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Conservative KiwiSaver funds should be pit stop

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Conservative KiwiSaver funds should be pit stop, not long-term stay

ANZ has supported an initiative by a group of financial advisers to move KiwiSavers in default schemes from conservative to higher growth funds.

This week a group of advisers sent a letter to the Financial Markets Authority and Reserve Bank asking them to reform the rules so KiwiSaver members' funds weren't left in lower-yielding conservative funds.

"We support that 100 per cent. We calculated the average KiwiSaver will miss out on \$88,000 over the course of their working life if they leave their money in a conservative fund," said Ana-Marie Lockyer, ANZ General Manager Wealth Products.

"A conservative fund should be a pit stop, not a long-term stay. In some circumstances, such as when the investor is planning to buy a house, a conservative fund is the best place to be.

"But for most people, a fund that's more focused on growth will potentially deliver them a greater return in their retirement – and that's what KiwiSaver is all about."

The law requires KiwiSaver providers to place new default KiwiSavers into conservative funds.

Ms Lockyer said ANZ has also suggested to successive Governments that members joining default KiwiSaver schemes should be placed in a lifetimes or balanced type fund, which automatically moves members' money to a fund which is appropriate for their age. As members age, their money is automatically moved to lower-growth, more conservative funds.

Over the past year ANZ had made contact with 6700 KiwiSaver members – more than it had been allocated through the default allocation process - to discuss which fund was best for them.

In addition to phoning and writing to customers, ANZ will soon launch an online portal with information to help KiwiSavers decide which fund is best for their circumstances.

"Ultimately, it's up to the customer to take an active interest in their retirement savings and manage their KiwiSaver so it delivers the very best results for them when they are in retirement.

"We make sure customers have plenty of information available, and are always happy to discuss which fund might be the right one for them."

ends