

A photograph of two men in a modern office setting. The man on the left is older, with grey hair and glasses, wearing a light purple shirt. The man on the right is younger, wearing a white shirt. They are both looking down at a document on a white table. The background shows glass partitions and office furniture.

# **FMA Money Week Survey 2014**

## **New Zealanders' attitudes to investment**

# Methodology



These results measure New Zealanders' attitudes towards investment risk and getting financial advice.



The research was carried out online using Colmar Brunton's omnibus.

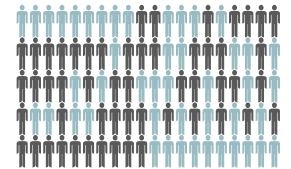


Fieldwork was conducted between 27 August and 2 September 2014.



A total of 1,028 New Zealanders took part in the research.

Results are weighted by age, gender and region to ensure the results are representative of the New Zealand population

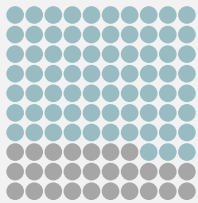


The margin of error for overall results is +/- 3.1%.

- Unless otherwise stated any differences referred to are significant at the 95% level of confidence

## Summary (1)

There is **confusion over the risk of investments** – less than one in five New Zealanders say all of the investments tested have some element of risk.



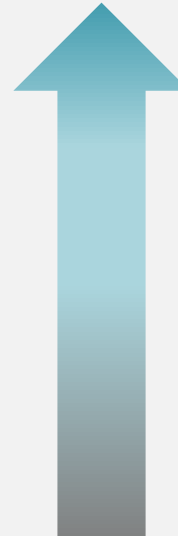
**17%** say none of the investments tested come with a guarantee you will receive all your money back.

**Term deposits** are the investment most associated with a guarantee.

Those with a particular type of investment are more likely to think it has a guarantee than those that don't have that type of investment.

New Zealanders view shares in stocks and equity crowdfunding as having the highest risk, and term deposits as having the lowest.

Viewed as **higher** risk



Shares/equity in stock exchange / crowdfunding

Private equity funds  
KiwiSaver – growth fund

KiwiSaver – balanced fund  
Residential property  
Corporate/government bonds  
KiwiSaver – conservative fund

Viewed as **lower** risk

Term deposits

- Young people, aged 18 to 34 years, are more likely than those aged 35+ to view corporate/ government bonds and residential property as high risk investments.
- Those earning high incomes, more than \$100,000 p.a., are more likely to regard private equity funds and investments made through crowdfunding as high risk.

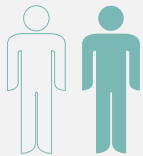
## Summary (2)

New Zealanders are broadly aware of the risks of specific investments. However, while very few New Zealanders think KiwiSaver conservative funds or term deposits are risky investments there is less certainty around the risk posed by higher-risk investments such as shares and growth funds.

Investment type	% view as high risk	% view as high <u>or</u> medium risk
Shares/equity in companies listed on stock exchange	49%	90%
Shares/equity in a company through equity crowdfunding	47%	70%
Private equity funds	36%	69%
KiwiSaver – growth fund	34%	71%
Corporate/government bonds	7%	34%
Housing – residential property	6%	54%
KiwiSaver – balanced fund	3%	56%
Term deposits	3%	13%
KiwiSaver – conservative fund	2%	18%

## Summary (3)

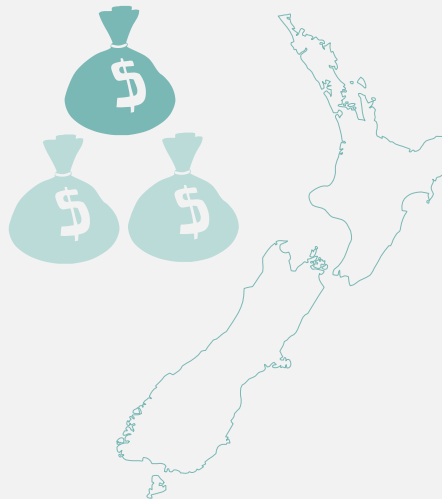
1 in 2



(49%) of New Zealanders would take **no more than a day** to decide how to invest **\$10,000**.

When investing a larger amount - \$100,000 – more time would be taken to decide on the investment, but a fifth (17%) of New Zealanders would still spend a day or less on their investment decision.

When making an investment decision **New Zealanders value reliable returns over an investment which fluctuates but earns the best rate overall** (62% vs. 39%).



One third (34%) of New Zealanders say they will seek financial advice in the next 12 months.

Financial advice is most likely to be sought from banks or family and friends.

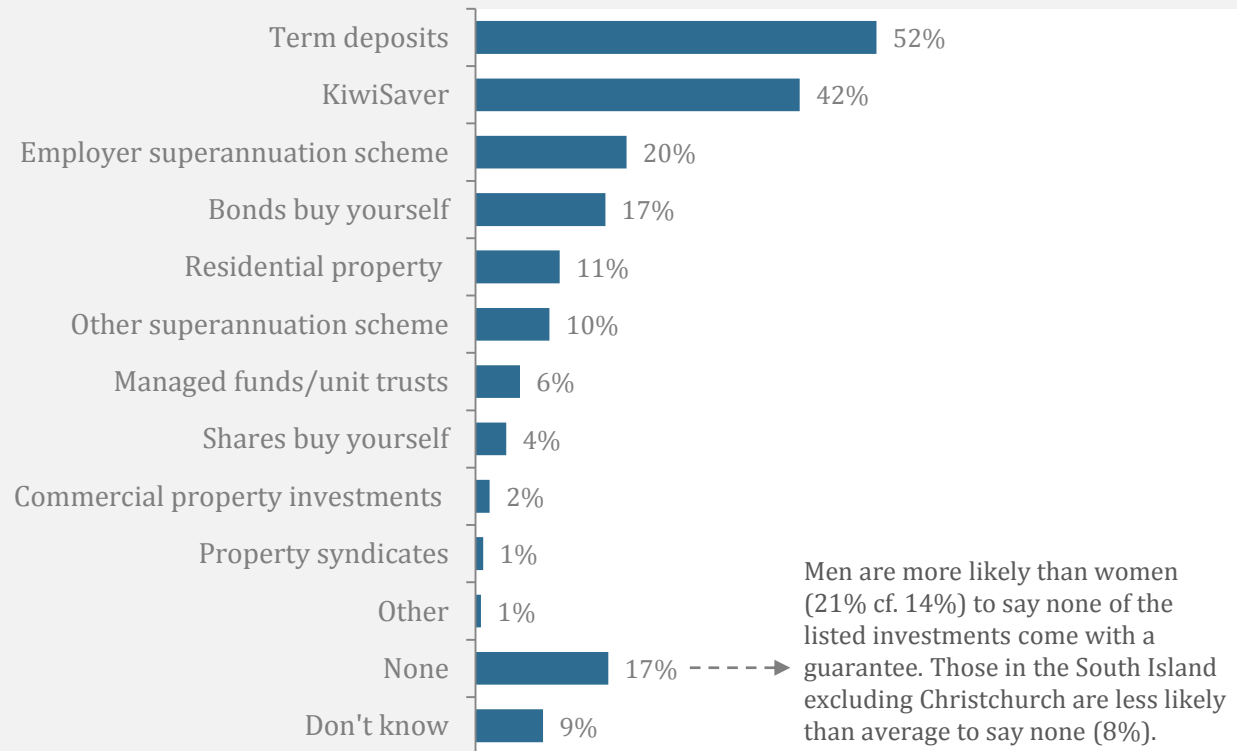


# New Zealanders' awareness and understanding of the financial risk of investments



There is a considerable degree of confusion around the financial risk of investments – just 17% of New Zealanders say none of the listed investments come with a money-back guarantee.

**Qa** Which, if any, of the investments below come with a guarantee that you will receive all of your money back?



Those more likely to say a particular investment comes with a guarantee are:

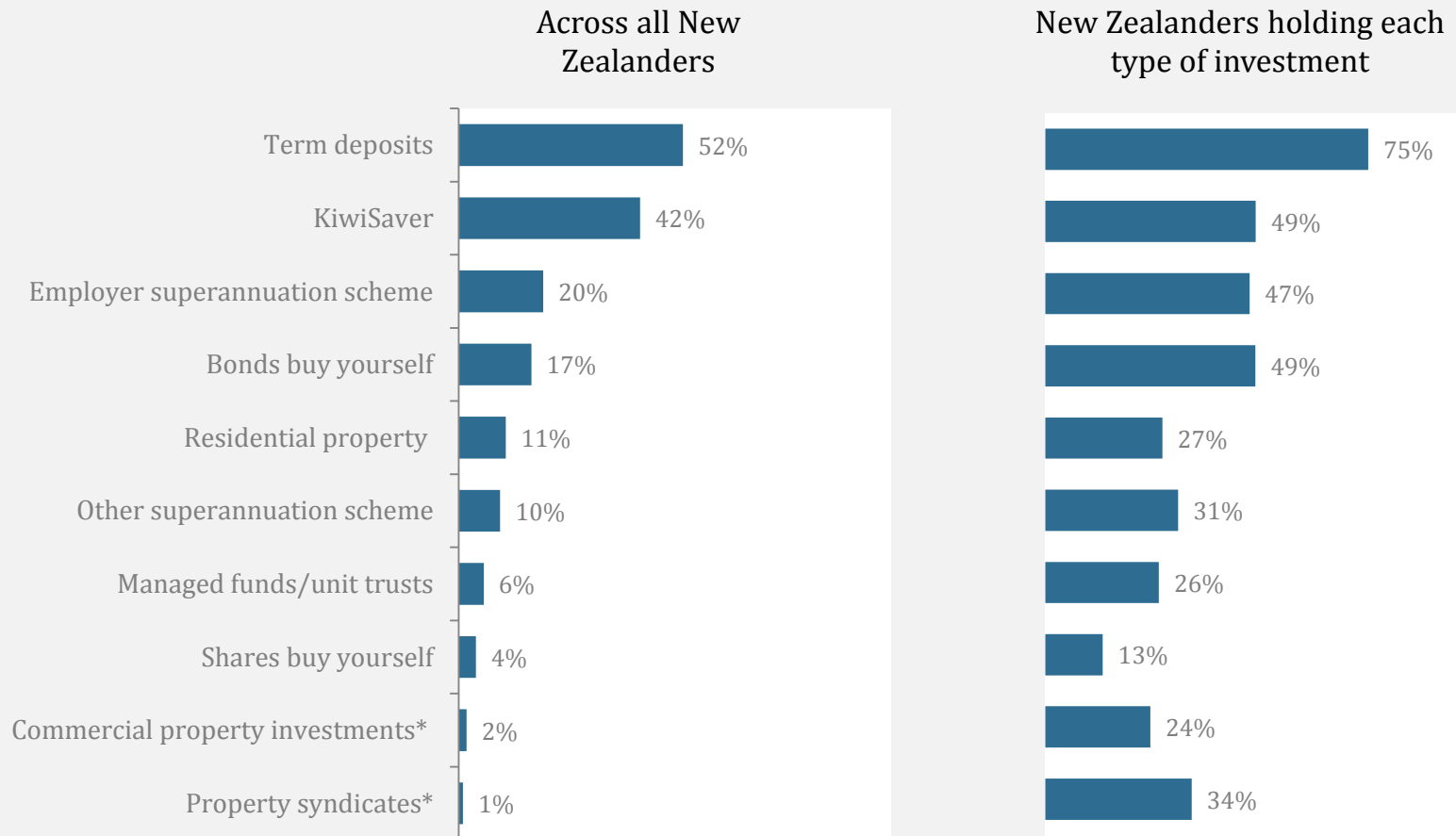
- Older, aged 65+ years: more likely to say shares you buy yourself (10%) and term deposits (64%) come with a guarantee
- Christchurch residents: more likely to say shares you buy yourself (9%) come with a guarantee
- Men: more likely to say residential property (14% cf. 8% of women) comes with a guarantee.

Those less likely to say a particular investment comes with a guarantee are:

- Younger, aged 18 – 34 years: less likely to say term deposits (45%) come with a guarantee
- Lower personal income, up to \$20,000: less likely to say residential property (2%) comes with a guarantee
- Men: less likely to say bonds you buy yourself (12% cf. 21% of women).

# Belief that an investment comes with a guarantee of getting all your money back is higher among those who hold each type of investment.

Qa Which, if any, of the investments below come with a guarantee that you will receive all of your money back?

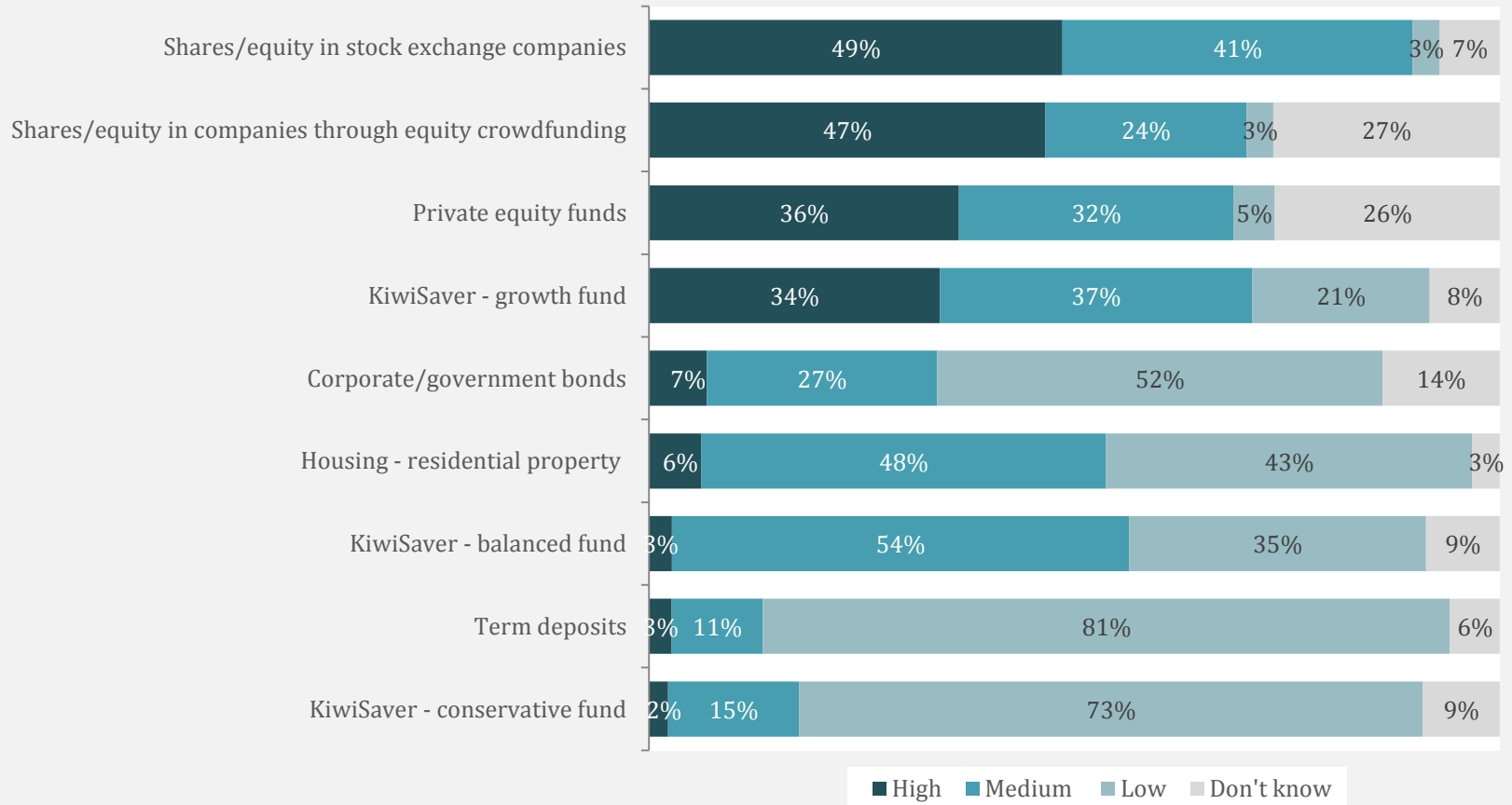


Base: All (n=1,028); All holding a particular type of investment: \*Caution, small bases sizes (n=23 and n=13). All other bases n=95 or over.



New Zealanders are broadly aware of the level of risk for each type of investment. However, aside from a strong belief that KiwiSaver conservative funds and term deposits offer low risk investments, there is considerable uncertainty around the level of risk associated with higher-risk investments.

Qb What level of risk do you think each of the investments below has?



Young people are more likely than those over 35 years to see corporate/government bonds and residential property as high risk investments – however, just one-in-ten consider these investments risky. High income earners are more likely than average to view investments sourced through crowdfunding or private equity funds as high risk.

Qb What level of risk do you think each of the investments below has?

Investment type	% considering the investment <u>high risk</u>		
	All	18 to 34 year olds	35 years and over
Shares/equity in stock exchange companies	49%	51%	48%
Shares/equity in companies through crowdfunding	47%	43%	48%
Private equity funds	36%	30% ▼	40%
KiwiSaver – growth fund	34%	37%	33%
Corporate/government bonds	7%	11% ▲	5%
Housing – residential property	6%	10% ▲	4%
KiwiSaver – balanced fund	3%	3%	2%
Term deposits	3%	4%	2%
KiwiSaver – conservative fund	2%	3%	2%

Men are more likely than woman to see this as high risk (51% cf. 42%); those on high incomes, over \$100,000 p.a., are also more likely to do so (57%)

Those on high incomes, over \$100,000 p.a., are more likely to view as high risk (49%)

▲ ▼ Significantly higher/lower than those aged 35+

Base: All (n=1,028); 18 to 34 year olds (n=318); 35 years and over (n=710)

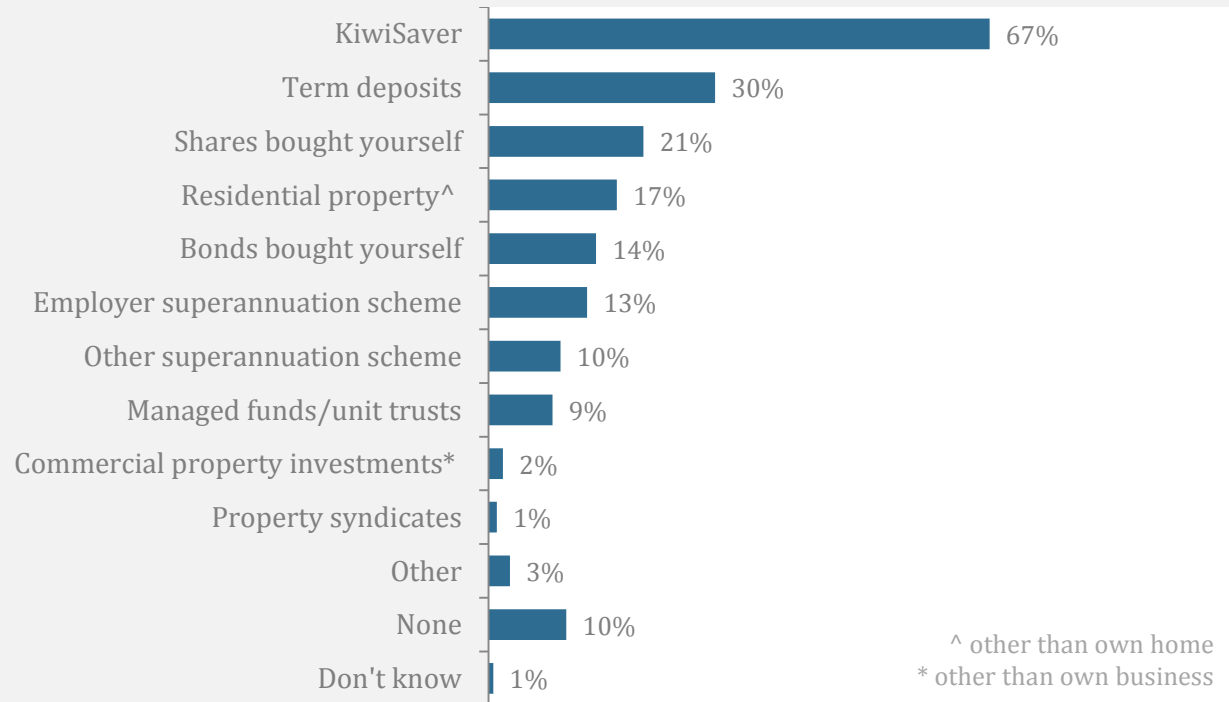
Results may not add to exactly 100% due to rounding.

A photograph of three business professionals in an office setting. Two men are leaning over a desk, looking at a laptop. One man is pointing at the screen while the other looks on. A woman is seated in the foreground, facing them, with her back to the camera. The scene is brightly lit, suggesting a window in the background.

## **New Zealanders' investments and the decision making process**

KiwiSaver is the most common type of investment held by New Zealanders. Term deposits and shares purchased by the investor are the next most common investments.

Qc Which, if any, of the following types of investments do you have?



Those **more likely** to have a particular type of investment are:

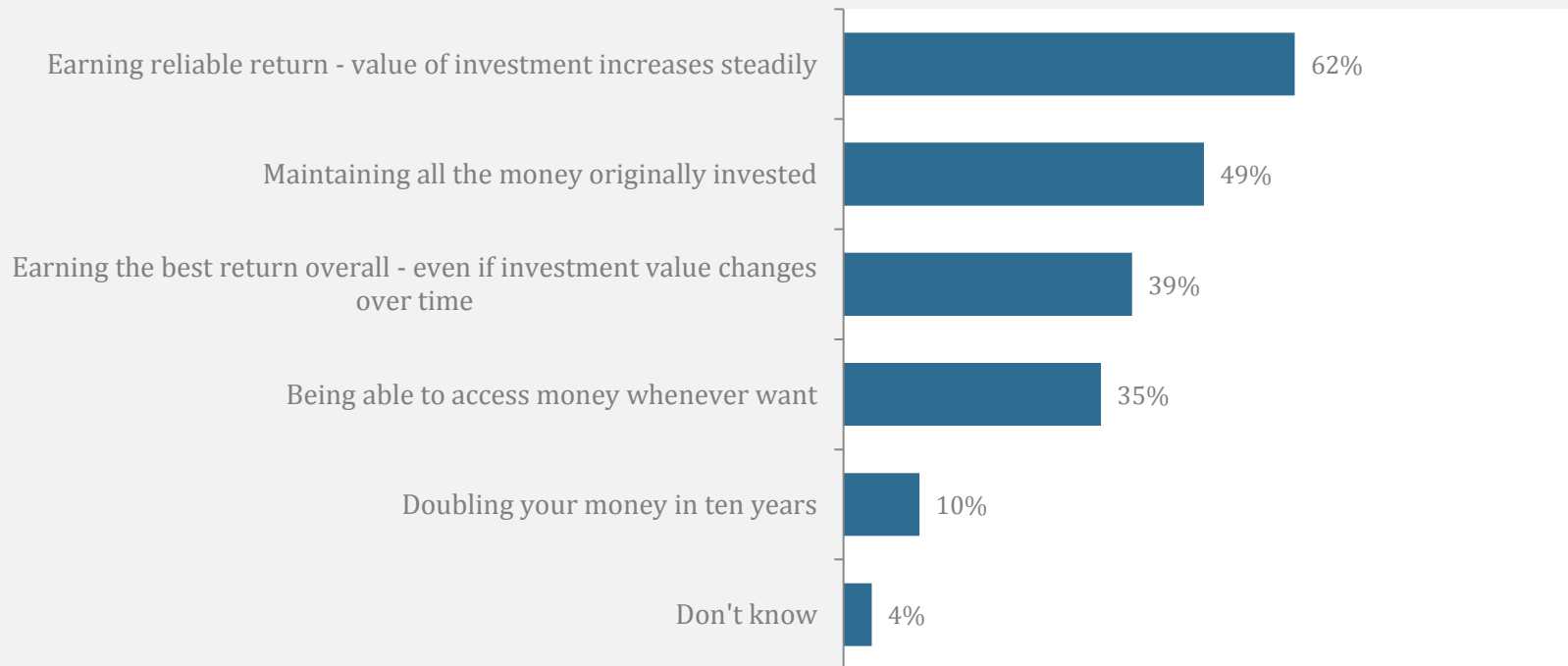
- Younger, aged 18 – 34 years: have a KiwiSaver account (78%)
- Older, aged 35 years plus: have an employer superannuation scheme (17%), other superannuation scheme (13%), term deposit (37%)
- Higher personal income, over \$100,000p.a.: employer superannuation scheme (24%), other superannuation scheme (17%), managed funds/unit trusts (19%), shares bought themselves (38%), residential property (29%), commercial property (7%), property syndicates (4%)
- Men are more likely than women to have an employer superannuation scheme (16% cf. 10%), other superannuation scheme (12% cf. 7%), term deposit (34% cf. 27%).

Those **less likely** to have a particular type of investment are:

- Younger, aged 18 – 34 years: an employer superannuation scheme (6%), other superannuation scheme (3%), managed funds/unit trusts (3%), shares bought themselves (15%), term deposit (19%)
- Lower personal income, up to \$50,000p.a.: employer superannuation scheme (8%), other superannuation scheme (4%), shares bought themselves (13%), residential property (10%)
- Men are less likely than women to have a KiwiSaver account (64% cf. 71%), bonds bought themselves (10% cf. 19%).

For six in ten New Zealanders it's most important to have a reliable return for their investment – far more feel this way than look to achieve the best return overall.

Qd Which of the following is most important to you when making an investment decision?



Those more likely to agree with a particular statement are:

- Auckland residents: earning the best rate of return overall (46%), doubling your money in ten years (15%)
- Personal income \$20,001 to \$50,000p.a.: being able to access savings when want (42%)
- Higher personal income, over \$100,000p.a.: earning the best return overall (54%)
- Men are more likely than women to select earning the best return overall (43% cf. 35%), earning a reliable return (65% cf. 59%).

Those less likely to agree with a particular statement are:

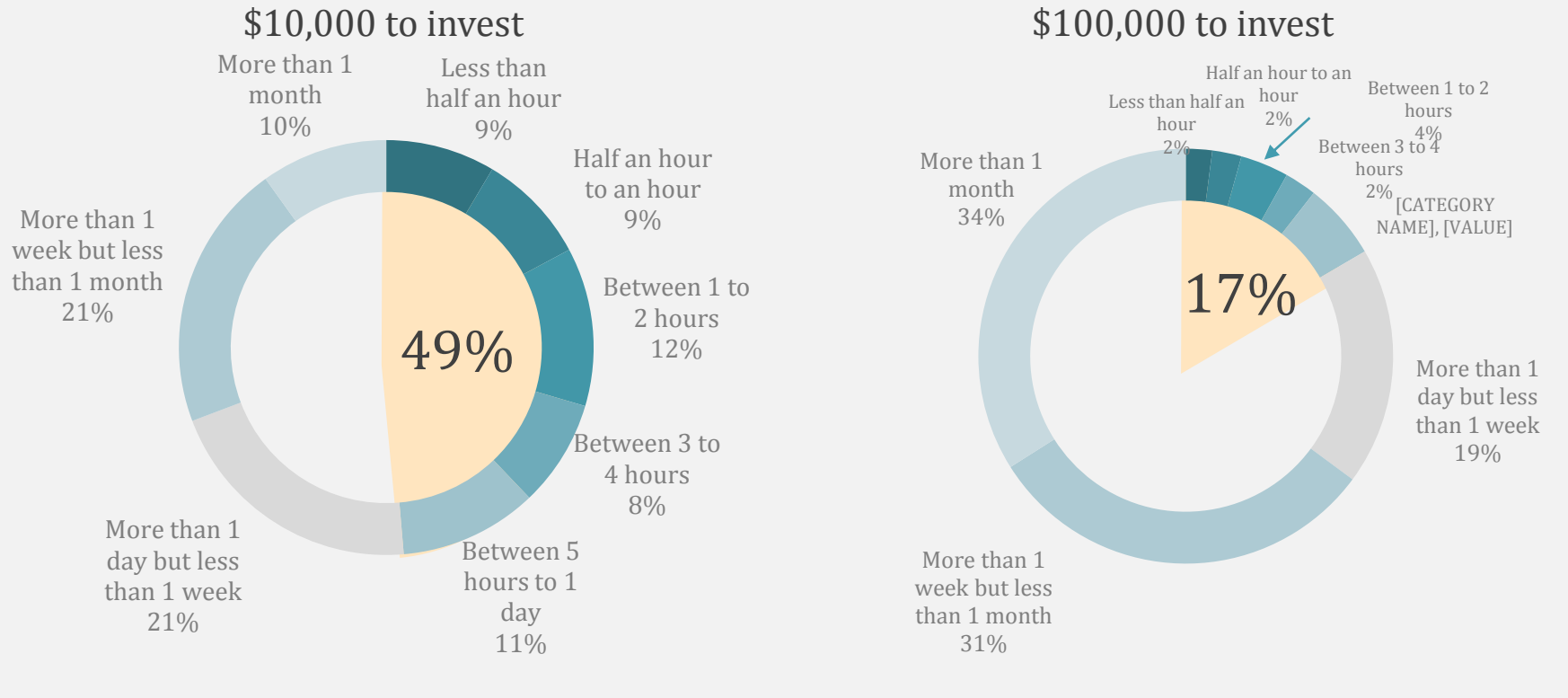
- Aged 25 – 34 years: maintaining all the money original invested (40%), earning a reliable return (52%)
- Residents of South Island excluding Christchurch: doubling your money in ten years (4%)
- Men are less likely than women to say it's important to maintain all the money originally invested (45% cf. 53%).

Base: All (n=1,028)

Respondents could choose more than one statement as being their most important, so results will not add up to 100%.

Half of New Zealanders would take a day or less to choose where to invest \$10,000, and nearly one in five would take an hour or less. When investing \$100,000 more time would be taken to make an investment decision but even so nearly one in five would make their investment decision within a day.

**Qe** If you were looking to invest the following amounts of money how much time do you think you would spend researching where to invest the money?



Those more likely to take a day or less to decide where to invest \$10,000 are:

- Older people, aged 35 years plus: 57% (50 – 64 years: 64%; 65 plus: 76%)
- Men are more likely than women to take a day or less to decide where to invest \$10,000 (55% cf. 43%).

Those more likely to take a day or less to decide where to invest \$100,000 are:

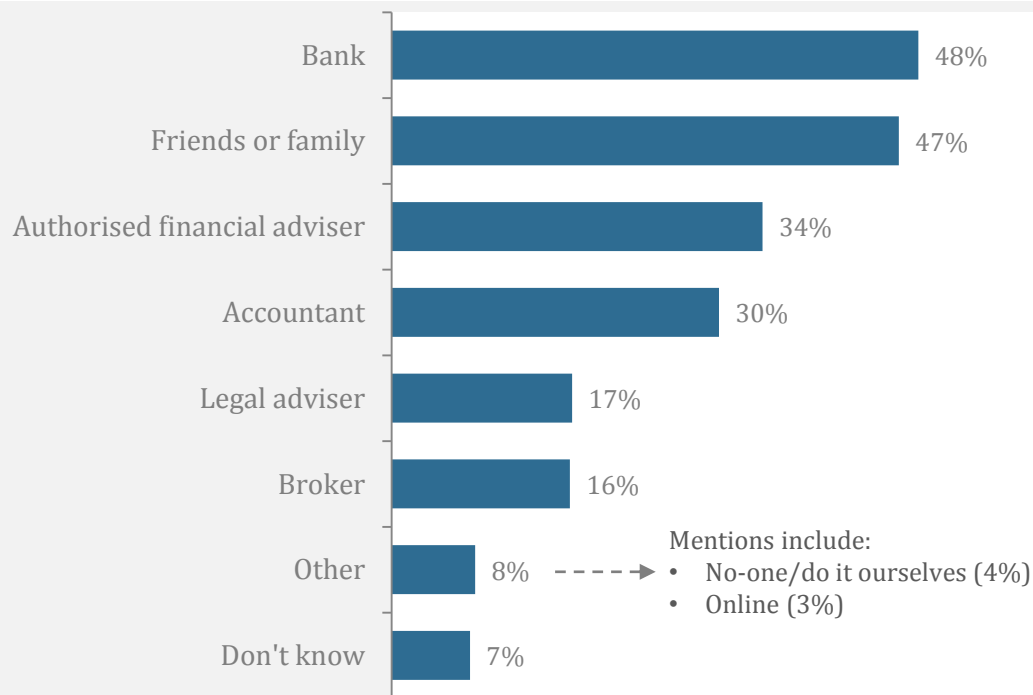
- Older people, 50 – 64 years: 29%; 65 plus: 31%
- Men are more likely than women to take a day or less to decide where to invest \$100,000 (21% cf. 12%).

**Base:** All (n=1,028). Excludes Don't Knows.

Results may not add to exactly 100% due to rounding. Rounding can also result in nett figures being 1% higher or 1% lower than sum of the percentages added together.

Just under half of New Zealanders look to their bank or friends and family for financial advice. Around a third say they go to an authorized financial adviser or an accountant.

Qf When making an investment decision where do you go for financial advice?



Those more likely to seek advice from a particular source are:

- 18 – 24 years: bank (65%), friends or family (69%)
- 25 – 34 years: broker (22%), friends or family (62%)
- Upper North Island excluding Auckland/Wellington: accountant (38%)
- Lower personal income, up to \$50,000p.a.: bank (56%)
- Men are more likely than women to seek advice from an authorised financial adviser (38% cf. 30%).

Those less likely to seek advice from a particular source are:

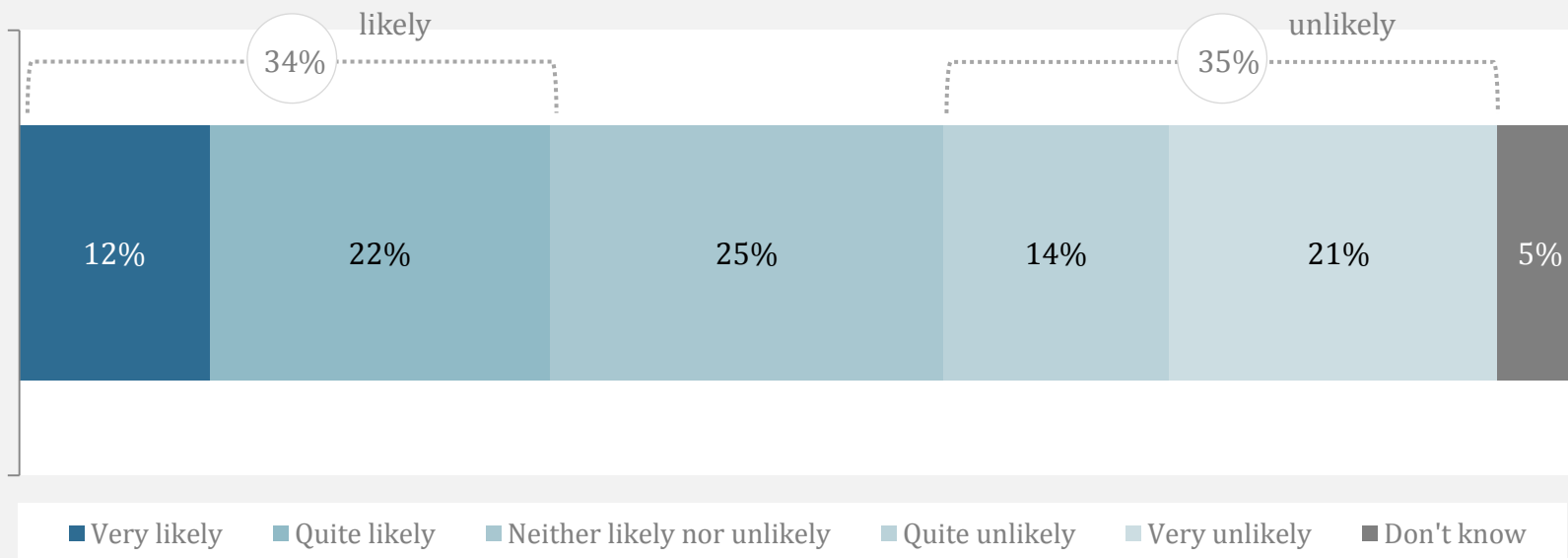
- Older people, aged 50 plus: friends or family (23%)
- Men are less likely than women to seek advice from a bank (43% cf. 53%), friends or family (40% cf. 52%).

Base: All (n=1,028)

Respondents could choose more than one source of financial advice, so results will not add up to 100%..

And in terms of seeking advice, around a third of New Zealanders intend to seek financial advice in the next year. A similar proportion say they are unlikely to do so.

Qg How likely are you to seek professional financial advice in the next 12 months?



Those more **likely** to seek financial advice are higher income earners, over \$100,000 (43%).

Those more **unlikely** to seek financial advice are aged 50 – 64 years (44%).

Base: All (n=1,028)

Results may not add to exactly 100% due to rounding.

Rounding can also result in nett figures being 1% higher or 1% lower than sum of the percentages added together.





**For further information please contact:**

Colmar Brunton, a Millward Brown Company  
Level 9, Legal House  
101 Lambton Quay  
PO Box 3622  
Wellington 6011  
Phone (04) 913 3000 | Fax (04) 913 3001  
[www.colmarbrunton.co.nz](http://www.colmarbrunton.co.nz)