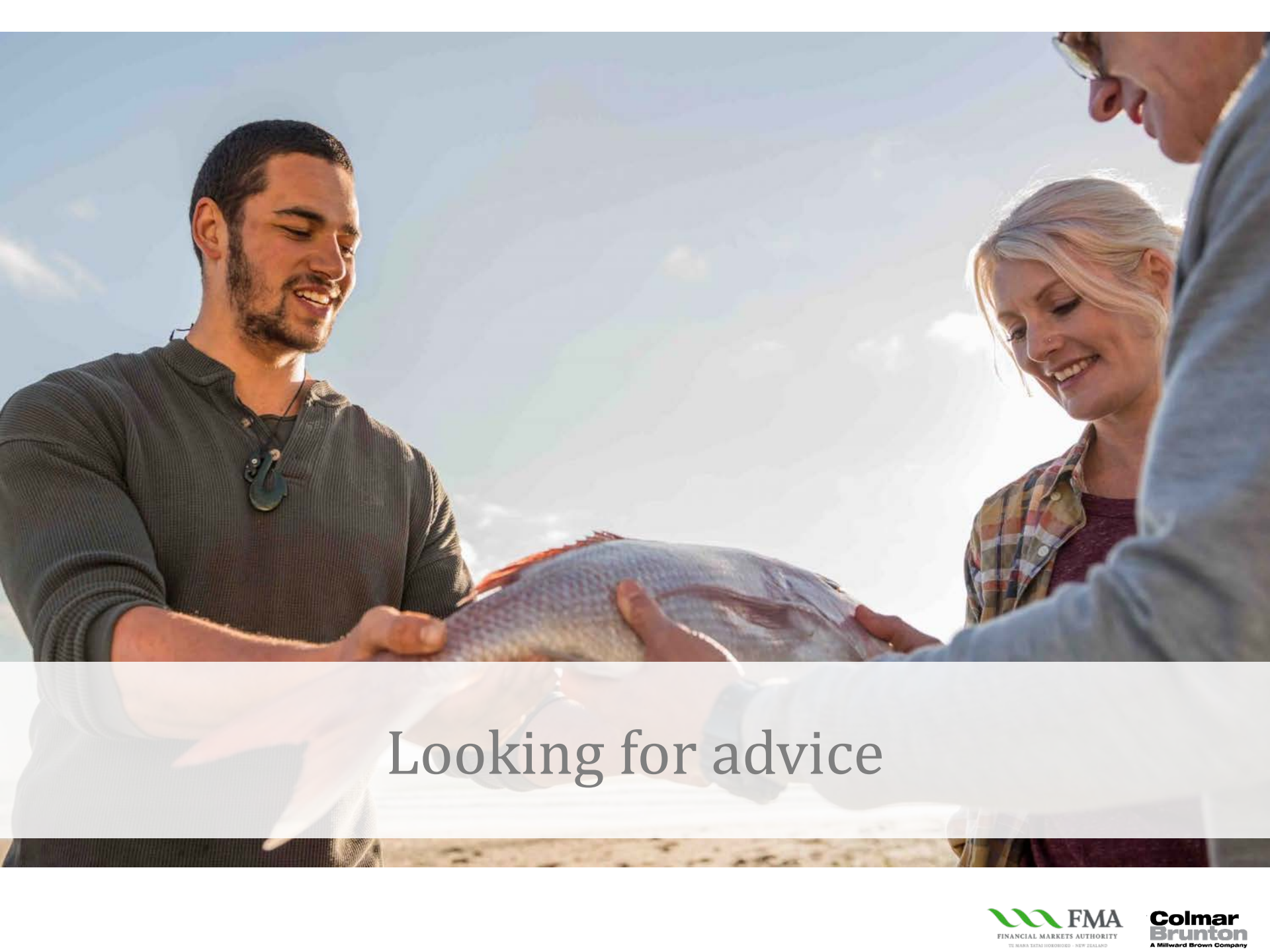
The key financial goal for retirement is to have enough money to meet day to day financial needs and fund lifestyle aspects such as travel or a new car. This is the most common first mentioned goal as well as overall. Just over one third of people want to leave an inheritance.



Q2. Which of the following statements best describes your financial goals for your retirement?

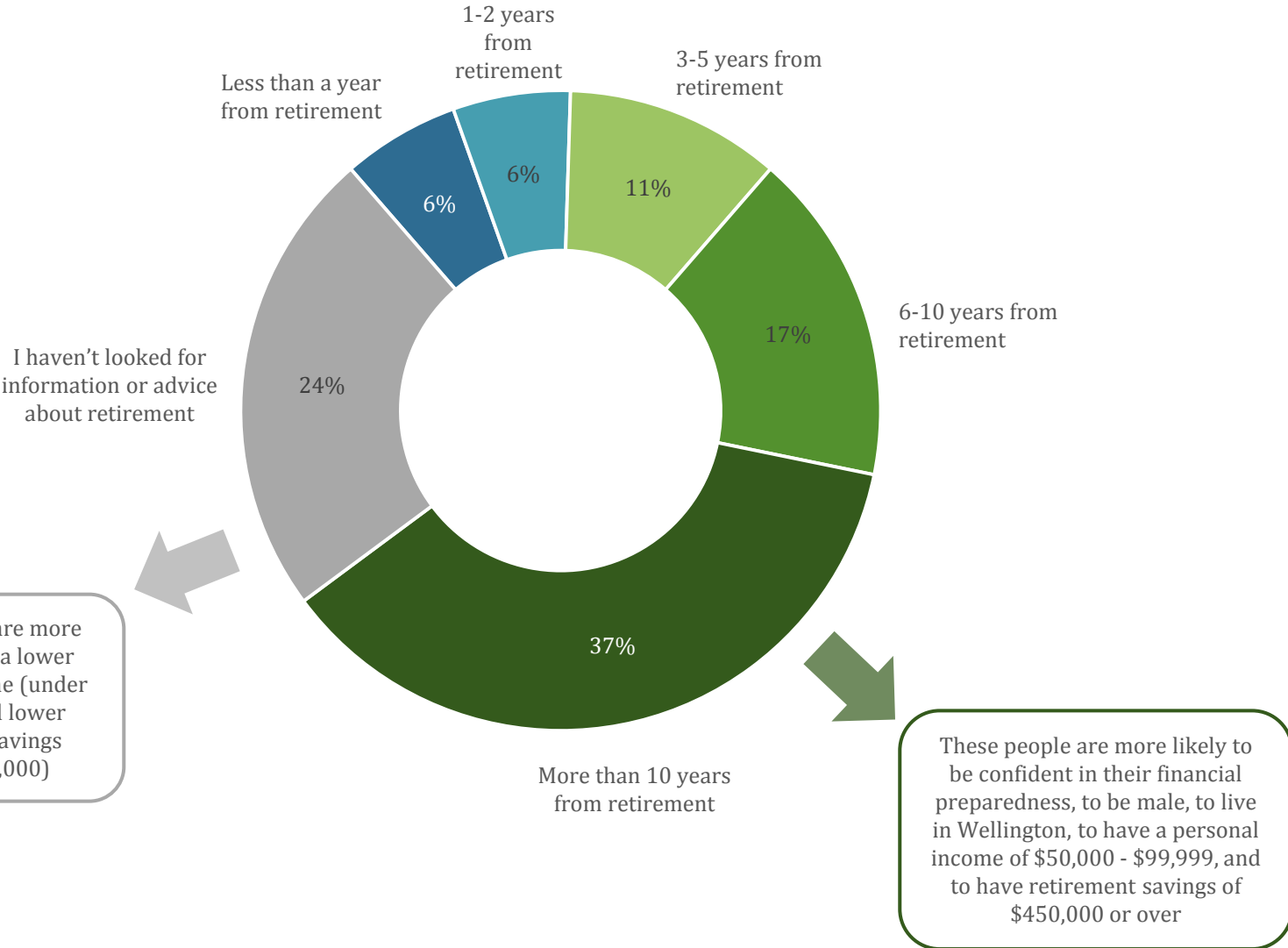
Base: All respondents n=501



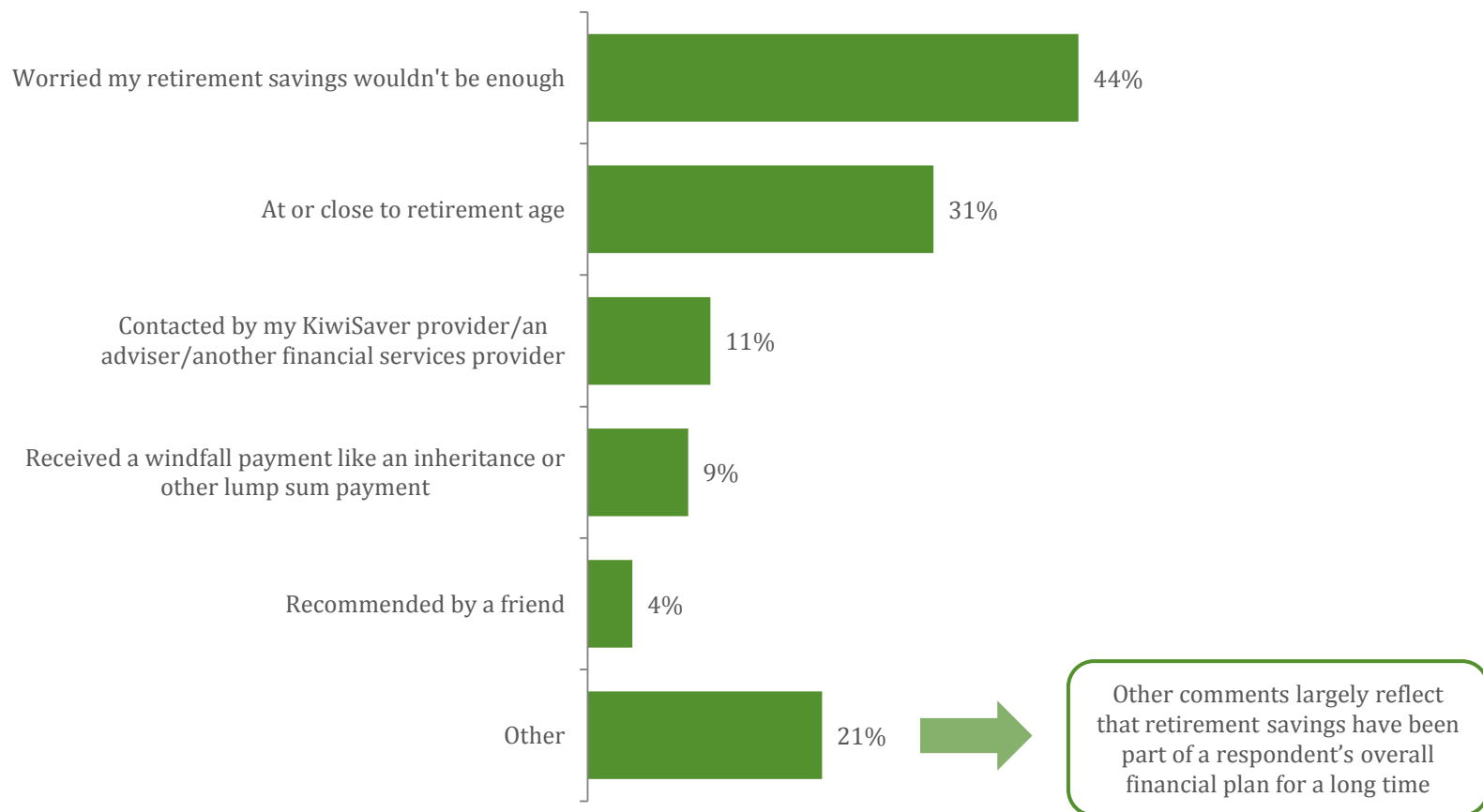


# Looking for advice

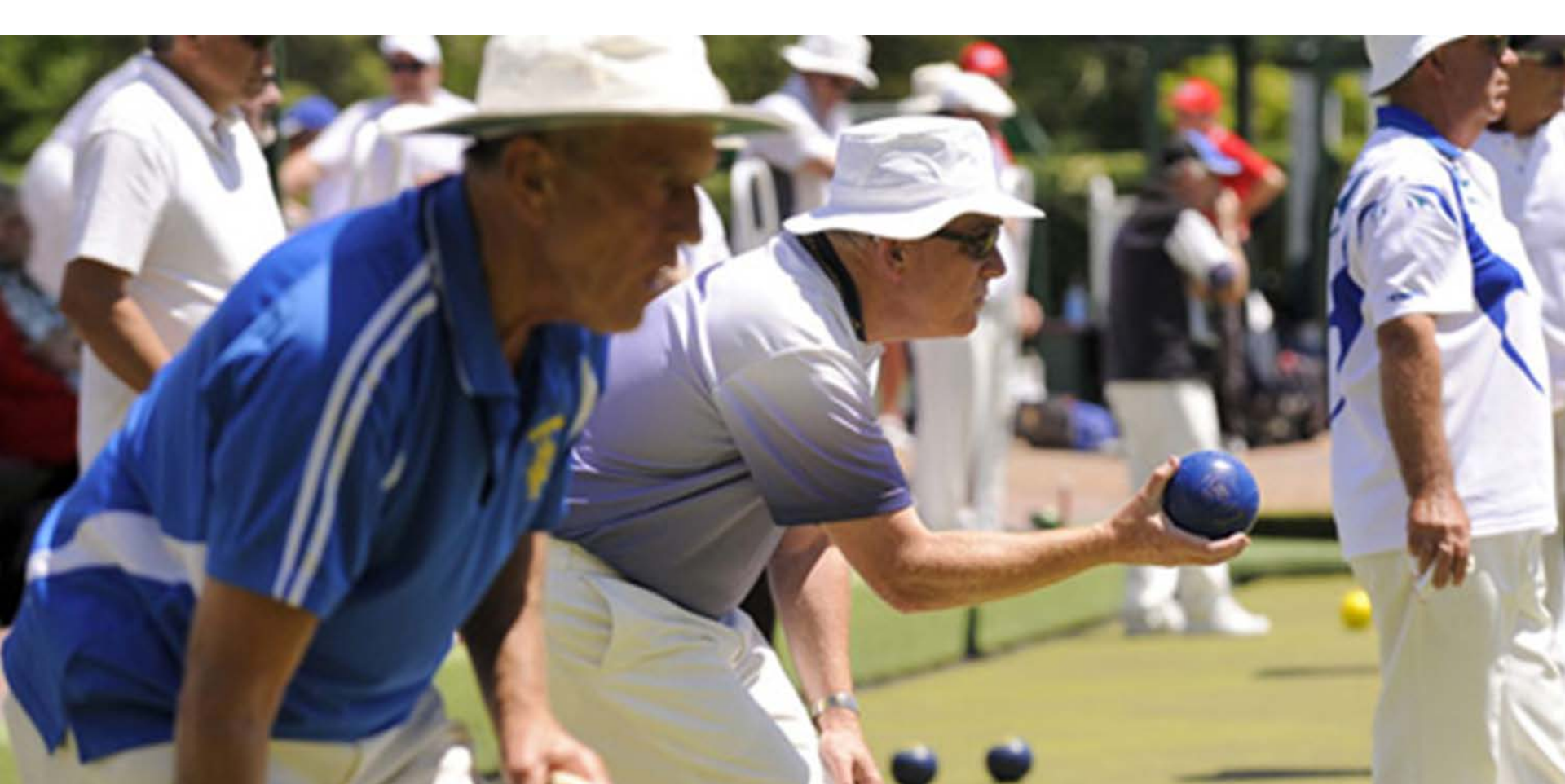
Over one third of respondents looked for information or advice about their retirement options more than 10 years out from retirement. One quarter of respondents have not looked for information or advice.



The key concern that prompted people to look for information or advice was worry their retirement savings wouldn't be enough.

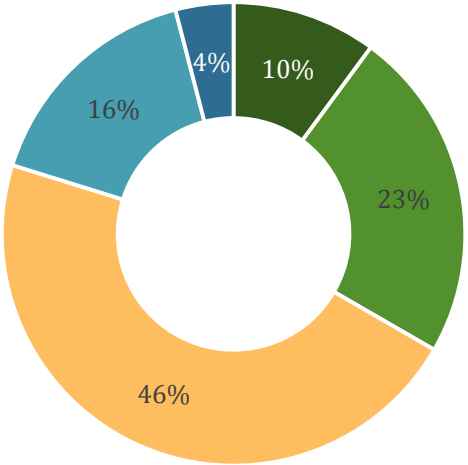






Confidence in preparedness

One third of people who have looked for information or advice about retirement are extremely or very confident in their financial preparedness.



- Extremely confident
- Very confident
- Confident
- Not very confident
- Not at all confident
- Don't know

**33%** are extremely or very confident about their financial preparedness

They are more likely to:

- Be aged 65-69 years old
- Have looked for information more than 10 years out from retirement
- Have retirement savings of \$450,000 or over

**20%** are not very or not at all confident about their financial preparedness

They are more likely to:

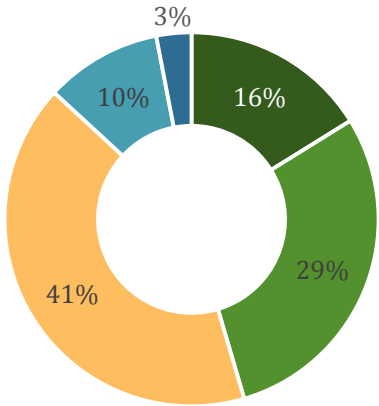
- Be aged 60-64 years old
- Have not sought out professional financial advice
- Be female
- Have retirement savings of under \$50,000

Q4. How confident are you that you are financially prepared for the time you will retire, or if you have already retired how confident were you that you were financially prepared at the time you retired?

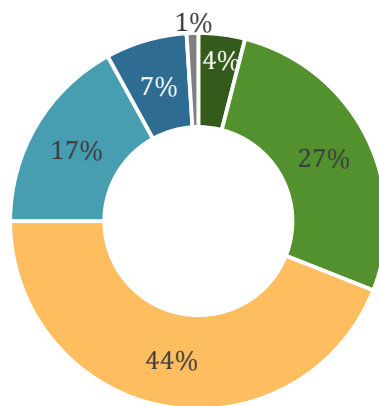
Base: Respondents who have looked for information or advice about retirement n=381

# Confidence is higher for people who started looking for information or advice more than 10 years from retirement, than for those who started looking later.

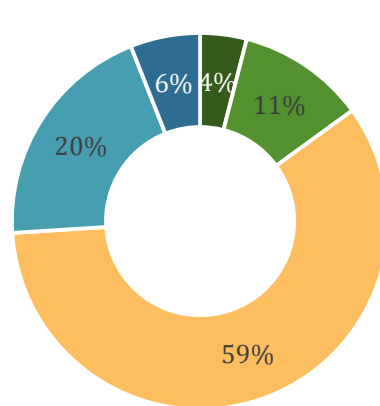
Respondents who have looked for information or advice more than 10 years from retirement (n=184)



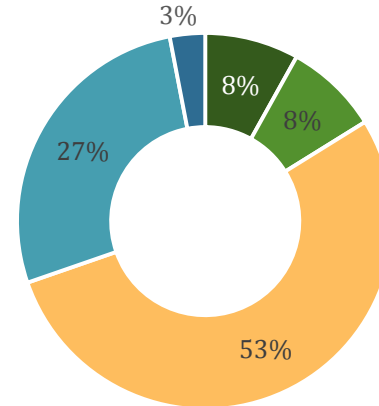
Respondents who have looked for information or advice 6-10 years from retirement (n=84)



Respondents who have looked for information or advice 3-5 years from retirement (n=54)

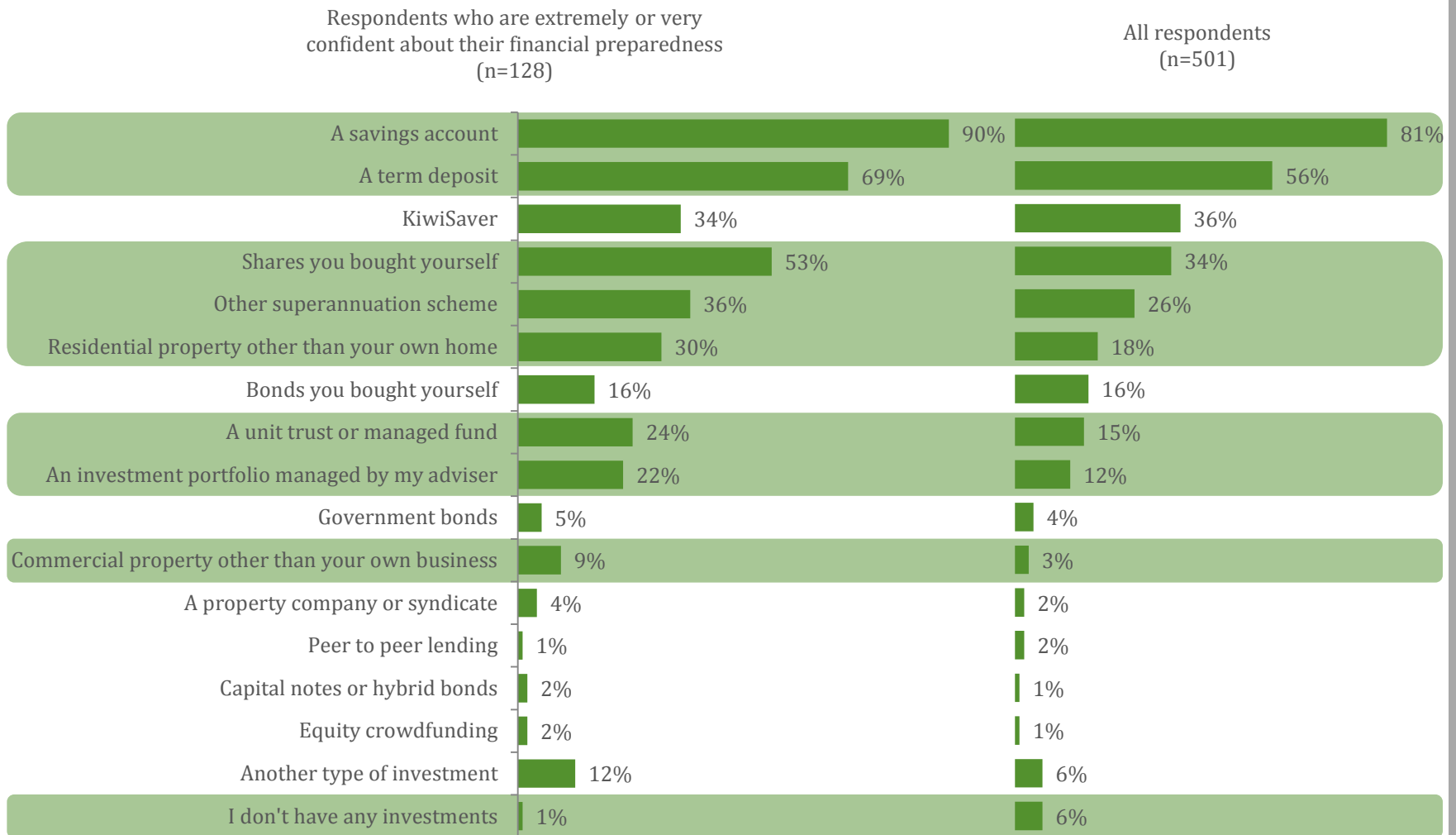


Respondents who have looked for information or advice less than two years before retirement (n=59)



■ Extremely confident 
 ■ Very confident 
 ■ Confident 
 ■ Not very confident 
 ■ Not at all confident 
 ■ Don't know

# Those who are extremely or very confident are significantly more likely to have investments.



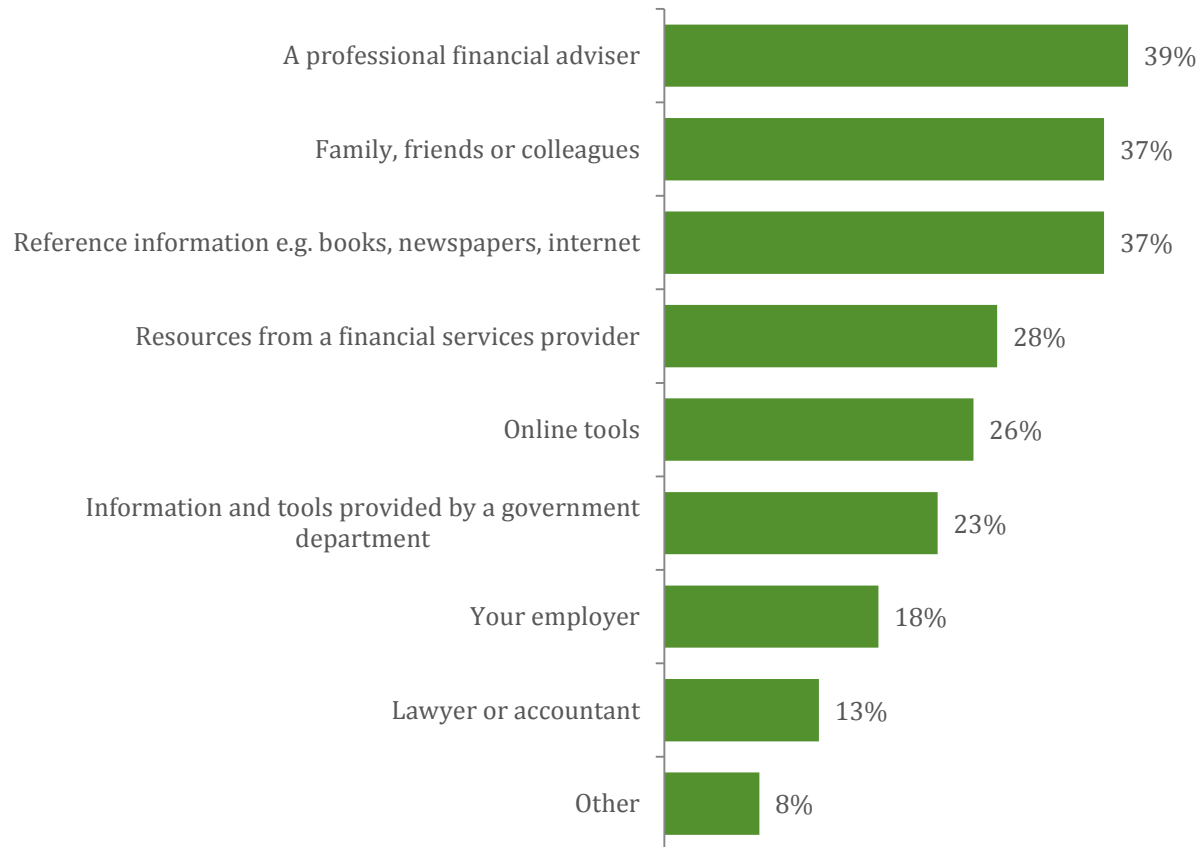
Highlights a significant difference

Q15. Which of the following types of investment do you currently have?



The advice...

People who have sought out information or advice are most likely to have been to a professional financial adviser, spoken with family, friends or colleagues, or used reference information from books, newspapers or the internet.

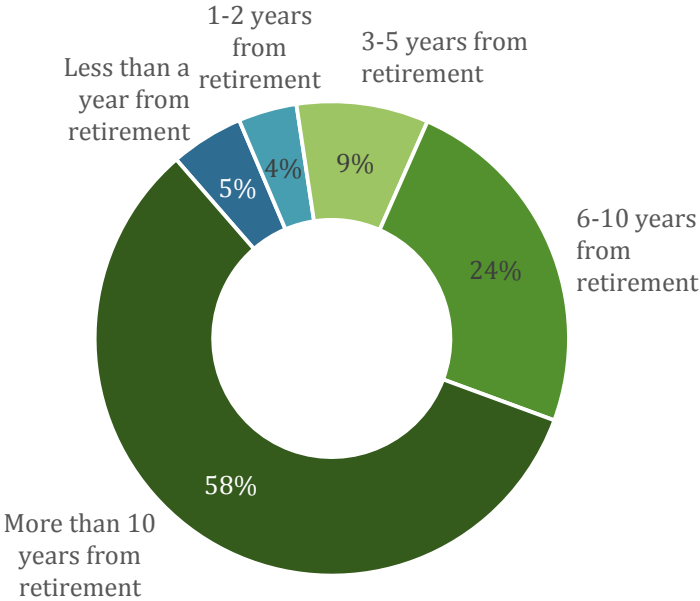


People aged 70-74 are less likely to use online tools than those aged 60-69

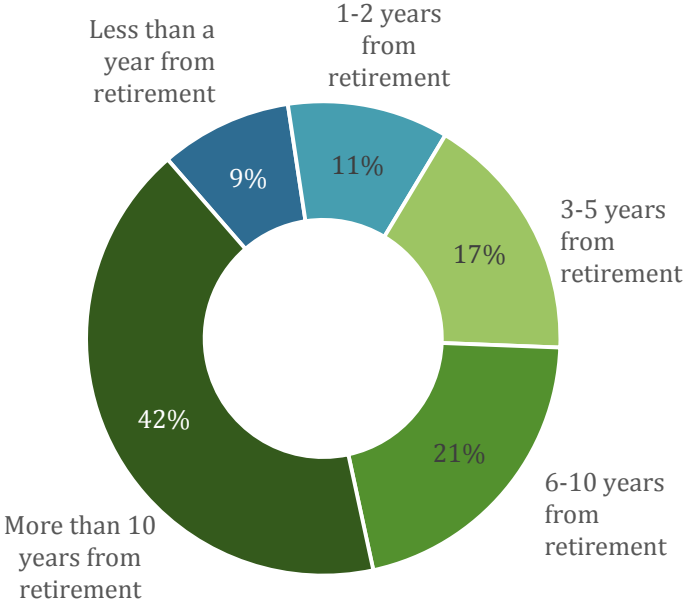


People who sought professional advice were significantly more likely to do this more than 10 years from retirement, compared to those who sought information from other sources.

Respondents who sought professional financial advice (n=148)



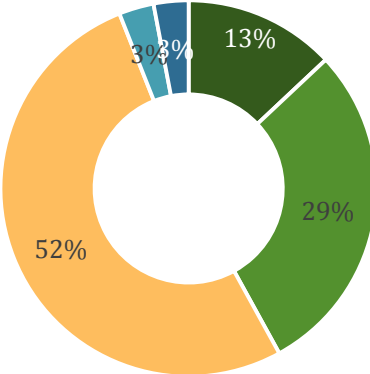
Respondents who sought information from other sources (n=233)



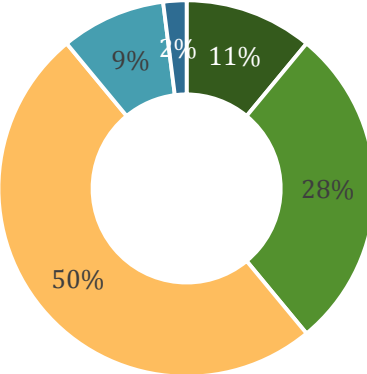
Of the 148 people who sought advice from a professional adviser, 117 (79%) also sought information from other sources - most commonly resources from a financial services provider (38%), reference information (35%), or family friend or colleagues (29%).  
 The number of people who are extremely or very confident in their financial preparedness is not significantly different for the group of people who sought advice from a professional adviser, compared to the group of people who sought information from other sources.

People who did not seek advice from a professional adviser are more likely to say they are not very confident in their financial preparedness than those who did.

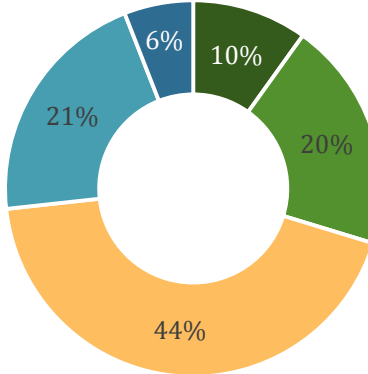
Respondents who sought advice from a professional adviser only (n=31)



Respondents who sought advice from a professional adviser **and** information from other sources (n=117)

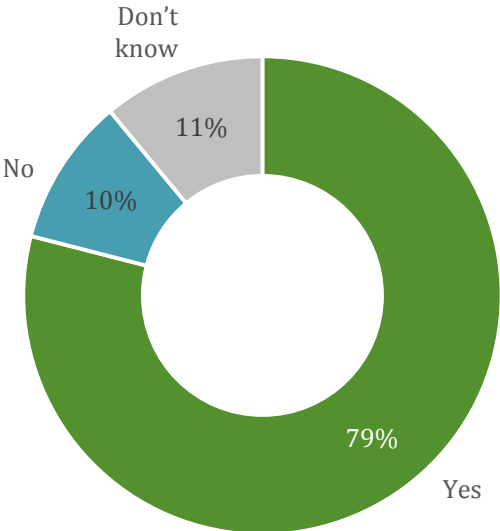


Respondents who did not seek advice from a professional adviser but sought information from other sources (n=233)

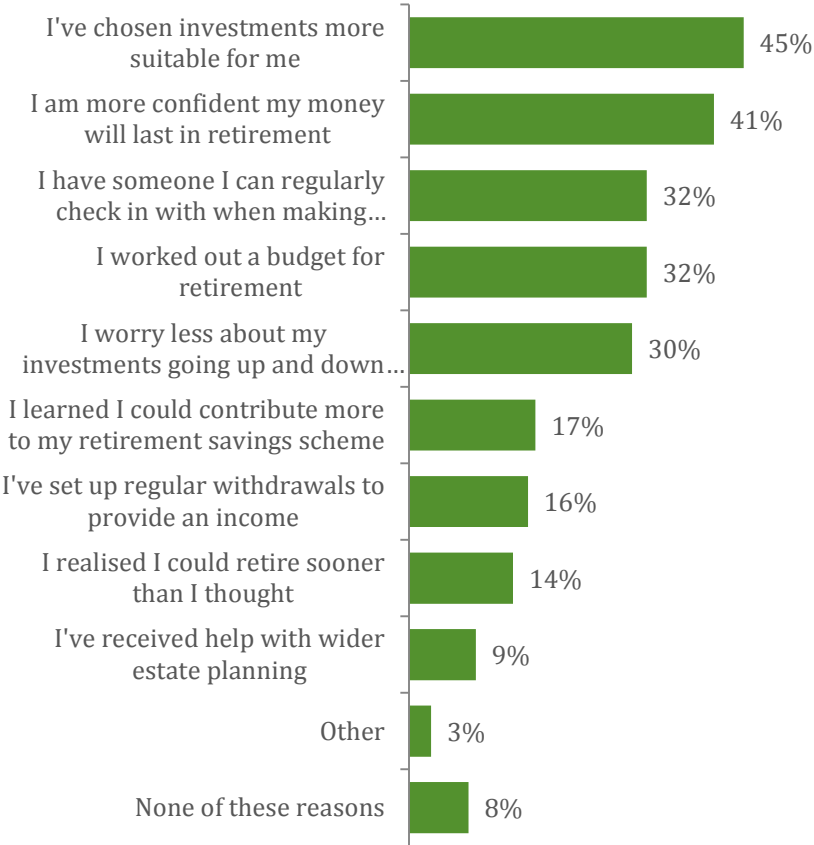


■ Extremely confident 
 ■ Very confident 
 ■ Confident 
 ■ Not very confident 
 ■ Not at all confident

Four out of five people who have sought advice from a professional adviser say that the advice they received about retirement has helped them. They say they have chosen more suitable investments and are more confident their money will last.



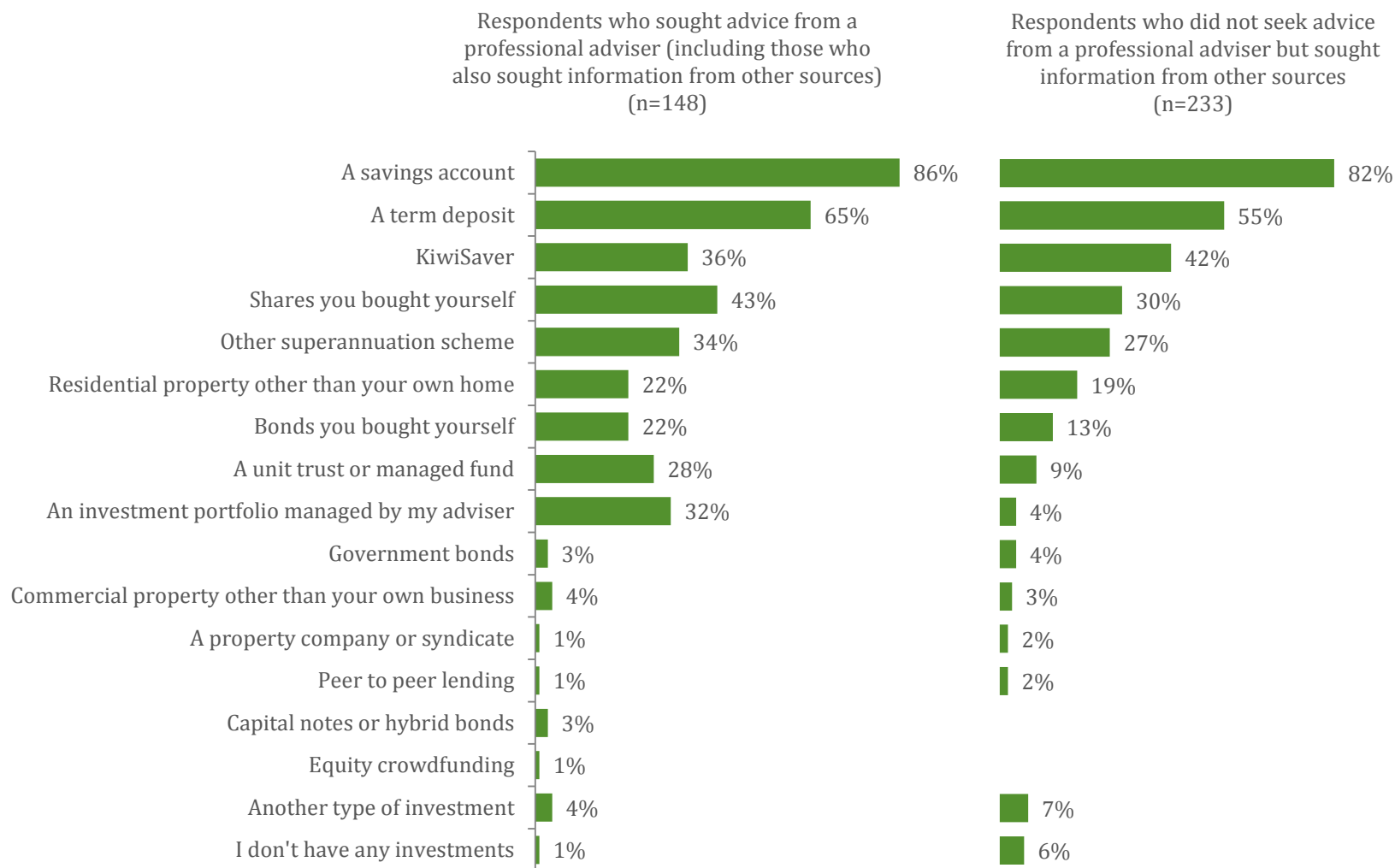
There are no significant demographic, regional or income differences for those who say that advice from a professional did or did not help



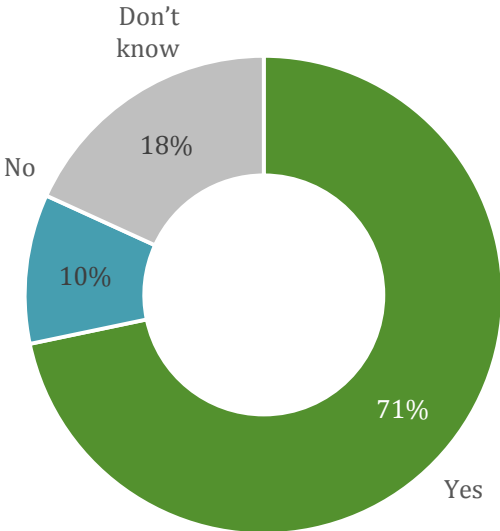
Q8. Has the information or advice you received about retirement helped you make better financial decisions? Q7. Thinking specifically about the service you received from a professional financial adviser, from the list below please select up to three ways it helped you

Base: Respondents who have sought information or advice from a professional financial adviser n=148

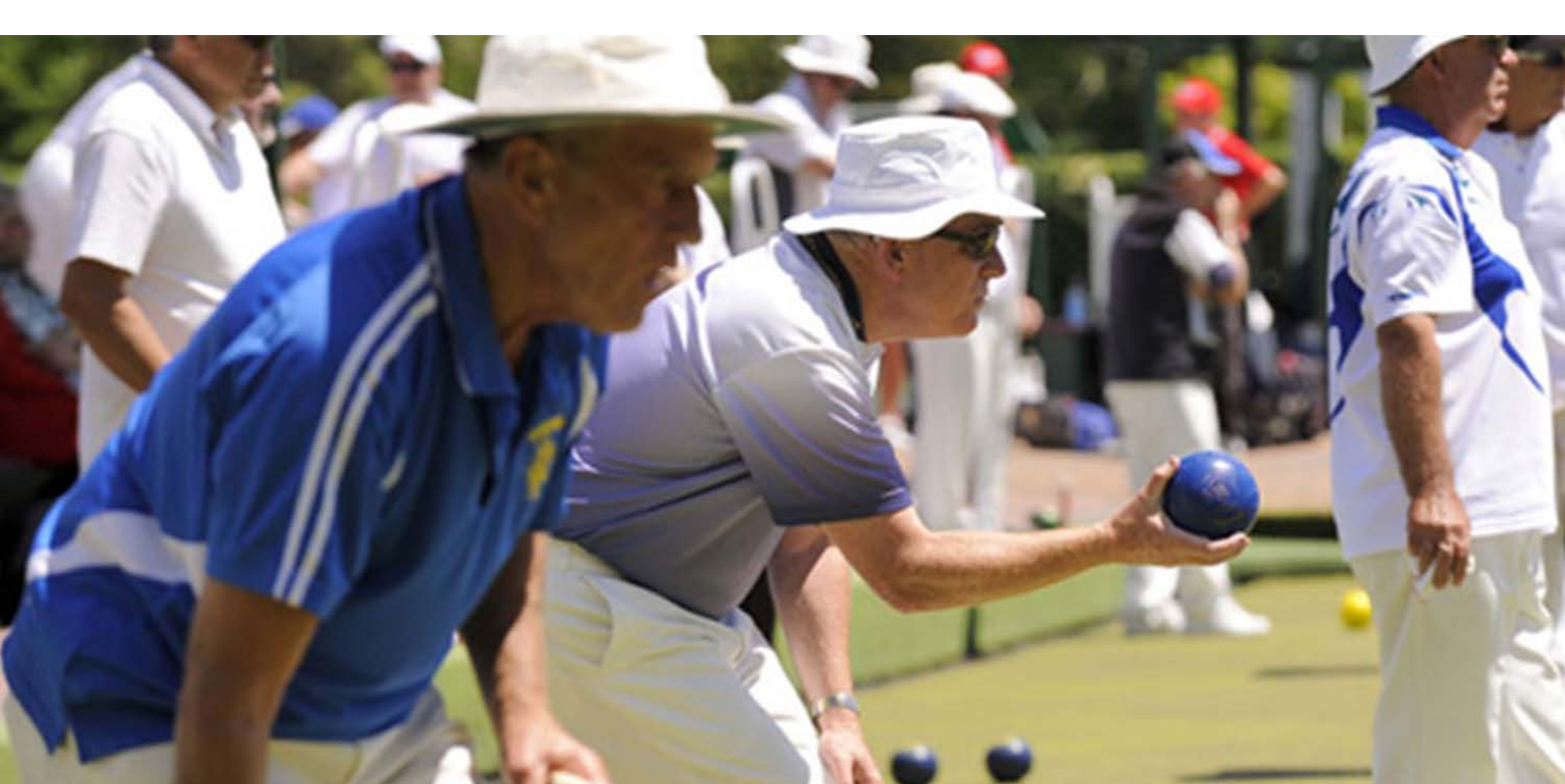
The group of people who sought advice from a professional adviser (including those who also sought information from other sources) are more likely than the total population to have term deposits, shares they bought themselves, other superannuation scheme, an investment portfolio managed by an adviser, a unit trust or managed fund, or bonds they bought themselves.



7 out of 10 people who **did not** seek information or advice from a professional adviser still say the information they received helped them make better financial decisions.



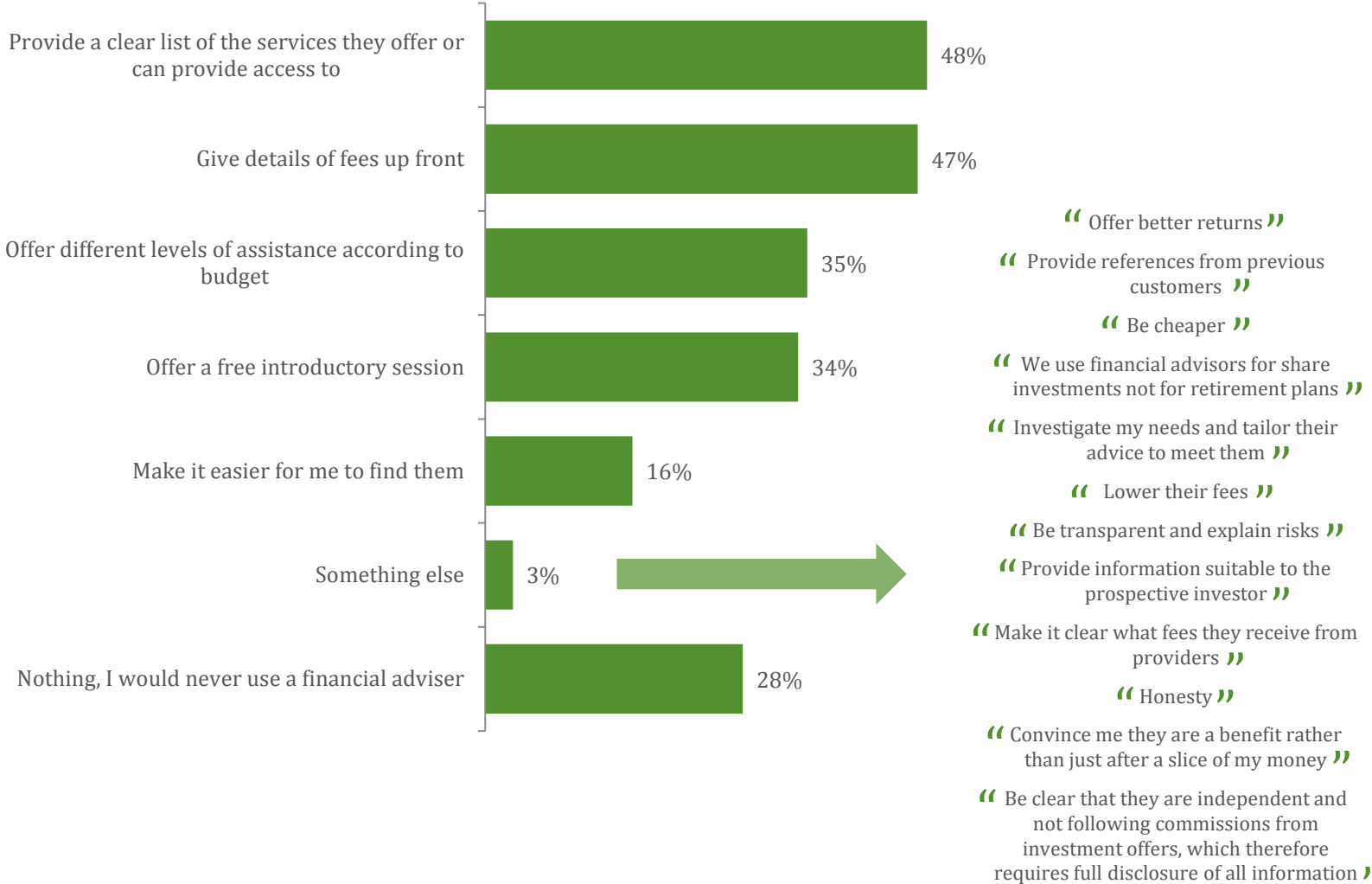
There are no significant demographic, regional or income differences for those who say that advice from a professional did or did not help



# Future information and services



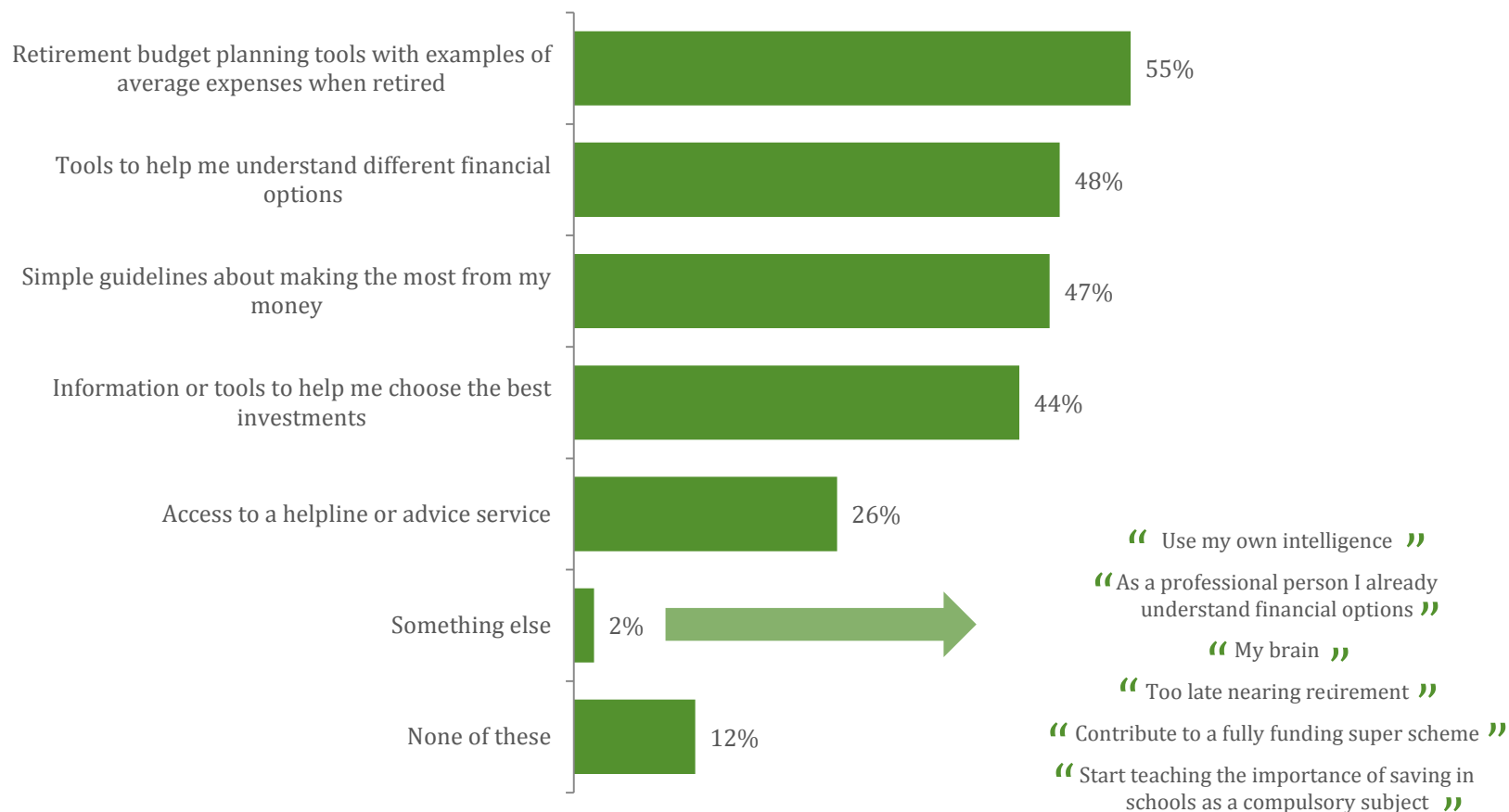
Nearly half of respondents thought if financial advisers could provide a clear list of the services they offer, and give details of their fees up front, they would be encouraged to use their services.



Q9. What, if anything, could financial advisers do to encourage you to use their services?

Base: All respondents n=501

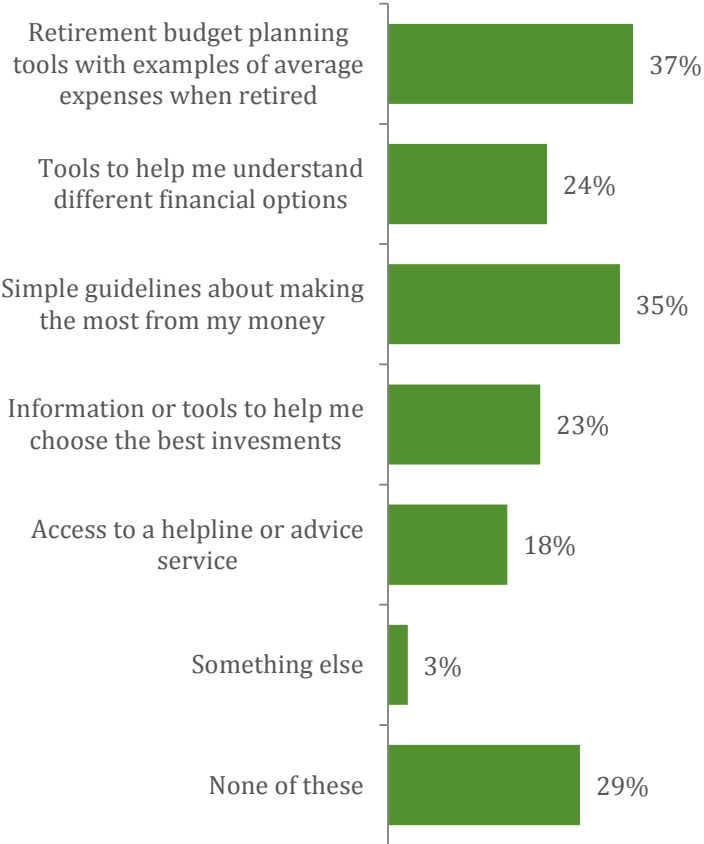
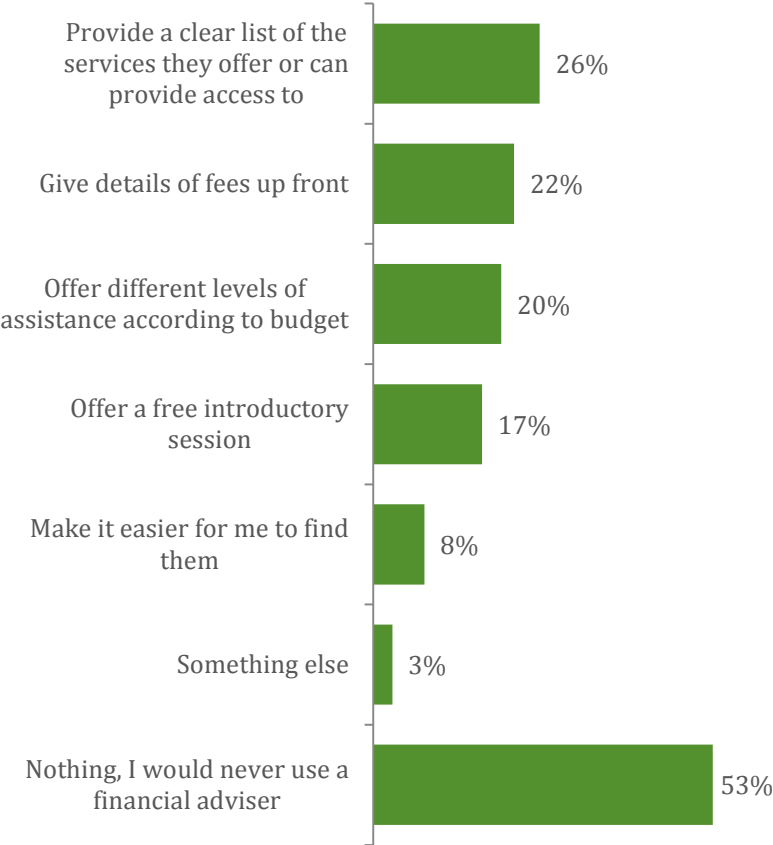
## Information or planning tools that provide examples of average expenses when retired would be the most helpful for people who are making decisions about retirement.



Q10. Which, if any of the following types of information or tools would be helpful when making decisions about retirement?

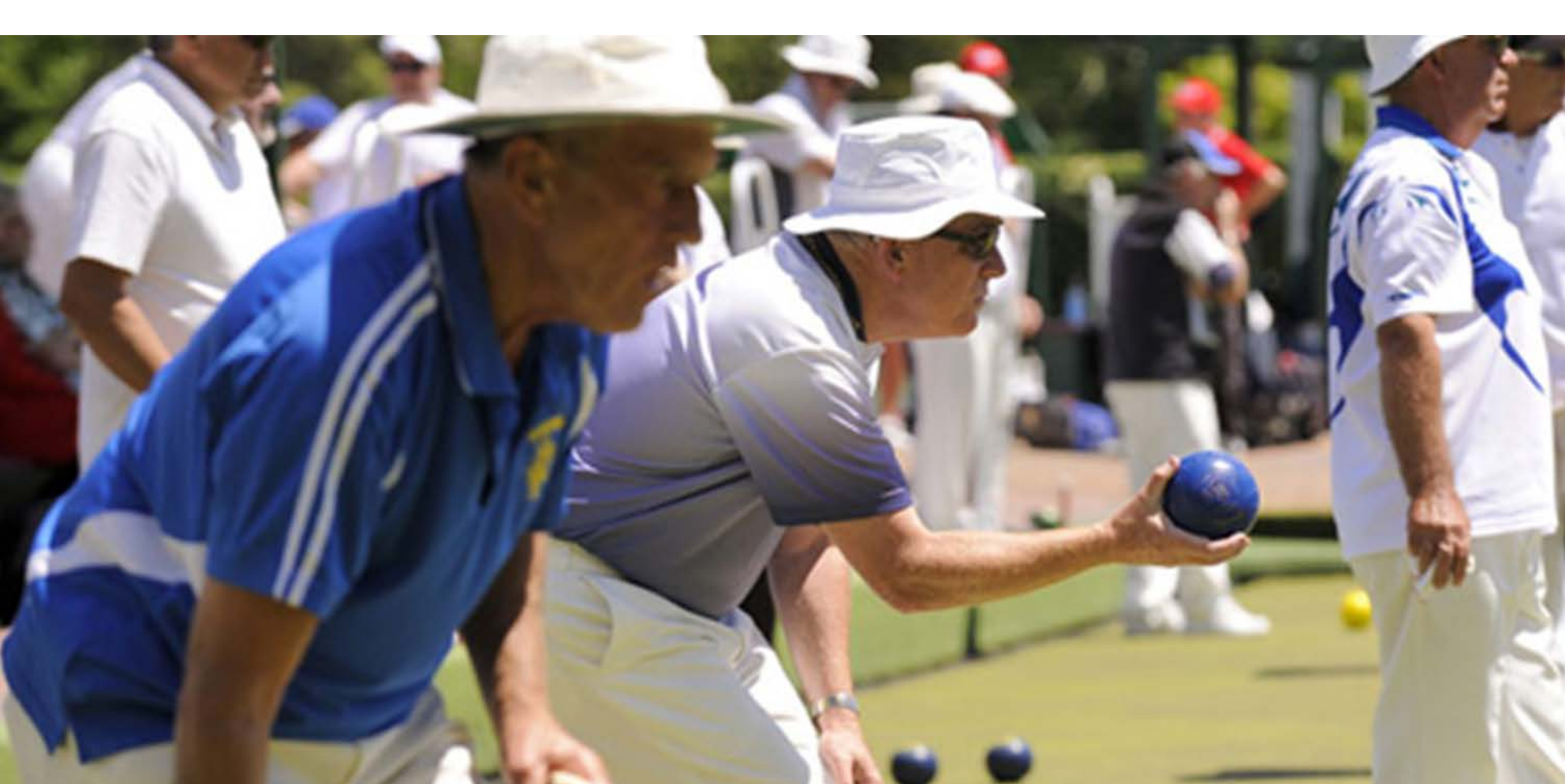
Base: All respondents n=501

Respondents who have not looked for information or advice about retirement are significantly more likely to say they would never use a financial adviser, or that none of the information or tools we asked about would be helpful.



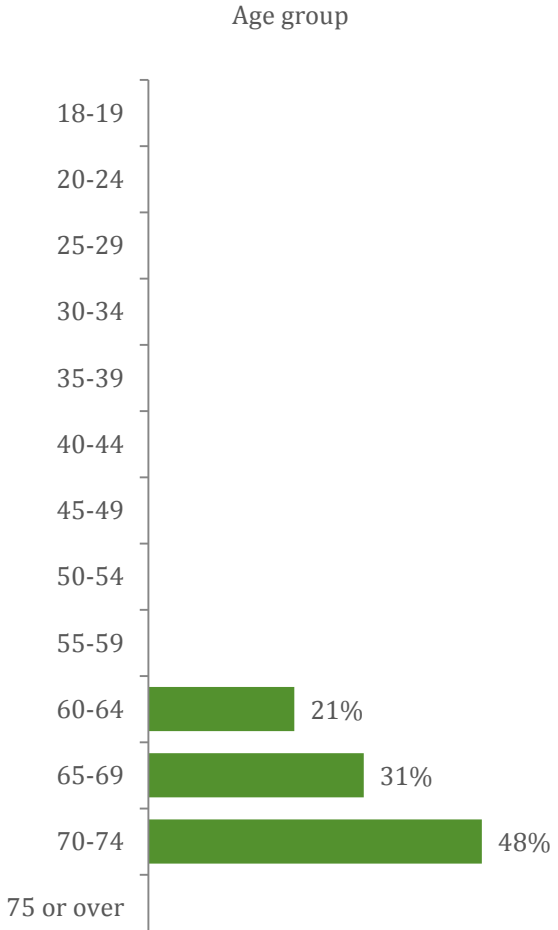
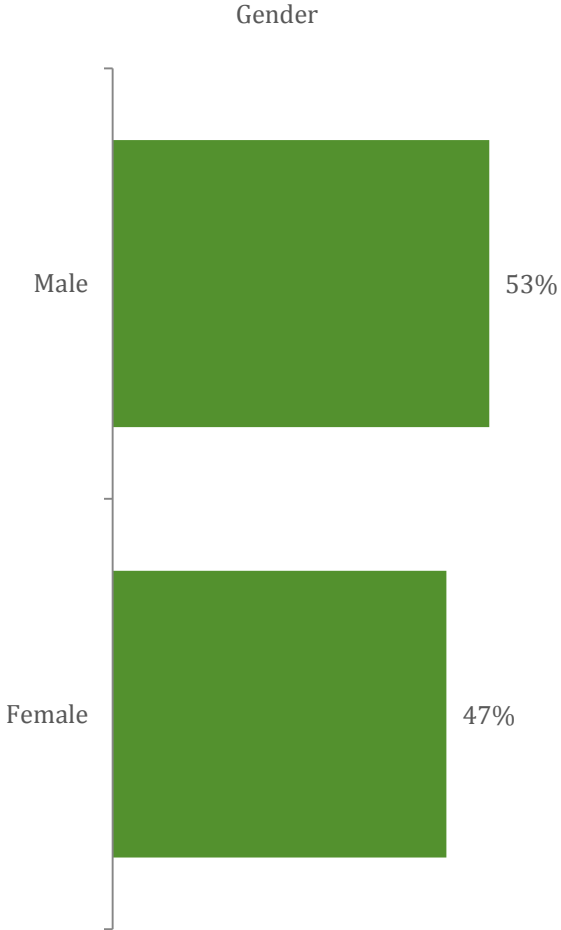
Q9. What, if anything, could financial advisers do to encourage you to use their services? Q10. Which, if any of the following types of information or tools would be helpful when making decisions about retirement?

Base: Respondents who have not looked for information or advice about retirement n=120



## Appendix: Respondent profile

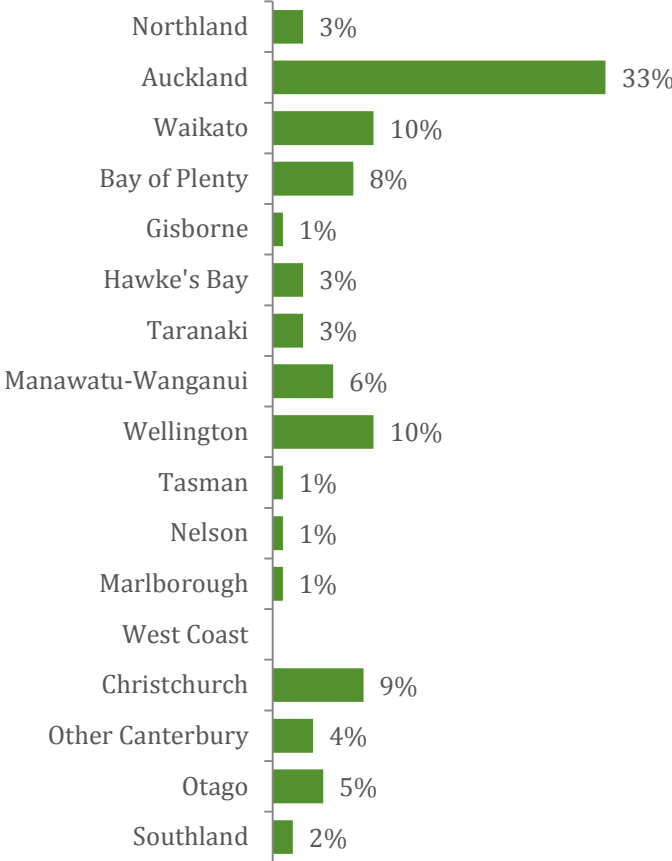
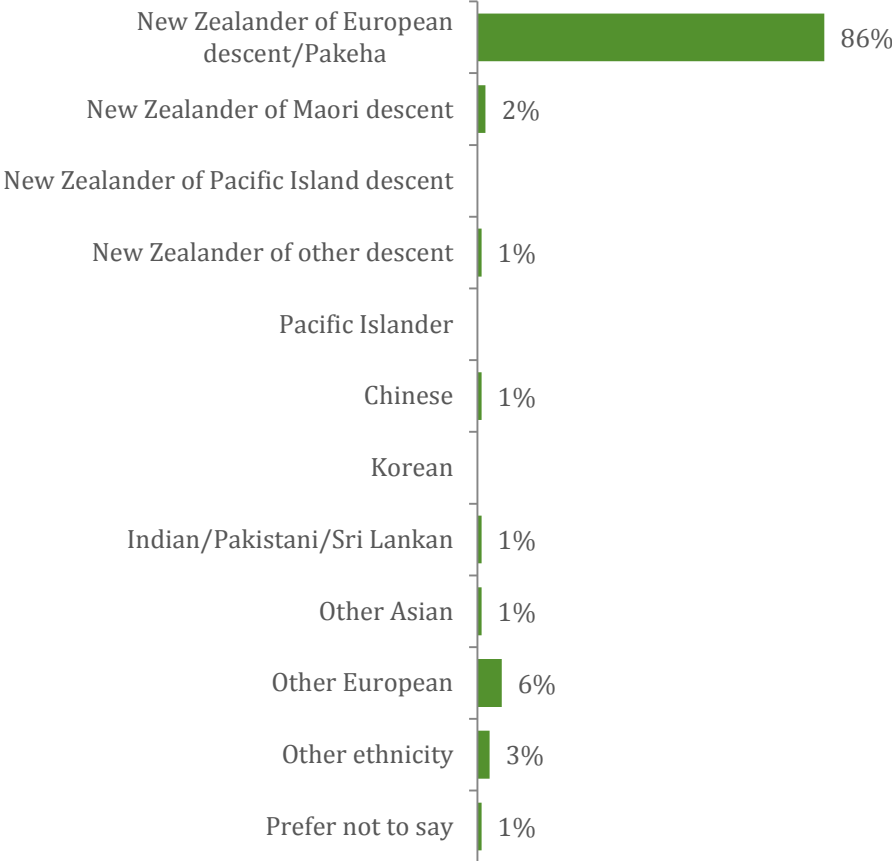
# Gender and age



Q11. Are you....? Q1. For this research we need to speak to people who are considering retirement or who have recently retired, could you please indicate which of the following age groups you fall into?

Base: All respondents n=501

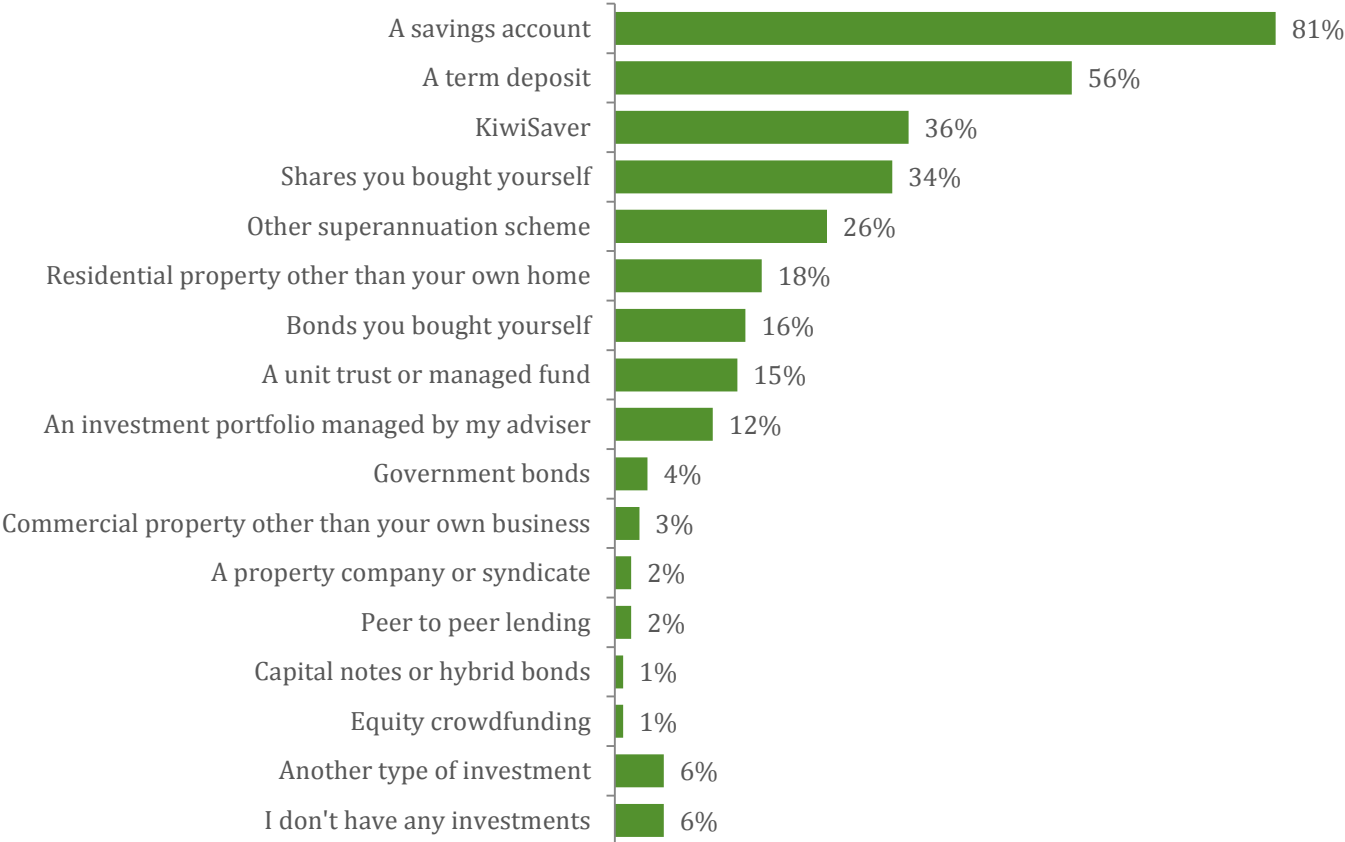
# Ethnicity and region



Q12. How would you best describe your ethnicity? Q13. Please indicate where you live.  
**Base:** All respondents n=501



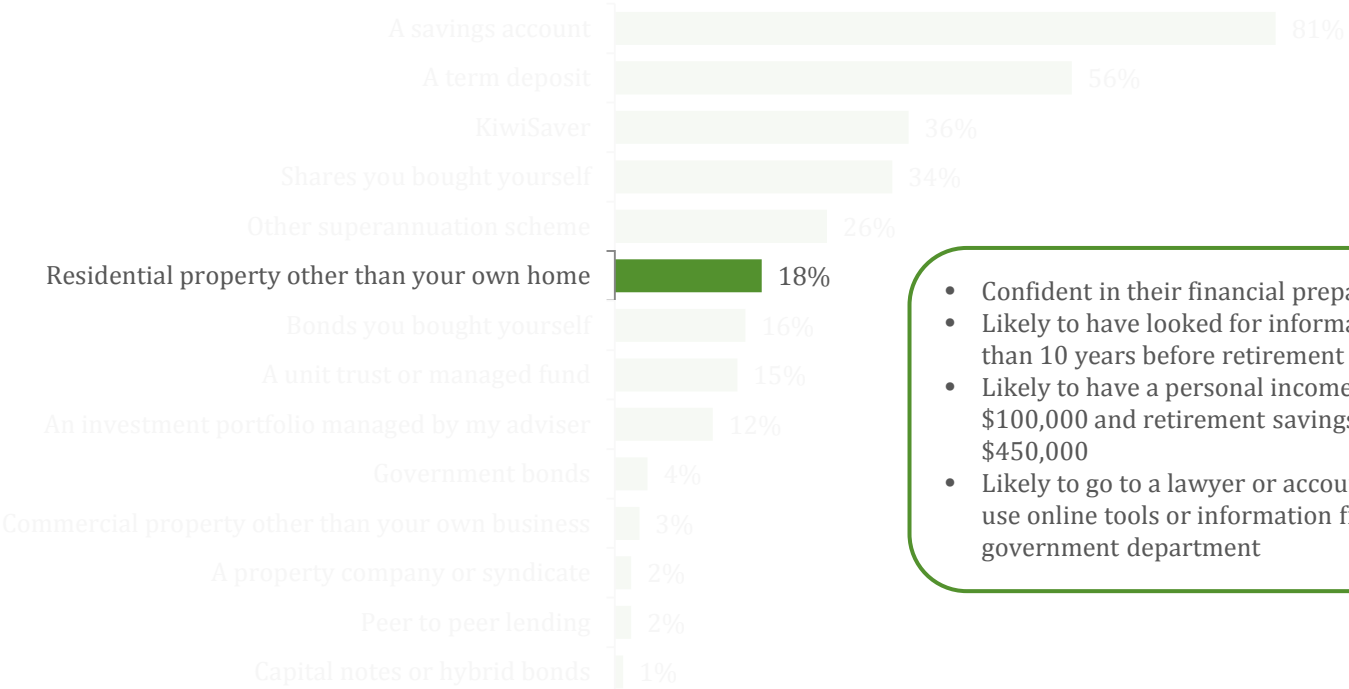
# Investment types



Q15. Which of the following investments do you currently have?

Base: All respondents n=501

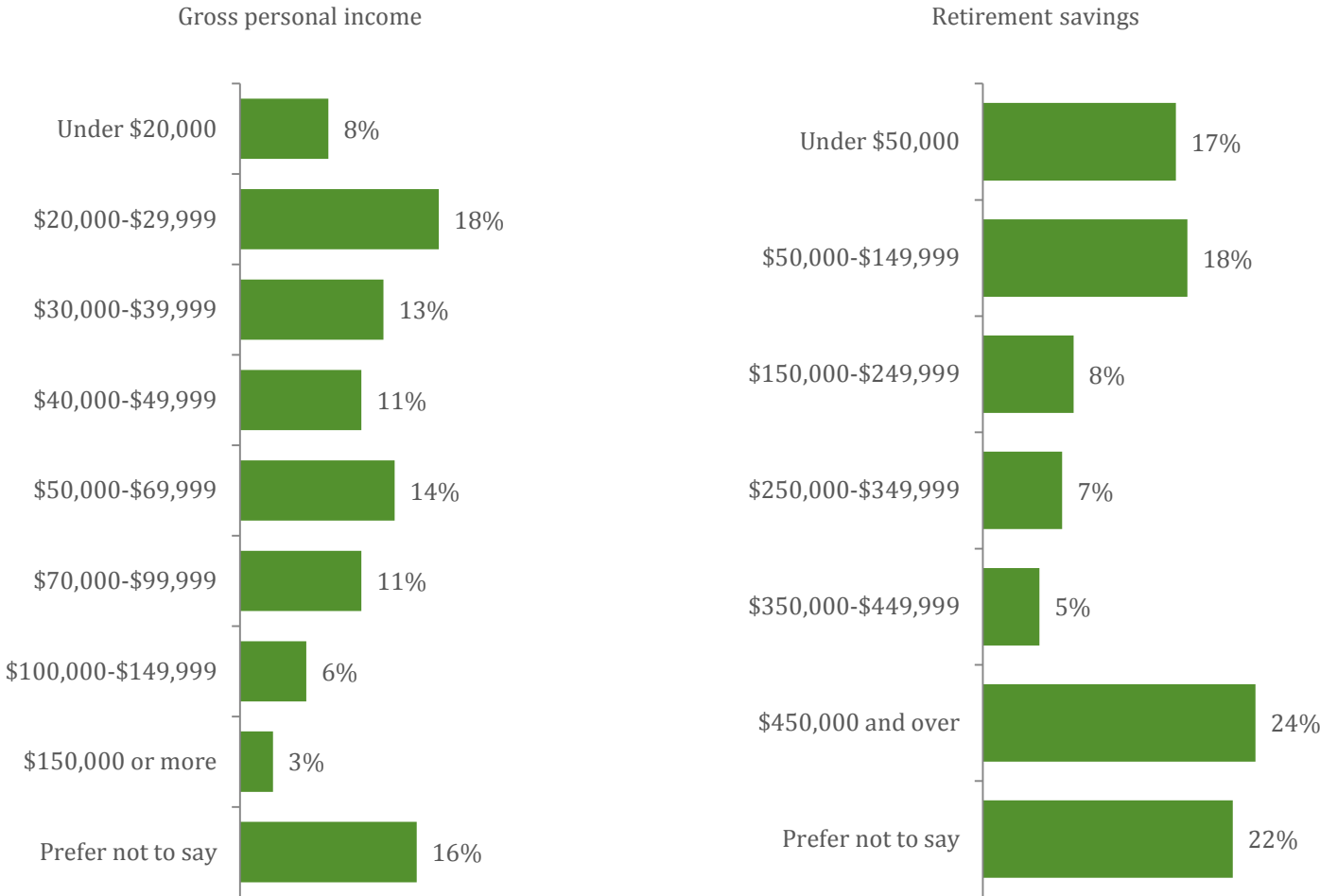
# People with a residential property other than their own home are more...



- Confident in their financial preparedness
- Likely to have looked for information more than 10 years before retirement
- Likely to have a personal income over \$100,000 and retirement savings over \$450,000
- Likely to go to a lawyer or accountant than use online tools or information from a government department

Their key financial goal for retirement is to have enough to meet their day to day financial needs and fund lifestyle aspects (mentioned by 92% of people). Followed by to have no financial concerns (81%), to have enough to meet day to day financial needs (54%), to leave an inheritance (48%), and finally to spend it all (10%)

# Personal income and retirement savings



Q14. Into which of the following groups does your own personal income from all sources before tax fall into? Q16. And finally, what will be the combined value of your personal retirement savings at the point you retire, or if you have already retired what was the combined value at the time you retired? Please include KiwiSaver and any other superannuation schemes and investments but exclude the value of your home (if applicable).

Base: All respondents n=501



For further information please contact:

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