

## FACT SHEET: RAISING THE AGE OF ELIGIBILITY FOR NZ SUPER

### *Why are the changes being made?*

- National's decision to suspend contributions to the NZ Super Fund has undermined our ability to meet the future costs of NZ Super.
- Treasury estimates that as a share of GDP, the cost of NZ Super is forecast to double over the next 40 years to 8 per cent.
- Our population is ageing. By 2050 the number of people aged 65 and over more than doubles from 550,000 to 1.35 million – that's roughly the population of Auckland. The number of people 85 and over grows five-fold over the same time period.
- We are living longer. Over the past 60 years our life expectancy has increased by 11 years. Over the next 40 years it's expected to increase another 6 years. At the time the age of eligibility of 65 years was first set (1940) the average life expectancy for a New Zealander was only 67 years. Today the average life expectancy is 80 years.
- With life expectancy increasing, more people over 65 are continuing in the workforce. Recent figures show one in three New Zealanders aged between 65 and 69 in the workforce.
- As our population ages, the number of working taxpayers supporting NZ Super is shrinking. In 2000 there were 5.6 workers supporting each retiree, but by 2050 there will only be 2.4 workers for every retiree.
- We cannot escape this problem. The very first baby boomers retired this year. Our ageing population was one of the reasons for the Standard & Poor's downgrade.
- We are not alone in tackling this problem. In the last 10 years 11 other OECD countries have increased their eligibility age including Australia, the Czech Republic, Denmark, France, Greece, Hungary, Italy, Korea, Turkey, the United Kingdom and the United States. Like Labour's proposal they will be phased in over a long period of time.

### *What is changing?*

- Labour will gradually lift the age of NZ Super eligibility from 65 to 67 over the next 22 years. No changes would start until 2020 and would take 12 years to phase in.
- Labour will ensure there is transitional assistance for those who can't keep working.

### *What are the benefits?*

Lifting the eligibility age to 67 over the next 22 years as recommended by the Retirement Commissioner, in combination with resuming contribution to the NZ Super Fund will ensure NZ Super is affordable and preserved for future generations.