

## FACT SHEET: UNIVERSAL KIWISAVER

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

- We are heavily indebted as a country. Our private debt is now over \$140 billion. This makes us one of the most indebted countries in the world, putting us in the same ballpark as Greece, Portugal, Ireland and Spain.
- Our high level of private debt was one of the reasons for the Standard & Poor's and Fitch downgrades.
- As a country we have been living beyond our means. The Reserve Bank has found that as recently as 2009 households were spending \$1.05 for every \$1 we earned. This is a long-term problem. Household debt has doubled relative to our incomes over the past 15 years.
- Treasury forecasts show the situation getting worse. The current account deficit is forecast to blow out to almost 7 per cent of GDP or over \$17 billion. The net international investment position is also forecast to increase to 78 per cent of GDP.

### *What is changing?*

Labour will make KiwiSaver universal. This means:

- Every employee aged 18 to 65 will be enrolled in KiwiSaver from 2014.
- Labour will gradually increase employer contributions at a rate of 0.5 per cent a year, from 3 per cent to 7 per cent, over 9 years.

### *What are the benefits?*

- Making saving easier will reduce our reliance on foreign lending and allow us to accumulate a bigger pool of national savings that can be invested in our businesses, creating jobs and growing the economy.
- Making KiwiSaver universal will make it simpler for New Zealanders to save. Contributions are made to KiwiSaver accounts before you see it, letting New Zealanders build a retirement nest egg without having to think about it.
- Australia has had a similar scheme since 1992 and has since accumulated \$1.3 trillion in savings.
- This is an easy way for Kiwis to build secure personal savings. For example, a 35 year old on the average wage would save \$375,000 by age 65 under Labour's scheme.