

BRIEFING TO THE INCOMING MINISTER: OCTOBER 2014

AT A GLANCE

Established	1993
Retirement Commissioner	Diane Maxwell
Key Legislation	NZ Superannuation and Retirement Income Act 2001 (Amended 2005) Retirement Villages Act 2003
Status	Autonomous Crown Entity
Key Function	Financial Literacy Retirement Income Policy Research and Reporting
Other Functions	Retirement Villages Act (monitoring)
Planned Staff	19
Reporting	The Minister of Commerce The Minister for Building and Construction (responsible Minister for the Retirement Villages Act 2003)
Crown Revenue 2014/15	\$5.9m

A SHARED VISION

Everyone getting ahead financially*

* The term 'getting ahead' holds different meanings for different people, and the definition of success is personal. At its core it is about how we successfully navigate our way through products, choices, demands and needs across a lifetime.

OUR MISSION

Driving sustainable behaviour change

WE INTEND TO:

- Carry out our responsibilities as detailed in legislation
- Work with all generations of New Zealanders, acknowledging our focus is on the retirees of today - and tomorrow
- Increase our focus on the vulnerable, and our work with low income New Zealanders
- Focus on sustainable and enduring behavioural change

- Optimise our output by:
 - Driving efficiencies internally and building our in house capability – with recruitment that builds core skills including critical thinking and stakeholder engagement, and building a culture that is pragmatic, lean, and commercially and tech savvy
 - Operating as a strategic centre and test hub, and maximising the resources of our extensive national stakeholder group across the commercial and NGO sectors and other government agencies

WE ALSO AIM TO:

- Exploit the cost efficiencies of new technology and online channels
- Become a greater provider of content for multiple channels
- Continue to drive awareness and debate of the big issues
- Shift to some shared services with other government agencies to reduce costs

UNDERPINNING THE WORK ARE SOME PRINCIPLES THAT ARE STARTING POINT ASSUMPTIONS:

- Our goals are implicitly linked to those of the Ministry of Business Innovation and Employment (MBIE).
- Good cooperation, coordination and information-sharing with other government agencies is critical to our success. We work closely with other government agencies, such as the Financial Markets Authority and the Commerce Commission, to facilitate a good exchange of information and drive efficiencies where possible
- We need to maintain a strong and current understanding of the regulatory and commercial landscape within which we operate.
- We need a presence in both Auckland and Wellington. The Commission has two offices with the team split evenly between the two.

WHAT WE DO

Building Financial Capability

We drive an underlying and enduring shift in the way people think about and manage money to build national wealth and individual well-being.

Our goal is to build the financial capability and wealth of retirees, meaning retirees of today - and tomorrow.

The Commission is working to build financial capability across all generations, and that work takes up around two thirds of our resources. We have an increased focus on low income and vulnerable New Zealanders, many of whom will reach retirement with little or no savings. That includes a greater focus on Maori and Pacific communities and a challenge to ourselves as an organisation about the degree to which we are operating with a Pakeha lens. Active recruitment of both Maori and Pacific members of the team in 2014 is fostering a more diverse approach.

Building financial capability is about driving sustainable behaviour change and our programmes aim to bring about an underlying shift in the way people think about money.

We are working to deploy best practice behavioural economics by understanding: how social norms affect behaviour, how to mitigate present bias (where today seems more important than tomorrow), and what we can do about the mentality of scarcity that robs people of their ability to plan long term.

Our website Sorted continues to provide an excellent resource with information, calculators, and tools including the KiwiSaver Fund Finder. It is accessible, serving around 860,000 unique visitors a year, but it is a self-service model that only works for some. Visitors seek it out, and therefore come with a degree of understanding and motivation, and while Sorted delivers information, sometimes a lack of information is not the barrier. The face to face programmes built to deliver lifelong learning and behaviour change in schools, workplaces and communities deliver what the Sorted portal does not.

Work programmes for 13/14 included the development of a new National Strategy. 127 organisations are signed up to the strategy, and work is underway to determine who is going to do what. It's worth noting that although developed by the Commission, the National Strategy is not the Commission's strategy. The goal is to galvanise and consolidate efforts across New Zealand, share knowledge, and provide a structure. It offers a clear articulation of goals and work streams and reduces the need for the same but separate conversations, in small disparate groups, to get to the same point.

The Commission runs an annual event called Money Week with seminars, competitions, and quizzes etc. held nationwide by schools, businesses and community groups. Money Week 2014 commences October 13th.

Recent successes for The Commission include embedding the new Financial Capability Progressions as part of The New Zealand School Curriculum. The Upper Harbour Sorted Schools pilot, which focussed on a cluster of nine schools tested how a learning network approach can overcome the barriers to change. The pilot is being independently evaluated and on the basis of interim findings the Commission is proposing to expand the programme to South Auckland in 2015.

A new role at the Commission has been created, reporting to the Commissioner, that will focus on the needs of New Zealanders 50 plus. This role commenced October 6th and early priorities include developing investor education programmes and a review of annuities in New Zealand. Issues such as the impact of cognitive decline on decision making in later life will form a part of that work.

Retirement Income Policy

The Commission also has a role in raising awareness of retirement income issues, plus a requirement to report to Government every three years on retirement income policy. A draft report was released in October 2013 and a final report was submitted to Government in December 2013, containing seventeen recommendations. The draft report was used as a vehicle to drive discussion and awareness and generated 135 media stories. The intention is to continue to drive the profile of the issues between reviews with events planned for 2015.

CHANGES AHEAD

By February 2015 the Commission will have moved into new (and permanent) offices in Britomart, Auckland. The intention is to create a vibrant central hub of activity hosting regular stakeholder events, and hot desks offered to other organisations who we would benefit from

closer engagement with e.g. Children's Commission, MBIE etc. The central location above a train station and beside a bus station makes us accessible to groups with limited resources across Auckland.

At the same time that we move into the new location, we will launch a refreshed Commission website, and a new name. This reflects the broader strategy to build greater awareness of the Commission, make it more relevant and compelling, and establish Sorted as a sub brand. We will make it clear that the Commission and Sorted are both Government funded, something that has been presented with some ambiguity in the past.

In line with the new name the Commission will be using the term 'building wealthy lives'. We will put in some work on what the term 'wealth' means to ensure it isn't read as elite or simply money orientated. Its original meaning is 'well-being'. The intention is to film and promote interviews with people talking about what 'wealth' means to them.

In addition the term 'financial literacy' is evolving into 'financial capability.' The word 'capability' is pragmatic, practical and within reach. Literacy can be perceived as academic, theoretical and relating to educational achievement. This can be off putting for some groups we are wanting to engage with. With financial literacy so firmly entrenched in our language it will take time to evolve our terminology, during which both phrases will work side by side.

OUR OUTPUT CLASSES

1. Financial literacy
 - Raising awareness of the value of financial literacy
 - Extending reach and building engagement to drive behaviour change
 - Improved financial literacy learning experiences through a variety of channels
 - Driving the National Strategy for Financial Literacy
 - Investment in the Sorted suite of tools to support self-service learning
 - Using Money Week as a platform for awareness, engagement and learning
2. Retirement income
 - Raising awareness of retirement income policy issues
 - Monitoring and reporting on the effects and effectiveness of retirement income policies
 - Encouraging New Zealanders to actively plan for their retirement
3. Retirement villages
 - Administering the Retirement Villages Act disputes process
 - Informing and existing residents of retirement villages of their rights and responsibilities
 - Monitoring the provisions of the Retirement Villages Act