Using behavioural insights to improve KiwiSaver outcomes

Encouraging engagement through more effective member communications

February 2019
Using behavioural insights to improve KiwiSaver outcomes

Encouraging engagement through more effective member communications

This report describes the results of a behavioural insights randomised control trial.

We would like to thank:

• Dr Marcos Pelenur from the Ministry of Business, Innovation and Employment for his expert guidance in overseeing this trial.

• ANZ Wealth for its participation in the trial and for publicly sharing examples of their communications.
Contents

Executive summary 2
About the trial 3
Our approach 4
The results – what we found 6
1. Impact on uptake of advice 6
2. Impact on fund choice 7
3. Impact on contributions 9
Conclusions and next steps 11
Appendix 1: Description of statistical analysis 13
Appendix 2: Correspondence 16
Executive summary

The New Zealand Government has a high-level policy intent to encourage long-term savings in order to increase wellbeing and financial independence. To contribute toward this we are running a series of trials to test whether insights from behavioural economics can improve decision-making and outcomes for KiwiSaver members. This report provides results from our second trial. This trial was run with KiwiSaver provider ANZ, showing how changes to letters and adding more relevant communication channels can significantly change behaviour.

Members of ANZ’s KiwiSaver scheme who have chosen the Lifetimes option receive a letter at age 56. The aim of the trial was to see if including behavioural prompts in the letter makes it more likely they will:

• take up an offer of financial advice,
• make an active choice about which fund they are in, and/or
• increase their contributions.

The trial had two phases, from June to October 2017 and January to July 2018.

Phase one included 2,055 Lifetimes members. We sent half the members the original letter (the control) and the other half received a revised letter (the treatment) as a randomised controlled trial. We also attempted 400 phone follow-ups across a random sample of members.

Phase two included 2,364 Lifetimes members. We continued sending either the original or the revised letter but those who had provided an email address also received a follow-up email.

What we found

• The members who received a revised letter (the treatment group) were more likely to use online tools, but no one contacted the advice service.
• Follow-up phone calls were more successful with this group, encouraging a handful of members to talk to an adviser and some others to say they would talk to an adviser in future.
• We found that including links in the email (issued in phase two of the trial) increased the number of visits to a tool.
• We were able to statistically verify fund choice behaviour. While absolute numbers were low, members who received the revised letter in phase one were 212% more likely to make an active fund choice compared to those receiving the original letter. Sending a follow-up email made even more of an impact, with a further 118% making an active fund choice.
• The revised letter had no statistically significant effect on contribution amounts, but our analysis shows sending a letter (either the original or the revised version) caused a substantial jump in the number of members making an additional voluntary contribution. The follow-up email did statistically improve contribution amounts.
• During the trial, the markets experienced a period of volatility. This saw a spike of visits to ANZ’s risk profile tool but did not result in a significant number of fund switches. This suggests investors value having resources available to check their decisions during a period of volatility, although we did not explicitly test this link.

These results demonstrate the importance of using follow-up communications such as phone calls and emails to encourage action.

We would like to see other KiwiSaver scheme providers using similar methods to improve engagement with their members.
About the trial

Background to the trial

The New Zealand Government has a high-level policy intent to encourage long-term savings in order to increase wellbeing and financial independence.

For many New Zealanders, KiwiSaver will make up a significant part of their retirement income, yet when it comes to making decisions about KiwiSaver, evidence suggests most New Zealanders have a ‘set and forget’ attitude. Once in a fund, people rarely switch, and over 430,000 members (from a total of 2.8 million) invest in a default fund, which may not be suitable for them. This puts New Zealanders at risk of not being adequately prepared financially for retirement.

This trial is the second in a series we are running to test whether insights from behavioural economics can improve decision-making and outcomes for KiwiSaver members. We are sharing these results with industry so all KiwiSaver scheme providers can learn from what works.

We ran our first trial in 2016 with KiwiWealth and results can be found here.

The ANZ behavioural insights trial

Approximately 50% (373,000) of ANZ’s KiwiSaver members are in the ANZ ‘Lifetimes’ option. This option automatically allocates a member’s savings based on age, starting with higher-risk funds when members are younger, progressively moving to lower-risk funds close to retirement.

When Lifetimes members reach age 56, they receive a letter explaining their investment has switched to a lower-risk fund. As the letter is transactional in nature and communicates something that has already happened, very few people take this further step of seeking advice or making changes to their investments in this crucial lead-up time to retirement.

Research we conducted in 2017 showed people who get help with retirement planning – from an adviser, their family, a financial provider or their own research – are more confident about retirement.

ANZ research also suggests members aged 55 to 64 are more likely to increase contributions or pay lump sums into KiwiSaver because they tend to be in a better financial position. They also have less time to wait to access their money again.

Based on this research, we identified an opportunity to test whether including behavioural prompts in the fund change letter would encourage more KiwiSaver members to:

• take up the offer of financial advice,
• make an active choice about which fund they are in, and/or
• increase their contributions.
Our approach

We worked with ANZ’s wealth division, and Dr Marcos Pelenur, a behavioural insights specialist employed by the Ministry of Business, Innovation and Employment. There were two phases to the trial.

Phase one

ANZ’s letter was rewritten using the ‘EAST’ framework. EAST stands for making it Easy, Attractive, Social and Timely. These are principles used in international studies (and our previous behavioural insights research) to bring about effective and measurable behavioural change.

We applied the EAST principles to the ANZ revised letters and emails as follows:

Make it easy
- We provided direct website links to ANZ’s KiwiSaver account calculator and a risk profile tool.
- We told readers they could change their fund easily through online internet banking.
- We had two clear calls to action – using online tools and seeking advice.

Make it attractive
- We made the layout more visually engaging.
- We highlighted that the financial advice was ‘free’.

Make it social
- We told readers most New Zealanders look for financial advice in their 50s.
- We included ‘pretty common questions’ other KiwiSaver investors ask at this stage, such as ‘how much should I be contributing?’

Make it timely
- We sent letters close to a member’s birthday when their fund had recently changed.
- We urged readers to ‘check now’.

Appendix 2 shows examples of the original and revised letters.

In total, 2,055 ANZ members were included in the trial. We sent half the original letters (the control) and half the revised letter (the treatment) using a random method. We sent letters from June to October 2017.

Behavioural research shows letters are typically not as effective at driving action as emails, and other communication channels are more effective at driving action. Approximately 20% of members who received a letter (selected at random) also received a call to test if this could prompt more action. ANZ positioned these calls as a follow-up to the letter. They offered members a short fund choice discussion (during which they could complete a fund switch if they wanted) or members could talk to an adviser. ANZ also asked members to complete a short survey.

100 follow-up calls were attempted in early October. A further 300 calls were attempted in November.

Phase two

For phase two of the trial, we continued sending either the original or revised letter (the control) but we also sent half the members with up-to-date email addresses a follow-up email (the treatment).

We reviewed the characteristics of the members in the email vs non-email groups and confirmed there were no obvious differences to affect results. As in phase one, we based the email content on the EAST framework:

- We included a clear call to action in the subject line to make it timely – ‘Check now’.
- In the sub-heading and main body text, we clearly communicated how easy it was to make a change (‘Five minutes now’).
- We used an attractive layout with clear calls to action.

1: For more information about the ‘EAST’ framework, see Using behavioural insights to improve financial capability
The revised letter encouraged members to use a tool or get advice. The email provided an opportunity for different messaging. As the ‘check you’re on track’ tool was more popular than the risk tool in phase one, we focused the email message on increasing contributions – including two examples showing the difference an increase in contributions would make.

The email can be found in Appendix 2.

Phase two of the trial included 2,364 members and ran from January to July 2018.
The results

What we found

We used statistical models to analyse the data. Full details of our analysis are contained in Appendix 1. Where we have been unable to apply models, we have provided descriptive statistics.

The results below outline the impact of our actions in three areas:
1. Impact on uptake of advice.
2. Impact on fund choice.
3. Impact on contributions.

1. Impact on uptake of advice

We analysed the data to see if our activities led to KiwiSaver members seeking financial advice, and if so, which worked best at effecting this behavioural change.

Members preferred online information sources to speaking to an adviser

- 34 members visited the ANZ KiwiSaver account calculator and nine visited the risk profile tool using the trial-specific website addresses. Since only the revised letters had these website addresses, we can be confident this letter prompted the visits, even though we can’t track links from a hard copy letter.
- No members called the advice line.

Phone calls were more successful at encouraging an advice conversation

- Just under half the members on the calling list were contacted (47%).
- ANZ referred five members to their financial advice service, ‘Wealth Direct’. A further five expressed interest in speaking to an Authorised Financial Adviser, but were too busy to commit to a time.

Two members used the ANZ KiwiSaver account calculator while on the phone, and no members used the risk profile questionnaire.

- Of those contacted, the majority were happy with their KiwiSaver account settings. Being ‘too busy’ was a reason for not wanting to discuss their KiwiSaver further.

More members visited the online tools during phase two

- 70 members visited the KiwiSaver calculator and 285 visited the risk profile tool. It’s likely the relative increase in calculator visits was due to the calculator link being included in the email. The website link for the risk profile tool wasn’t included (we focused on a contributions message in the email) so the higher number of visits to this tool may be due to another factor.
- Early in phase two, there was a period of market volatility. It seems likely members went back to their letter to find the risk profile web address and to check they were in the correct fund. This saw 250 visits in the month of volatility with a further 25 the following month (see figure 1, below).

Figure 1: Number if visits to the risk profile questionnaire during February market volatility

![Figure 1: Number of visits to the risk profile questionnaire during February market volatility](image-url)
2. Impact on fund choice

We analysed the data to see if any of our revised communications prompted KiwiSaver members to choose a different fund. We found the following:

**Members were more likely to switch funds after receiving a revised letter**

Table 1 shows the total number of members who made a fund switch after receiving either an original or revised letter.

<table>
<thead>
<tr>
<th></th>
<th>Switch</th>
<th>No switch</th>
<th>Total</th>
<th>Switch rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Original letter</td>
<td>8</td>
<td>1018</td>
<td>1026</td>
<td>0.78%</td>
</tr>
<tr>
<td>Revised letter</td>
<td>25</td>
<td>1004</td>
<td>1029</td>
<td>2.43%</td>
</tr>
</tbody>
</table>

Our analysis shows the effect of receiving a revised letter was statistically significant. Members were 212% more likely to switch after receiving a revised letter.

The statistical analysis checked for the effect of gender, a member’s Prescribed Investor Rate (PIR) (an indicator of their income) and the month we sent the letter. There were no statistically significant differences for these factors.

This indicates the messages in the revised letter were equally effective across gender, income level and the time of year ANZ sent the letter.

---

2: 2.4% is 212% greater than 0.8%.
Members were even more likely to switch funds after receiving a follow-up email

The second phase of the trial tested whether a follow-up email increased the response rate. Phase one had already shown the revised letter was more effective, so we focused our analysis on the difference made by the follow-up email.

The table below shows the total number of members who made a fund switch decision.

Table 2: number of active switches

<table>
<thead>
<tr>
<th></th>
<th>Switch</th>
<th>No switch</th>
<th>Total</th>
<th>Switch rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Letter only</td>
<td>23</td>
<td>1620</td>
<td>1643</td>
<td>1.4%</td>
</tr>
<tr>
<td>Letter and email</td>
<td>22</td>
<td>699</td>
<td>721</td>
<td>3.1%</td>
</tr>
</tbody>
</table>

Members receiving a letter plus an email were 118% more likely to make an active switch out of the default Lifetimes fund on average, compared to members receiving a letter only. This result is relative.

The following chart shows the overall switching probability within each group.

Figure 3: Probability of actively switching after receiving follow-up email

Again, we checked for the effect of gender, Prescribed Investor Rate (PIR), and the month we sent a letter.

Members on higher PIRs (indicative of higher incomes) experienced higher switch rates – making the PIR a statistically significant factor. Gender and the time of month we issued letters were not statistically significant. The latter result suggests the spike in visits to the risk profile questionnaire during the period of market volatility didn’t statistically affect the number of fund switches.

Most members decided to stay in the balanced fund

When a member turns age 56, the Lifetimes fund switches them from the Balanced Fund to the Conservative Balanced Fund.

In phase one of the trial (letter only), the majority of members who made an active fund choice went back to their original balanced fund. We saw the same result in phase two of the trial.

3: 3.1% is 118% greater than 1.4%.
wanting more control,
• not finding the age relevant to the fund they should be in, and
• KiwiSaver only being a small part of their retirement plan.

3. Impact on contributions

To test the impact on contribution amounts we analysed total voluntary contribution amounts three months before and three months after receiving the letter. We also looked at whether adding an email increased contributions further.

**Sending a letter increased voluntary contributions**

Our analysis showed a statistically significant jump in voluntary contributions after receiving a letter. Before the letter, six members made a voluntary contribution. This jumped to 330 members after the letter. This represents total contribution amounts of $2,351 before the letter and $76,544 after the letter. Figure 4 shows the spread of contribution amounts over three months (this shows median, upper and lower quartiles and outliers).

| Table 3: Funds chosen by those who switched – Phase one |
|---------------------------------|--------|--------|--------|
|                                | Balanced | Balanced Growth | Growth |
| Original letter                | 6       | 2       | 0      |
| Revised letter                 | 19      | 5       | 1      |
| Total                          | 25      | 7       | 1      |

| Table 4: Funds chosen by those who switched – Phase two |
|---------------------------------|--------|--------|--------|
|                                | Balanced | Balanced Growth | Growth |
| Letter only                     | 18      | 4       | 1      |
| Letter and email                | 14      | 4       | 4      |
| Total                          | 32      | 8       | 5      |

ANZ surveyed 10 of the members who made a switch to explore the reasons for their fund choice.

Almost all members remembered receiving a letter and the majority said a letter had prompted them to consider switching funds. Of those that said a letter had prompted them, six out of seven of these members received the revised letter.

Only one of these members used a tool (the risk profile questionnaire) to help them decide on a fund. No members spoke to a financial adviser.

The primary reasons to switch were:
• looking for higher returns,
• having to work for longer, or
• seeing media coverage about fund choice.

Secondary reasons for switching include:
However, the effect was not due to the revised wording. We could find no statistical difference between results for the original letters versus the revised letters. There was also no statistically significant result across gender, PIR or the month we issued the letter.

This means sending a letter, any letter, was enough to cause a lift in voluntary contribution amounts.

We ran a further statistical test to see if there was an underlying reason for the increase. ANZ provided a comparable list of 55 and 56 year olds who were in KiwiSaver funds but not in the Lifetimes fund. 55 year olds were included because ANZ didn’t have as many 56 year olds sitting in the balanced funds as in the Lifetimes option – but since members of the trial group had only just turned 56 we felt this was appropriate. The analysis of this alternate group showed no statistically significant evidence of an underlying trend of increasing contributions over the period. This provides support for the trial conclusion that sending a letter increases voluntary contribution amounts.

**Adding an email increased contributions further**

During the second phase of the trial, the ‘treatment’ (the follow-up email) did make a statistically significant difference. 248 members made a voluntary contribution in the three months prior to the letters and emails being sent. However, 426 members made a voluntary contribution in the three months after we sent letters and emails. Total contributions rose from $114,365 to $157,746.

There were no statistical differences between gender, PIR and letter type. However, in phase two the month we sent a letter made a significant difference. Contributions spiked in May/June. This is likely to be due to members making last minute contributions to receive their full member tax credit. We were also able to check the robustness of this result by comparing it to a similar alternate group. Again, there was no statistically significant evidence of an underlying trend of increasing contributions over the period.

Figure 5 shows how contributions jumped in both phase one and phase two.

![Figure 5: Total contributions before and after we made changes](chart)
Conclusions and next steps

Applying behavioural insights to a written communication can change behaviour

While the actual number of people making changes is relatively modest, if a provider has to send a letter or email anyway, they should endeavour to make it as effective as possible.

Emails that link to online tools, or enable the recipient to make a change directly, make actions easier and are more effective, but even a well-designed hard-copy letter can create change.

Behaviour change may be limited to relatively simple actions

This trial in particular provides some insights about the actions a letter (or email) can encourage. We hoped the timing of the fund change letter (sent to those aged 56) would make it more likely people would take up the offer of financial advice. However, while some members used the online tools, no one called the advice line.

ANZ has offered some insights into this based on other customer campaigns and surveys. Their analysis suggests:

- The actions you are encouraging need to be small and easy to do. ‘Advice’ via online tools is easy and low commitment for members.
- Members perceive advice conversations as time-consuming and potentially difficult. Even making them ‘free’ isn’t enough to encourage people to engage. ANZ’s surveys with customers suggest advice is something their members would only consider during a significant life event.
- Encouraging an action similar to one the member is already taking may result in more success – this may be why the follow-up phone calls saw at least some interest in an advice conversation.

Communicating at the right time may make a difference

We were surprised to see such a large jump in the numbers of people contributing. The amounts contributed were also relatively large – even more than the average voluntary contributions people make during ANZ’s member tax credit campaigns.

Both versions of the letter included the member’s current balance and congratulated them on turning 56. It may be this personalised prompt, at a time that is meaningful to members (less than 10 years until Government Superannuation payments begin) is what drove additional contributions. This would be consistent with international research showing targeted communications and reaching people at the time they are making a decision is more effective at improving financial capability. Providers should bear this in mind as an effective tactic to encourage behavioural change.

We need to do further work to draw firm conclusions about contributions behaviour

While we tracked changes in contributions behaviour, we didn’t specifically design this trial with the objective of increasing contributions.

We can’t be certain if it was the call to action in our letter, or the fact they got a follow-up that made more people contribute in phase two. We also don’t know whether providing two examples of the effect of increasing contributions was better than just showing one. These are areas we could explore in future trials or activities.

Market volatility had no effect on fund choice

Finally, an interesting result observed in this trial was the impact of market volatility.

---

4: The International Organization of Securities Commissions, 2015, Sound Practices for Investment Risk Education
One of the concerns about lack of engagement with KiwiSaver is that members may make poor decisions when markets are more volatile (for example, changing to a lower-risk fund and locking in losses) when it occurs. However, in this trial we didn’t see that result.

It’s not possible to draw firm conclusions from this. We don’t know, for instance, whether:

- you would see more movement if the volatility was more significant or more sustained,
- the risk profile tool answered members’ questions, reassuring them to stay,
- whether it was just natural inertia that meant people didn’t switch.

Regardless, the big leap in visits to the risk profile tool suggests investors value online resources and may find them helpful with their decision-making.

**Implications for KiwiSaver scheme providers**

A key purpose of running these trials is to share what works – and what doesn’t.

We’ve now demonstrated a second time that making changes to transactional communications can change behaviour. This offers a low-cost opportunity to make a significant difference to outcomes for members.

The findings also suggest written communications are not enough to encourage ‘bigger’ actions. Follow-up phone calls appear to offer an avenue to encourage advice conversations.

We encourage KiwiSaver scheme providers to review all the conclusions from this trial and consider how they might apply these lessons to their own member communication programmes.
Appendix 1: Description of statistical analysis

Phase one results
Sample
• Number of Lifetimes members in trial = 2,078
• Members who left ANZ during the trial were excluded (n=23)
• So total sample is 2,055 (n=2,078 - 23)

Switching results – steps followed
• First a balance check was done to determine if the demographics between group assignments (control/treatment) were comparable. Specifically we conducted tests of independence between group assignment (control/treatment) and other independent variables, specifically: gender; PIR; total voluntary contribution amount before receiving a letter; and difference between the average voluntary contribution before and after letters. Results show the groups are balanced – we didn’t identify any bias.

• Following the balance check, we conducted the statistical analysis using a binomial logistic regression model. The initial model included the group assignment (revised letter/original), PIR, gender, the month the letter was sent, and the total voluntary contributions made before receiving the letter.

- The gender of the member (male/female) was not a statistically significant variable in the model.

- Overall, we also found the PIR was not statistically significant. It was treated as a categorical variable with three levels (10.5, 17.5, 28).

- Overall, the month we sent the letter was also not statistically significant.

- The final full model therefore controlled for group assignment and the total voluntary contributions before the letter was sent.

• The null hypothesis (H₀) is that there is no difference between the probability of switching in the control or treatment group (i.e. they are the same).

• Results show a statistically significant difference, therefore the null hypothesis is rejected.

• The result indicates that a person receiving the revised letter is on average 212% more likely to make an active switch out of the default Lifetimes fund.

• This result is relative (treatment versus control).

Contribution results – steps followed
• We created three new variables: total voluntary contribution over three months before receiving a letter, total voluntary contribution over three months after receiving a letter, and the difference between those totals (dependant variable used in modelling).

• We used an OLS regression model. The initial model included the group assignment (revised letter/original), the PIR, gender, the month we sent a letter, and total voluntary contributions before receiving a letter.

- Gender of member (male/female) was not a statistically significant variable in the model.

- Overall, we also found the PIR was not statistically significant. It was treated as a categorical variable with three levels (10.5, 17.5, 28).

- Overall, the month we sent a letter was also not statistically significant.

• The final full model therefore controlled for group assignment and the total voluntary contribution before we sent a letter.

- The null hypothesis (H₀) is that there is no difference between the three-month total
voluntary contributions pre/post letter in the control or treatment group (i.e. the difference between voluntary contributions after receiving a letter are the same).

• Results show no statistically significant difference, therefore the alternate hypothesis is rejected.

• In summary, there was no change in the total voluntary contribution amounts (over three months) before or after receiving a letter between the control and treatment group.

Did voluntary contributions go up after receiving a letter? Steps followed:

• First, we tested the two variables (total voluntary contributions over three months before a letter, and total voluntary contributions over three months after receiving a letter) to determine if they were normally distributed. They were not, so a Wilcoxon Signed Rank test was used on the paired sample data, rather than a paired t-test.

• Results show a statistically significant difference between total voluntary contribution amounts before and after receiving a letter.

• From the sample, 325 individuals increased their voluntary contributions.

Alternate cohort analysis of contributions – steps followed:

• ANZ provided an alternative cohort of data for comparison. This data related to KiwiSaver members who were the same age but did not receive a letter.

• We used an OLS regression model.

• This showed there was no statistically significant evidence of an underlying trend of increasing contributions over the period (P-value=88%).

Phase two results

The sample was as follows:

• Number of Lifetimes members in trial=2,435
• Members who left ANZ during the trial were excluded (n=68)
• Incomplete records (n=3)
• Total sample is 2,364 (n=2,435 - 68 - 3).

We sent letters daily during the six-month period January to June 2018. We sent follow-up emails around the 15th of the following month to 739 members (treatment group). 1,696 members did not receive a follow-up email (control group).

Switching results – steps followed

• First we did a balance check to determine if we could compare the demographics between group assignments (control/treatment). Specifically, we conducted tests of independence between group assignment (control/treatment) and other independent variables, specifically: gender, PIR, and total voluntary contribution over three months before receiving the letter (for contributing members). Results were balanced for gender (P=74%) and contribution amount (P=69%).

• The result for PIR (P=4.1%) was significant at the 5% level, suggesting PIR was not balanced across the (control/treatment) groups. It would be preferable to have relatively stable demographics between group assignments for all the independent variables. However, the association of one independent variable and the group assignments does not invalidate further analysis, albeit it does become more difficult to accurately estimate parameters in the statistical modelling.

• Following the balance check, we conducted statistical analysis using a binomial logistic regression model. The initial model included the group assignment, PIR, gender, month the letter
was sent, the letter type (control or treatment), and total voluntary contributions over three months before receiving the letter.

- We found the following variables not to be statistically significant variables in the model: gender, month we sent a letter, letter type, and total voluntary contributions over three months before receiving a letter.

- As well as treatment group, we also found the PIR was statistically significant, with members on higher PIRs experiencing higher switching rates.

- The final full model therefore controlled for treatment group and PIR.

- The null hypothesis ($H_0$) is that there is no difference between the probability of switching in the control or treatment group (i.e. they are the same).

- The results show the treatment group is a statistically significant variable, therefore the null hypothesis is rejected.

- The result indicates a person receiving the treatment is 118% more likely to make an active switch out of the default Lifetimes fund.

- The result is relative (treatment vs control).

**Contribution results – steps followed**

- Three variables were analysed: total voluntary contribution over three months before receiving a letter, total voluntary contribution over three months after receiving a letter, and the difference between those totals (dependant variable used in modelling).

- We used an OLS regression model. The initial model included the group assignment, PIR, gender, month a letter was sent, letter type, and total voluntary contributions over three months after receiving a letter. We analysed the following:
  - PIR, gender, and letter type were not statistically significant variables.
  - Treatment group, the month we sent a letter, and total voluntary contribution over three months before receiving a letter were statistically significant. Receiving an earlier letter and having lower past contributions were associated with a higher contribution difference.

- The null hypothesis ($H_0$) is that there is no difference between the three-month total voluntary contribution pre/post letter between the control or treatment group (i.e. the voluntary contribution difference between the groups was the same).

- The results show the treatment group is a statistically significant variable, therefore the null hypothesis is rejected.

- In summary, there was a change in total voluntary contribution amounts (over three months) in the control and treatment group. As the treatment variable was coded with a 1 for treatment and 0 for control, the positive coefficient in the regression results implies that receiving a letter and a follow-up email increased contribution amounts, compared to only receiving a letter.

- This result indicates that a member receiving a letter plus an email made a 159% greater increase in average voluntary contributions, compared to a member receiving a letter only.

- The result is relative (treatment vs control).

**Alternate cohort analysis of contributions – steps followed:**

- ANZ provided an alternative cohort of data for comparison. This data related to KiwiSaver members who were the same age but did not receive a letter or email.

- We used an OLS regression model.

- This showed there was no statistically significant evidence of an underlying trend of increasing contributions over the period (P-value=83%).
Appendix 2: Correspondence

Original letter

ANZ INVESTMENTS

2 August 2017
Investor Number
IRD Number
Current PIR

Dear

ANZ KiwiSaver Scheme - Congratulations on your birthday!

As an ANZ KiwiSaver Scheme Lifetimes investor, your savings are invested in one of our six funds based on your age.

The birthday you're celebrating this month takes you into the next Lifetimes age group. As a result, your investment has been transferred to the next applicable fund as follows:

**BALANCED GROWTH FUND F01**

<table>
<thead>
<tr>
<th>Date</th>
<th>Transaction</th>
<th>Units</th>
<th>Unit Price</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>24/04/2017</td>
<td>Opening Balance</td>
<td>0.0000</td>
<td>$1.7348</td>
<td>$0.00</td>
</tr>
<tr>
<td>24/04/2017</td>
<td>Switch In</td>
<td>2,454.5112</td>
<td>$1.7348</td>
<td>$4,258.09</td>
</tr>
<tr>
<td>24/04/2017</td>
<td>Closing Balance</td>
<td>2,454.5112</td>
<td>$1.7348</td>
<td>$4,258.09</td>
</tr>
</tbody>
</table>

**GROWTH FUND F01**

<table>
<thead>
<tr>
<th>Date</th>
<th>Transaction</th>
<th>Units</th>
<th>Unit Price</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>24/04/2017</td>
<td>Opening Balance</td>
<td>2,445.5614</td>
<td>$1.7413</td>
<td>$4,258.46</td>
</tr>
<tr>
<td>24/04/2017</td>
<td>Switch Out</td>
<td>(2,445.3489)</td>
<td>$1.7413</td>
<td>($4,258.09)</td>
</tr>
<tr>
<td>24/04/2017</td>
<td>Net tax (paid)</td>
<td>(0.2125)</td>
<td>$1.7413</td>
<td>($0.37)</td>
</tr>
<tr>
<td>24/04/2017</td>
<td>Closing Balance</td>
<td>0.0000</td>
<td>$1.7413</td>
<td>$0.00</td>
</tr>
</tbody>
</table>

Details shown are only for fund(s) where a switch has been processed. Closing balances include tax (payable)/refundable as at the balance dates, plus any applicable management fee rebates.
If you have any questions about your account, please contact us on 0800 736 034 or visit anz.co.nz/kiwisaver.

Yours sincerely

Head of Investment Operations
Dear [Name]

Congratulations on your recent birthday. As a Lifetimes investor, your savings have been automatically moved from the Balanced Fund to the lower risk Conservative Balanced Fund. See over the page for more information, including how to change your fund if you want to.

ARE YOU ON TRACK FOR A GREAT RETIREMENT? CHECK NOW

How much should you be contributing to KiwiSaver to achieve the retirement lifestyle you want? Is the Lifetimes option still right for you? These are pretty common questions and luckily, finding the answers is easy.

TRY OUR ONLINE TOOLS FIRST

Our DIY online tools will help you take control of your retirement savings and make the right decisions for you.

KiwiSaver Calculator
Work out if you're on track to achieve your retirement savings goal – and what to do if you're not.
anz.co.nz/kiwisavercalc

Risk Profile Tool
Answer five easy questions to identify your tolerance for risk and help you decide if the Conservative Balanced Fund is still right for you.
anz.co.nz/RPQ

2 August 2017

INVESTOR NUMBER

IRD NUMBER

CURRENT PRESCRIBED INVESTOR RATE (PIR)
17.5%
NEED MORE GUIDANCE? SPEAK TO ONE OF OUR EXPERTS FOR FREE FINANCIAL ADVICE

Most New Zealanders who seek out financial advice do so in their 50s. And it’s a good idea, as having a financial plan can make it easier to save and achieve your goals, and feel more confident.

A good financial plan should help you:

- clarify your current financial situation
- identify your financial goals and timeframes, and whether they are realistic
- identify your risk profile.

Speak to your financial adviser, or call us on 0800 269 238 (select option 3) – our team can provide you with free guidance and support over the phone.

FUND SWITCH DETAILS

From: Balanced Fund F01

<table>
<thead>
<tr>
<th>Date</th>
<th>Transaction</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>24/04/2017</td>
<td>Opening Balance</td>
<td>$4,123.95</td>
</tr>
<tr>
<td>24/04/2017</td>
<td>Switch out</td>
<td>$(4,121.78)</td>
</tr>
<tr>
<td>24/04/2017</td>
<td>Net tax (paid)</td>
<td>$(2.17)</td>
</tr>
<tr>
<td>24/04/2017</td>
<td>Closing Balance</td>
<td>$0.00</td>
</tr>
</tbody>
</table>

To: Conservative Balanced Fund F01

<table>
<thead>
<tr>
<th>Date</th>
<th>Transaction</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>24/04/2017</td>
<td>Opening Balance</td>
<td>$0.00</td>
</tr>
<tr>
<td>24/04/2017</td>
<td>Switch in</td>
<td>$4,121.78</td>
</tr>
<tr>
<td>24/04/2017</td>
<td>Closing Balance</td>
<td>$4,141.78</td>
</tr>
</tbody>
</table>

If you’d like to change your fund, you can log in to ANZ Internet Banking to change your fund online.

If you don’t have ANZ Internet Banking, or you have any questions about your account, please contact us on 0800 736 034 or visit anz.co.nz/FutureWise.

Yours sincerely

Head of Investment Operation
Dear

ACT NOW FOR A BETTER RETIREMENT

Recently, we sent you a letter to let you know that as a Lifetimes option investor in the ANZ KiwiSaver Scheme, your savings have been automatically moved from the Balanced Fund to the lower risk Conservative Balanced Fund following your recent birthday.

With ten years until you reach 65 (the age many New Zealanders aim to retire), now is the perfect time to review your retirement savings. With our KiwiSaver account calculator, it only takes a few minutes to see how much you may have when you retire – and what that could mean for your retirement lifestyle.

TODAY’S SMALL CHANGE CAN BE TOMORROW’S BIG MONEY

If you’re concerned that you aren’t saving enough for your retirement, now is the time to act. Even small contributions can make a big difference to your retirement savings over the next ten years and when you retire you’ll be very glad you did.

Are there spending habits you can change to free up a little extra money to invest? An extra $20 a week (the equivalent of a daily coffee) could turn into an extra $10,000 in retirement.

CONTRIBUTING IS EASY

You can transfer money directly to your KiwiSaver account in ANZ Internet Banking or ANZ goMoney.

Thanks for choosing ANZ Investments. We look forward to continuing to help you stay on top of your retirement goals. If you need any help please get in touch on 0800 269 238.

Regards

General Manager Wealth Products
AUCKLAND
Level 5, Ernst & Young Building
2 Takutai Square, Britomart
PO Box 106 672, Auckland 1143
Phone: +64 9 300 0400

WELLINGTON
Level 2, 1 Grey Street
PO Box 1179, Wellington 6140
Phone: +64 4 472 9830