

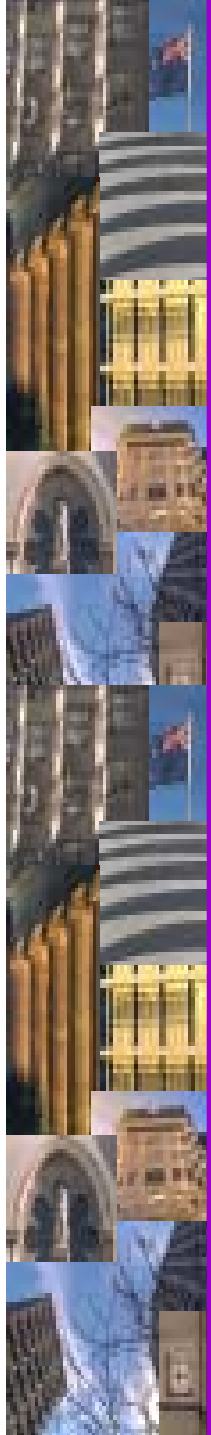


STATE SECTOR RETIREMENT SAVINGS SCHEME

TE KAUPAPA PENAPENA  
WHAKANGĀTANGA TAHA KĀWANATANGA

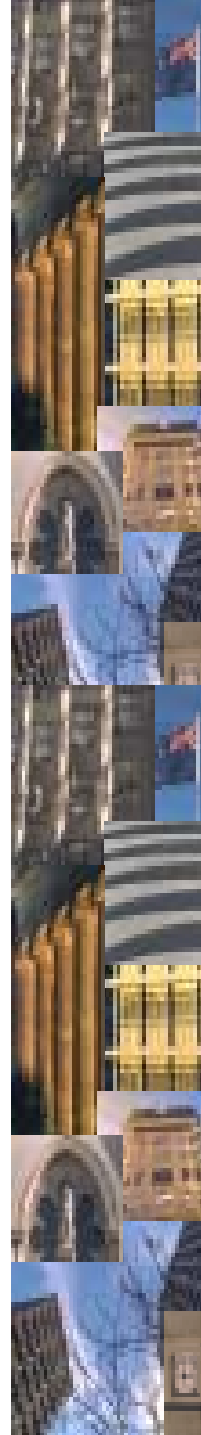
# Understanding Employee Response to the SSRSS

Presentation 14 April 2005



# Agenda

- Scheme design & launch
- Research objectives and methodology
- Feedback – joiners / non-joiners
- Key take outs



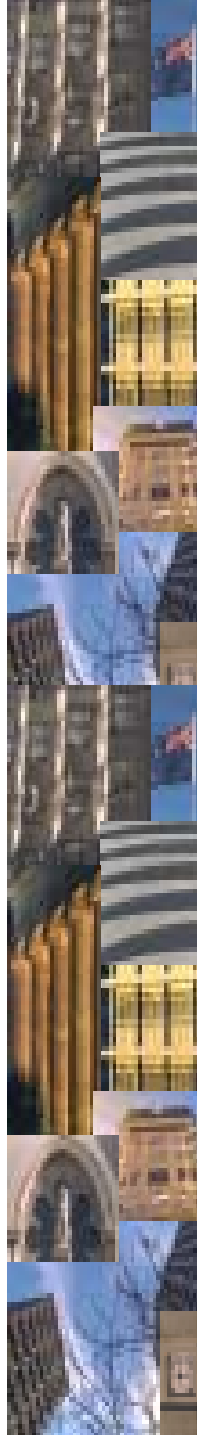
# Scheme design & launch

## Basic design:

- modelled on TRSS - flexibility
- employer subsidy 1.5% → 3.0%

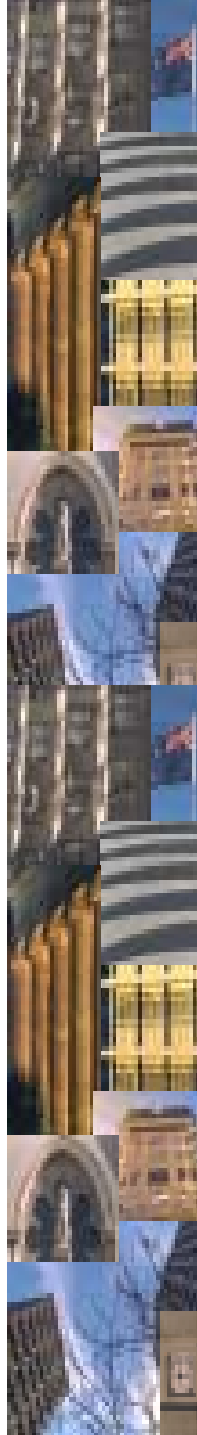
## Important elements:

- three providers
- launched to Public Service, non-Public Service & Education Service
- “one voice” campaign
- 29,000 new super accounts



# Timeline

<b>15 OCT '03</b>	Cabinet paper/approval
<b>1 JULY '04</b>	Scheme start date
<b>OCT/NOV '04</b>	Research conducted

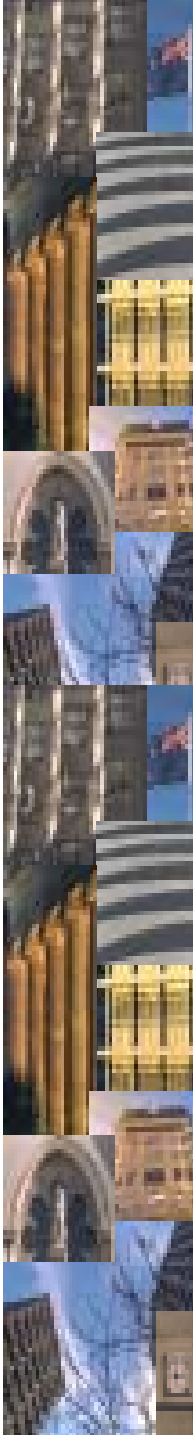


# Research objectives

To understand:

- decision making process
- key influencers in decision process
- use of material provided

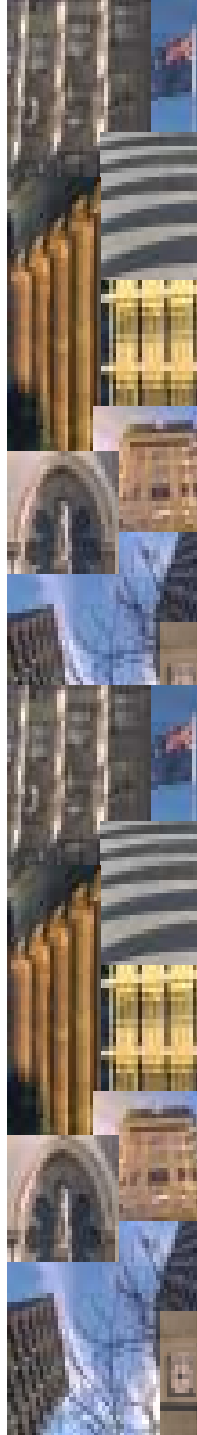
⇒ triggers/barriers to SSRSS choices



# Research database

## – Public Service employees

<b>Total</b>	<b>Joiners</b>	<b>Non-joiners</b>
31,285	14,373	16,912

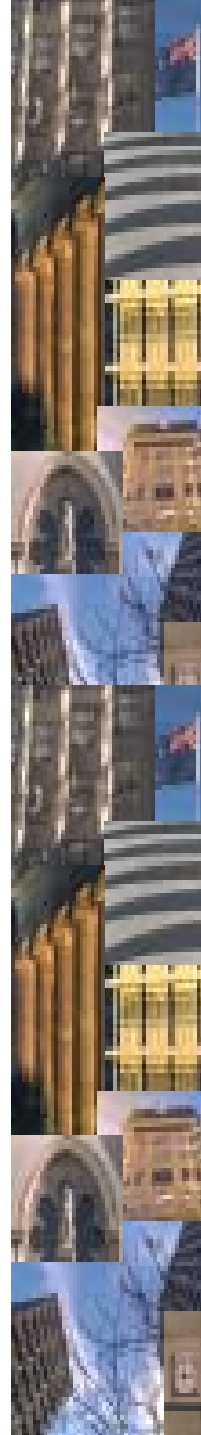


# Mixed Method Research Approach

- Scoping meetings - 4 HR managers
- In-depth interviews - 6 joiners/6 non-joiners
- Telephone interviews
  - 105 joiners & 97 non-joiners

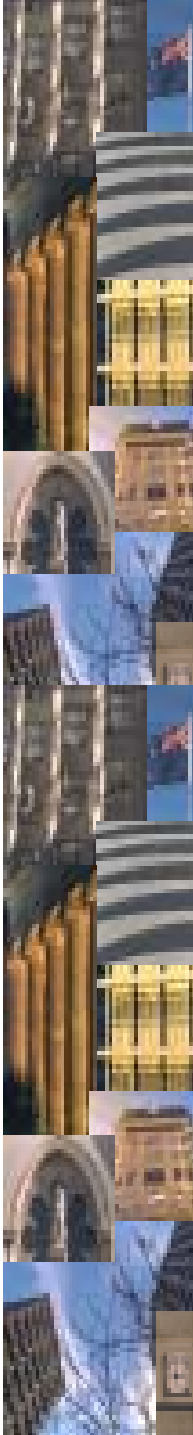
⇒ Representative sample

⇒ Some caveats (Public Service only - scope, size)



# Initial reaction to SSRSS

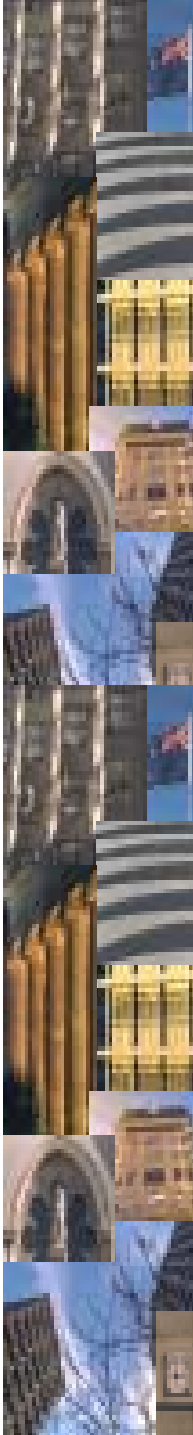
- Overall very positive:
  - employer contribution
  - personal need for retirement savings
  - easy
  - long overdue
- Lots of **positive hum** about SSRSS



# Useful information sources

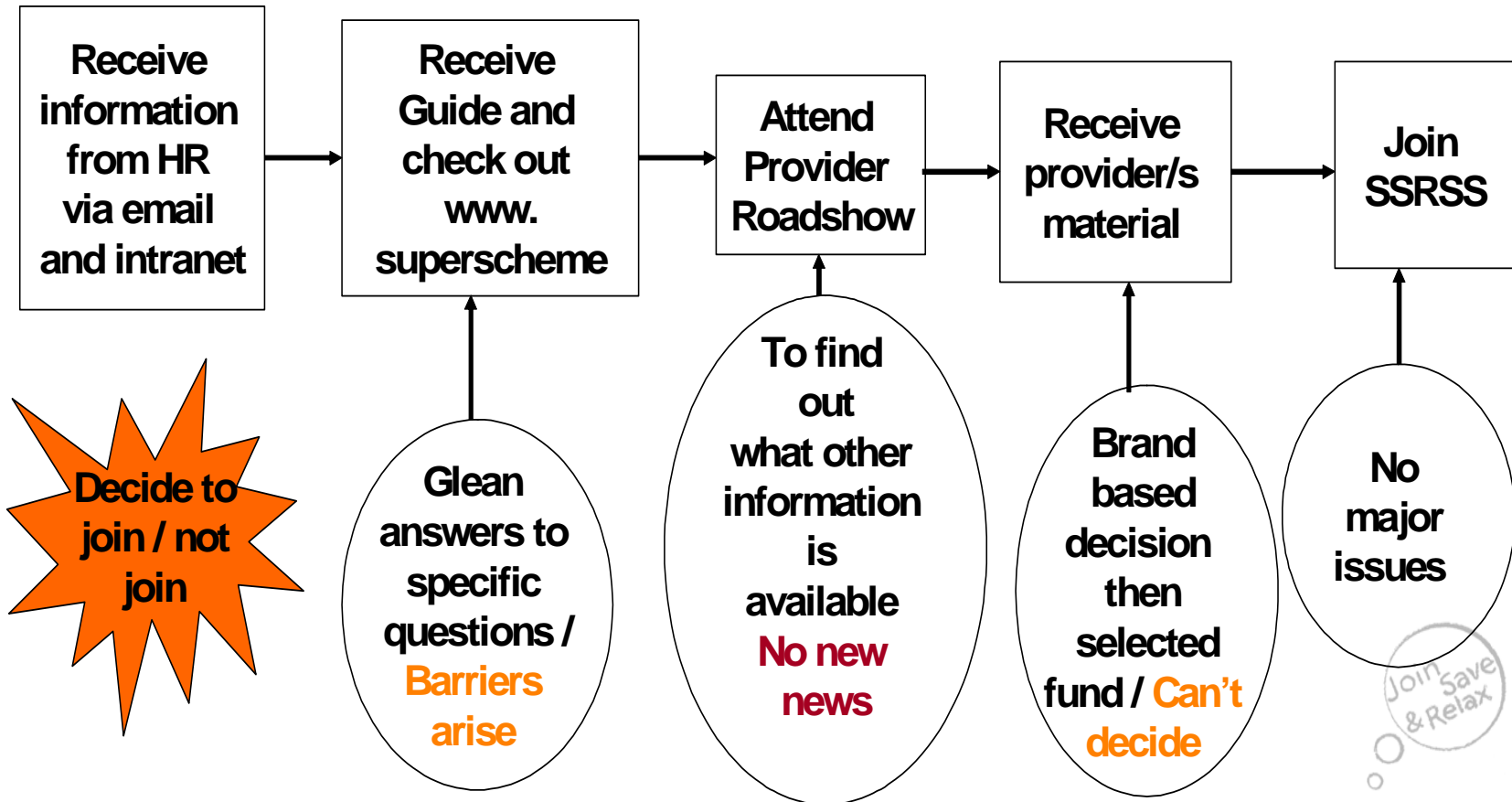
- Information from HR
- Written provider information
- SSRSS brochure and website
- [www.sorted.org.nz](http://www.sorted.org.nz)
- plus others...

**Formal information sources  
supported by personal networks**

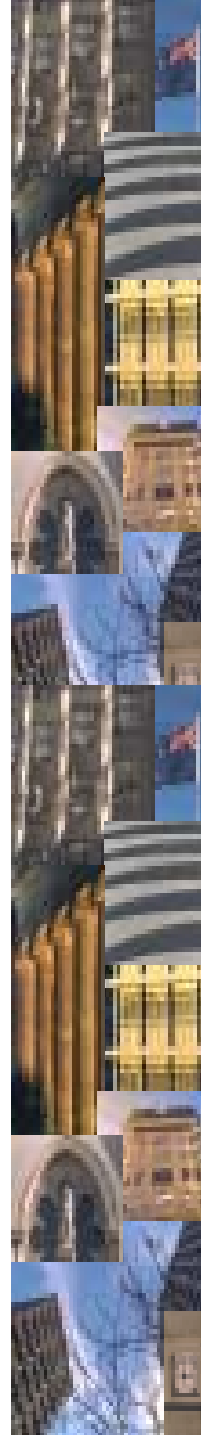


# Decision process

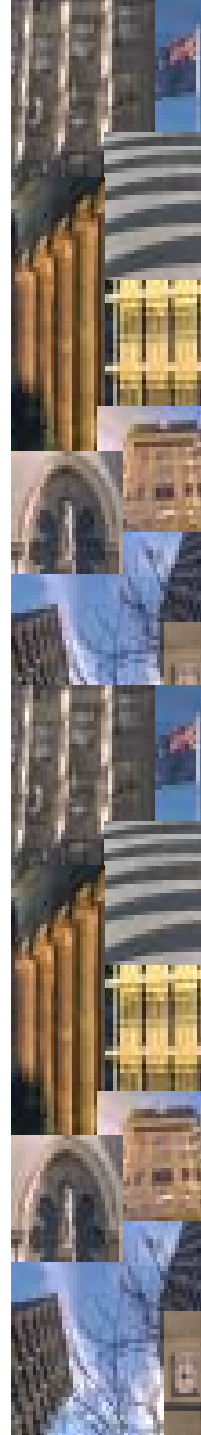
Seek advice from financial adviser, colleagues, family, friends



<b>Important/V. important in joiners' decision-making</b>	<b>% of joiners</b>
Employer contribution 1.5%	97
Employer contribution up to 3%, 1/7/05	94
<b>Level of contribution affordable</b>	91
Portable	89
Provided by employer	88
<b>Easy/convenient to join</b>	84

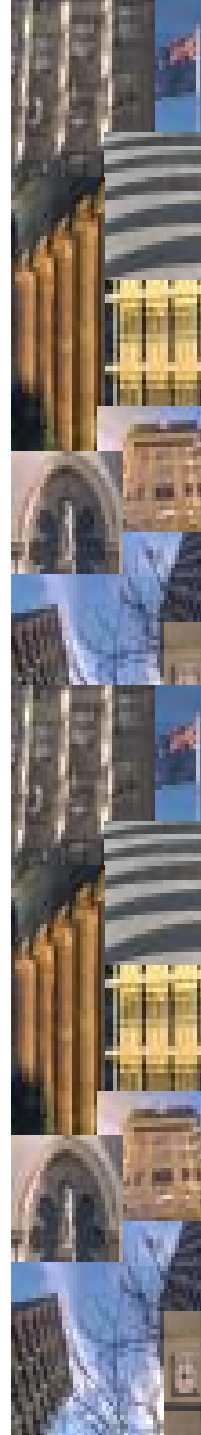


<b>Important/V. important in joiners' decision-making</b>	<b>% of joiners</b>
Continue to contribute if leave State sector	83
<b>Mix of investment funds</b>	<b>82</b>
<b>Contributions via payroll deduction</b>	81
At launch contributions could be backdated	77
<b>Get savings at age of NZ Super entitlement</b>	75
Get savings on full/partial retirement	70
Choice of 3 providers	<b>66</b>
<b>Voluntary contributions allowed</b>	65
Transfer in funds from other schemes	56

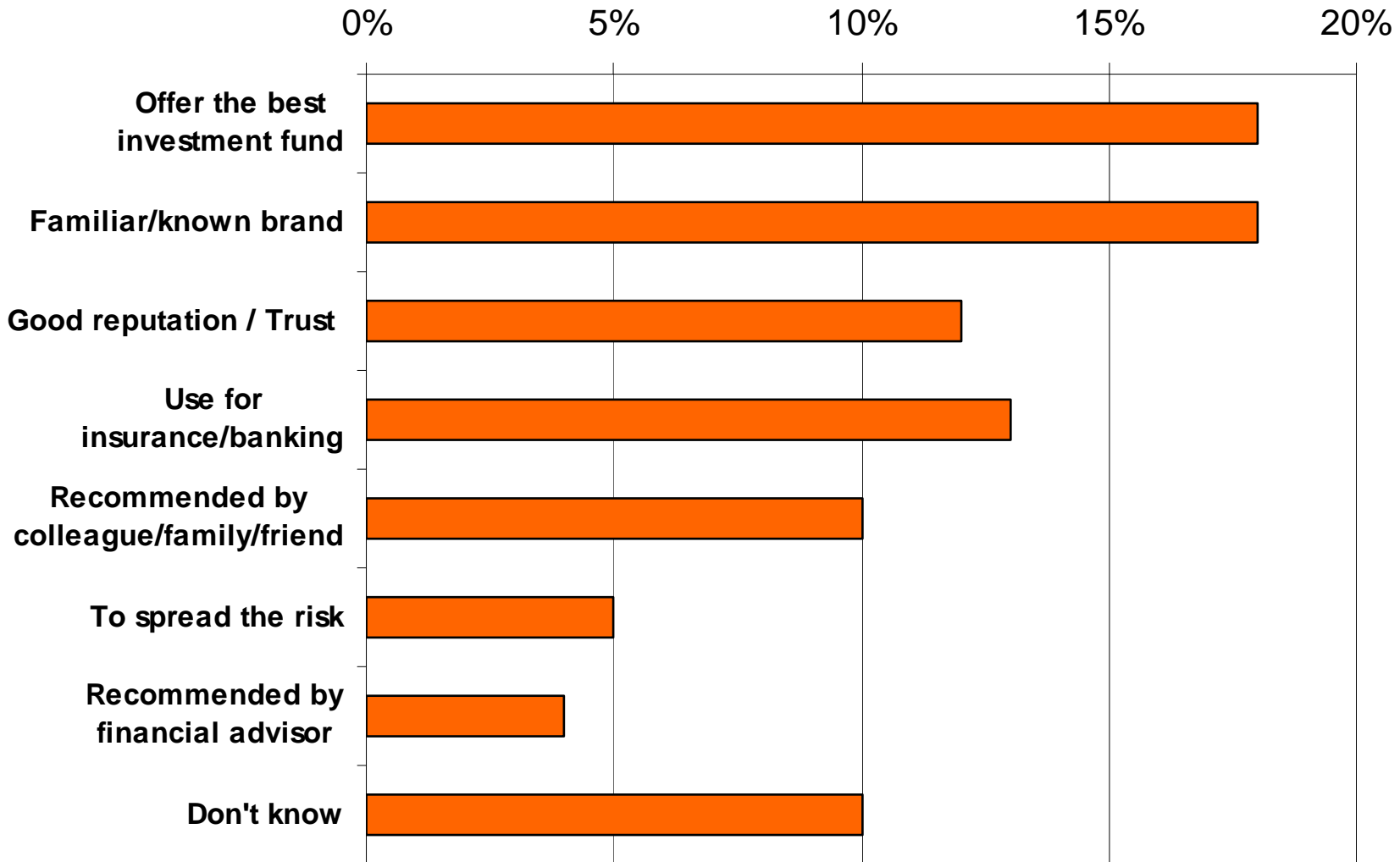


# Reasons for joining

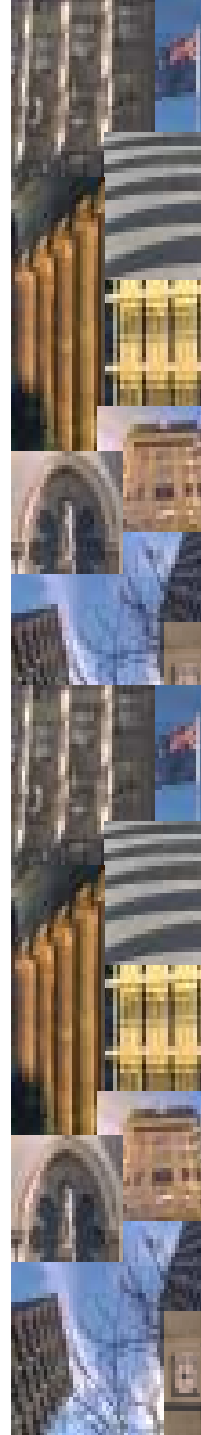
<b>Base: Those who joined SSRSS</b>	<b>All reasons %</b>	<b>Main reasons %</b>
Employer contribution 1.5%	65	<b>46</b>
Wanted more retirement savings	39	<b>22</b>
Had no retirement savings	36	<b>23</b>
Government /employer support it	17	1
Easy to join / someone else has done the leg work	9	2
A form of compulsory savings	5	-



# Reasons for selecting provider

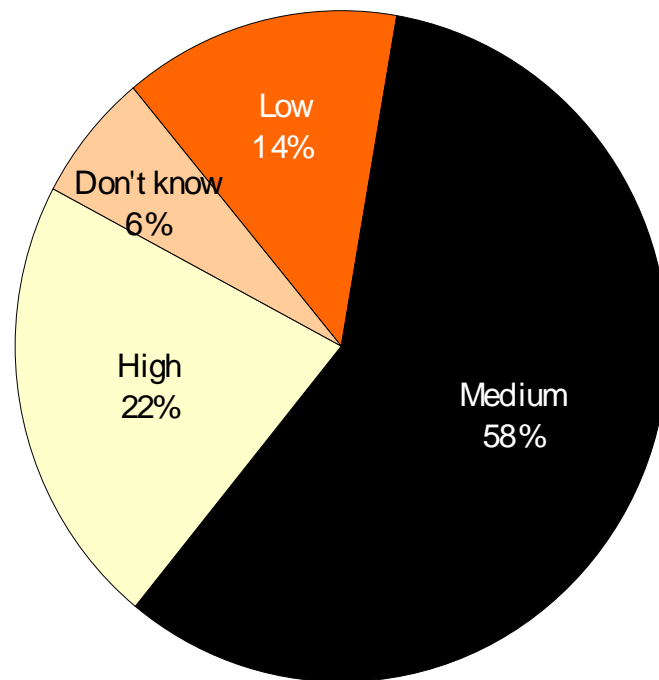


n = 100



# Investment fund risk selected

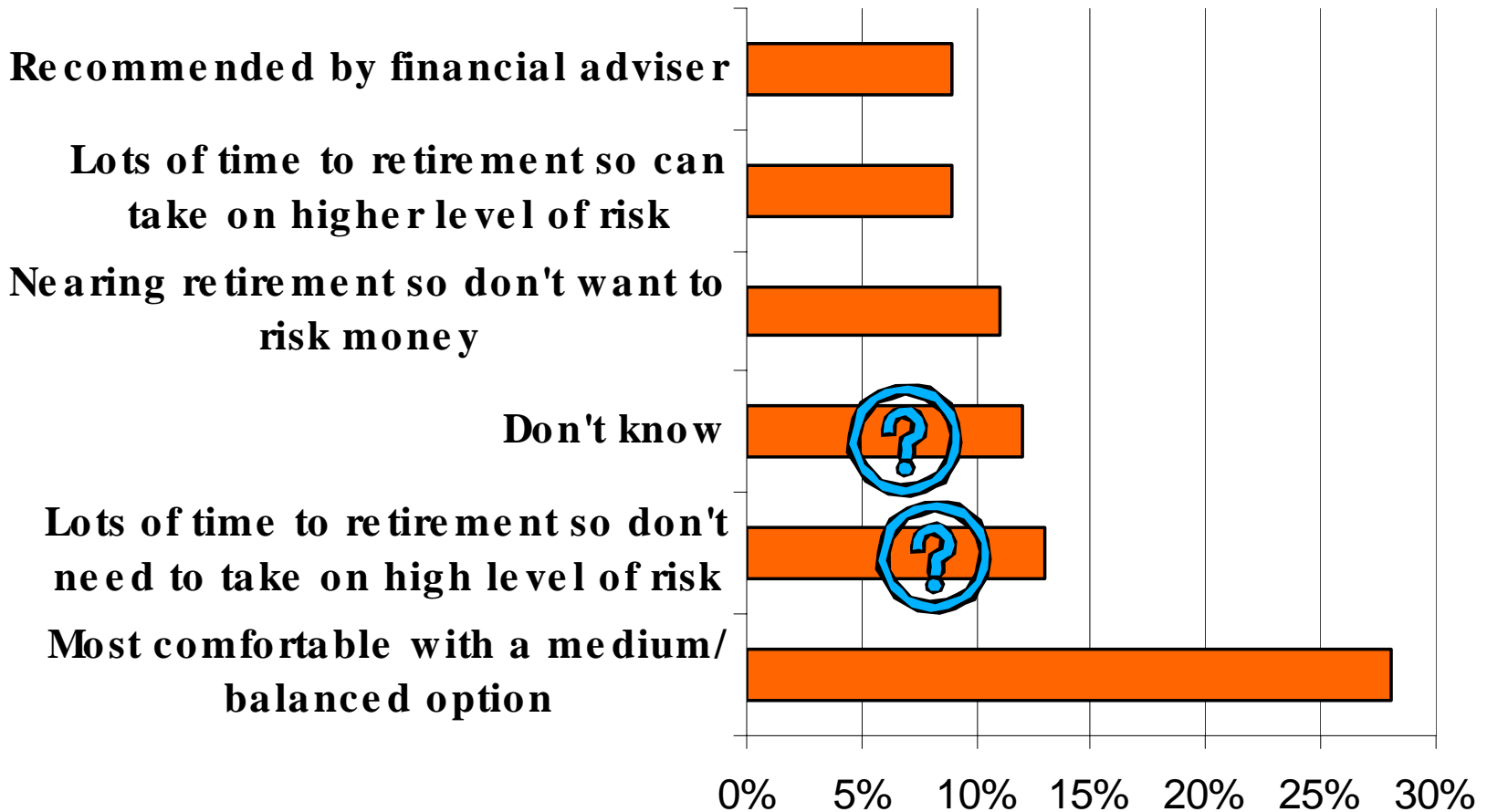
*Investment risk selected*  
*Base: total sample n=105*



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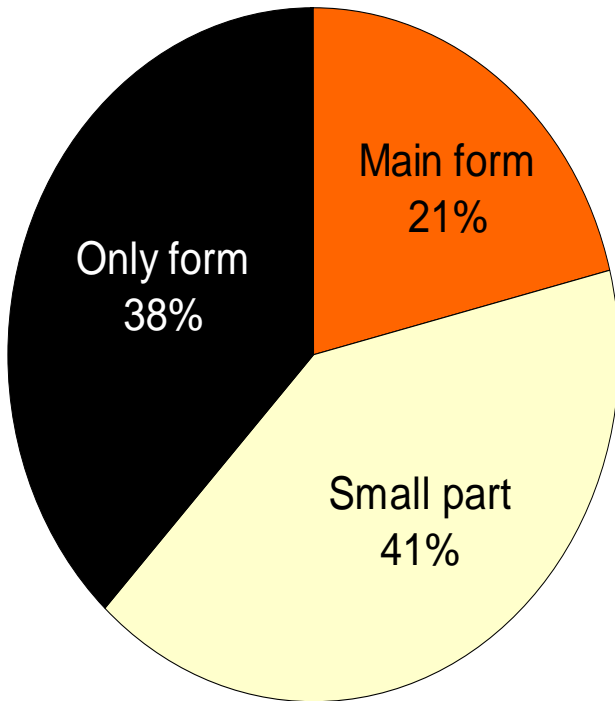
# Reasons for selecting risk level



n = 99

# Joiners' retirement savings profile

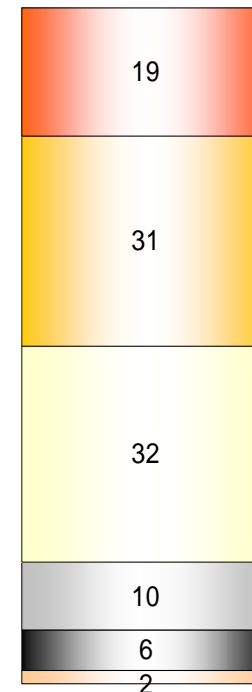
In relation to retirement savings, SSRSS is ...  
(n=105)



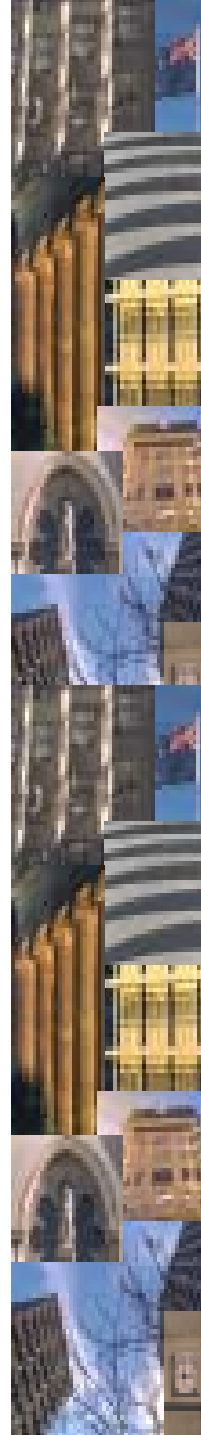
Other types of retirement savings

Base: those with other retirement savings	n=65 (%)
Property	34
Financial assets	66

Preparedness for retirement  
(n=105)

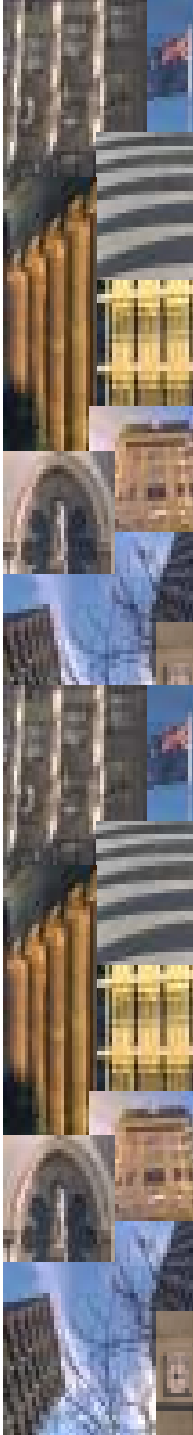


- Very prepared
- Prepared
- So so
- Not prepared
- Not at all prepared
- Don't know



# Joiners: key take outs

- Employer contribution = key trigger
- Also meets a retirement saving need
- Flexibility/choice important
- Information needs after joining
- 3% is welcome



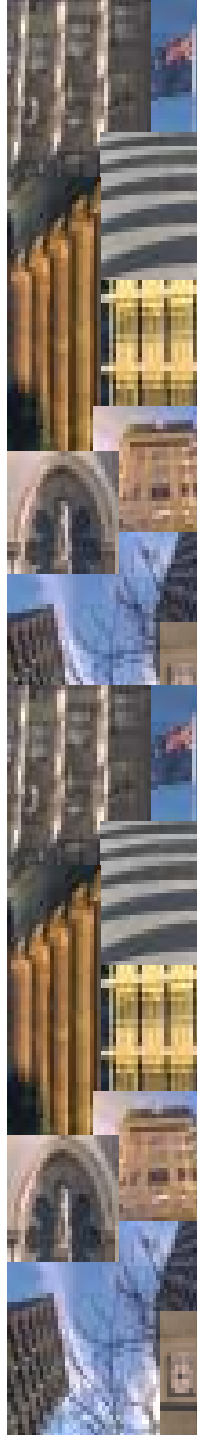
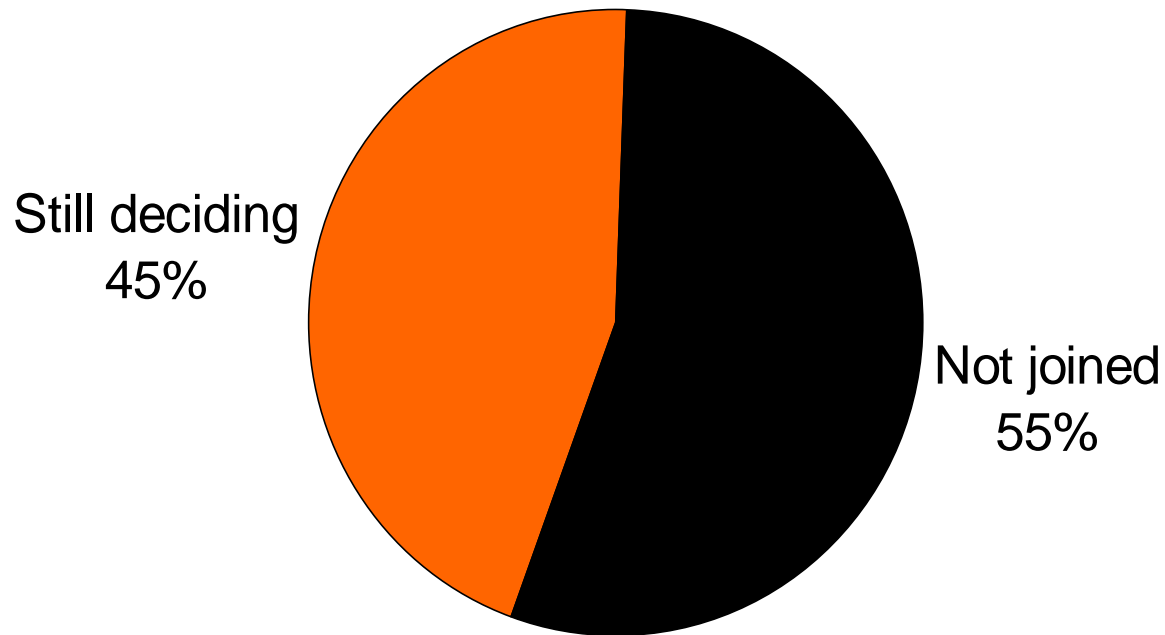
# Decision process



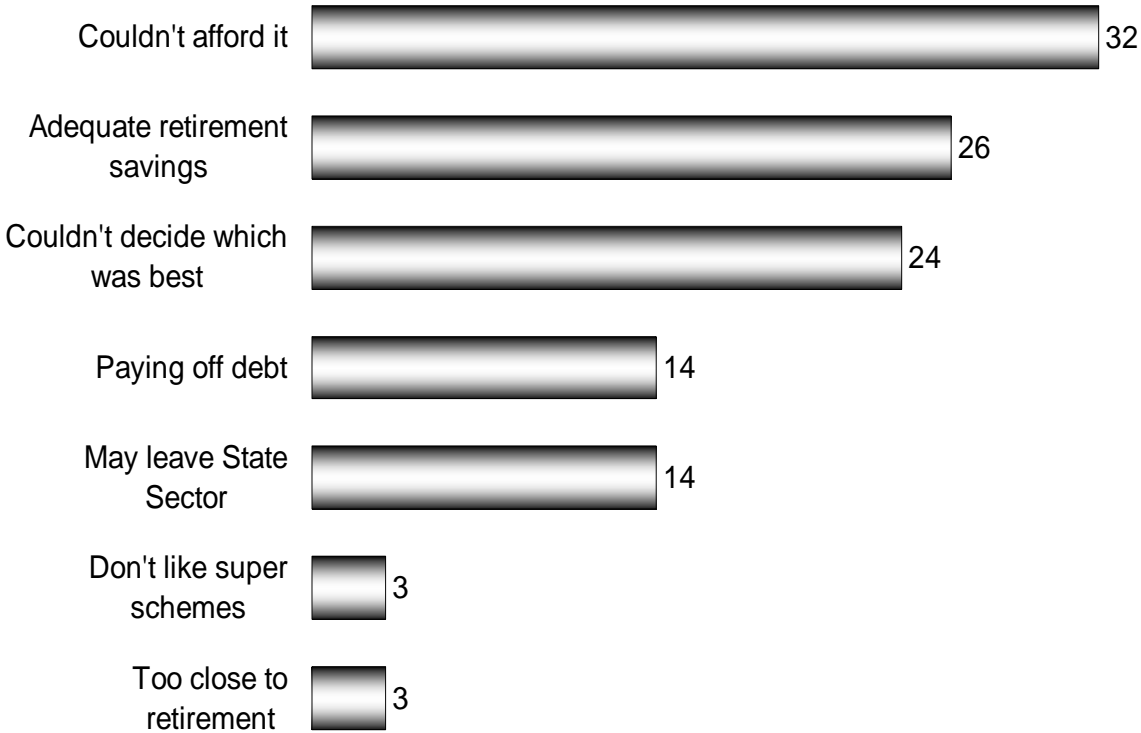
# Non-joiners

## - Many 'still deciding'

*Base: non joiners total  
sample  
n=97 (%)*



# Barriers to joining SSRSS

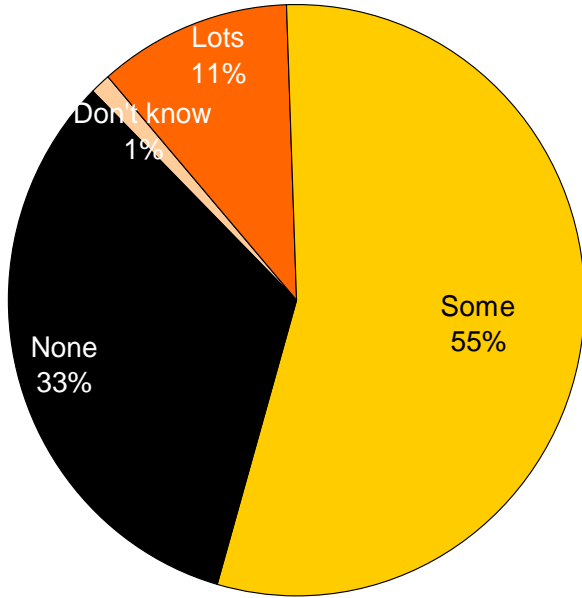


**Base: non-joiners, n=66 (%)**



# Non-joiners: third have no retirement savings

Amount of retirement savings (n=97)

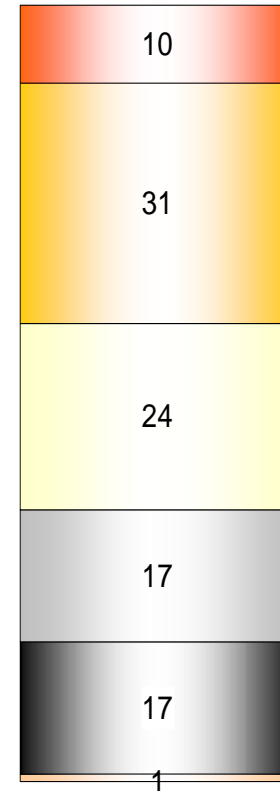


Types of retirement savings (n=64)

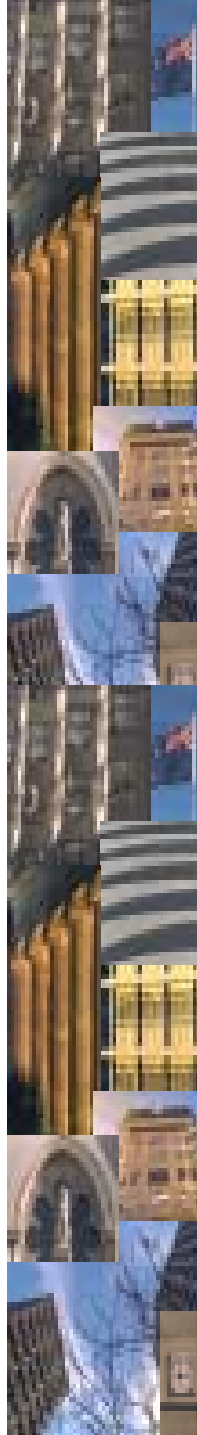
Base: those with n=64 retirement savings (%)

Property	34
Financial assets	64
Don't know	2

Preparedness for retirement (n=97)

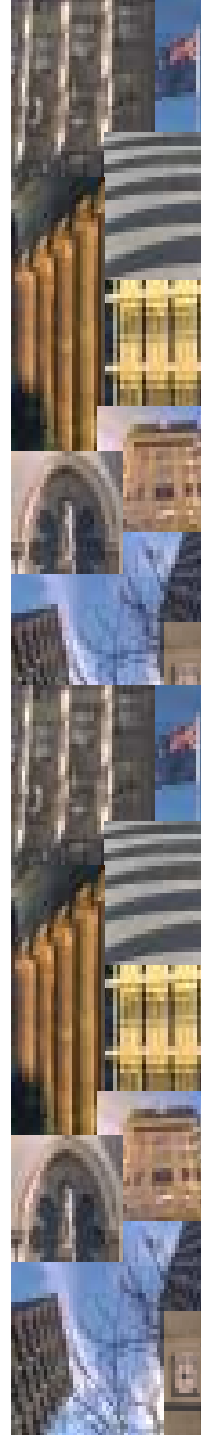


- Very prepared
- Prepared
- So so
- Not prepared
- Not at all prepared
- Don't know



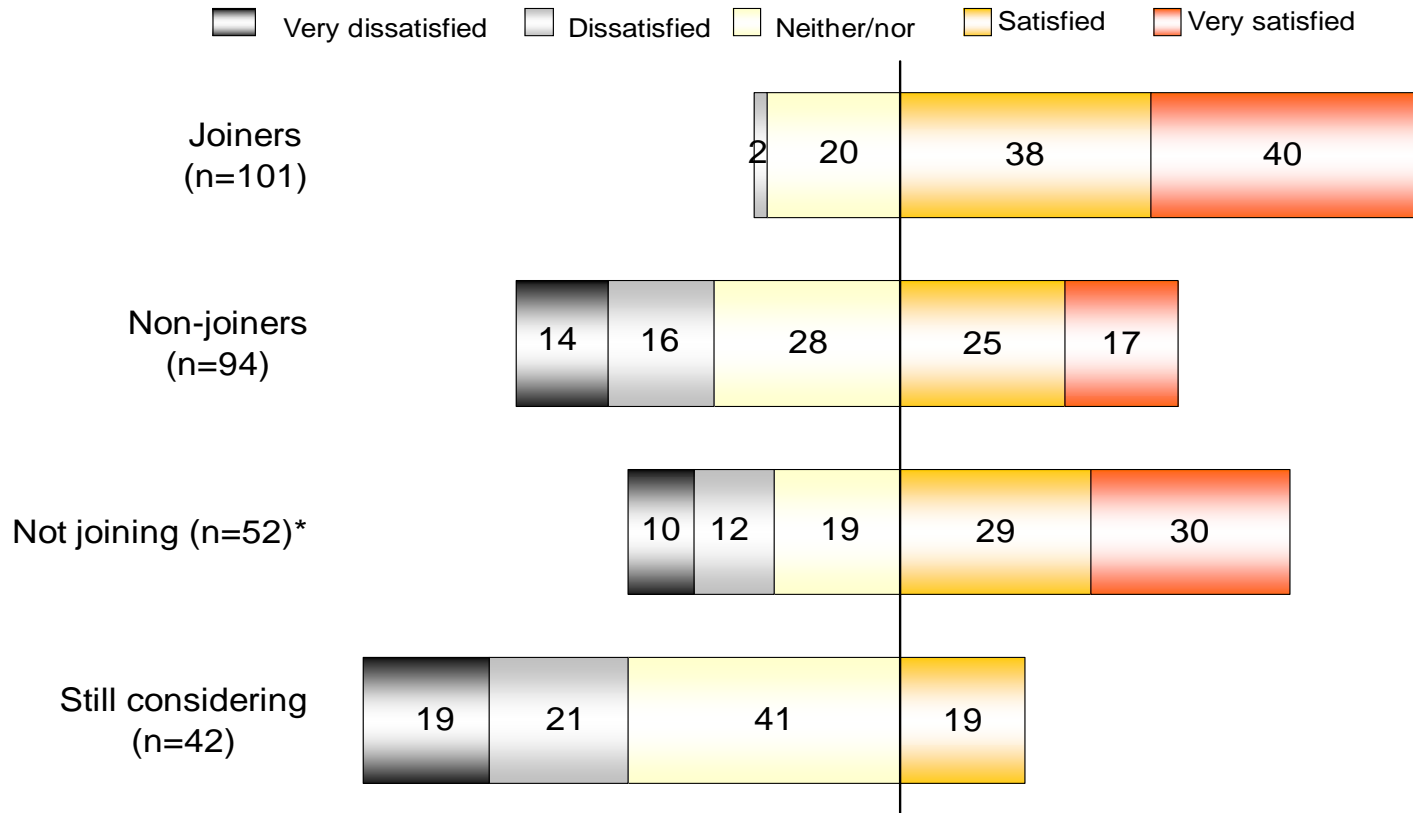
# Non-joiners: key take outs

- Almost half “still deciding”
- Need for retirement savings
- Key barriers to joining SSRSS:
  - Can't afford it
  - Adequate retirement savings
  - Inertia / too hard to decide
- 3% may be a catalyst



# Satisfaction with decision

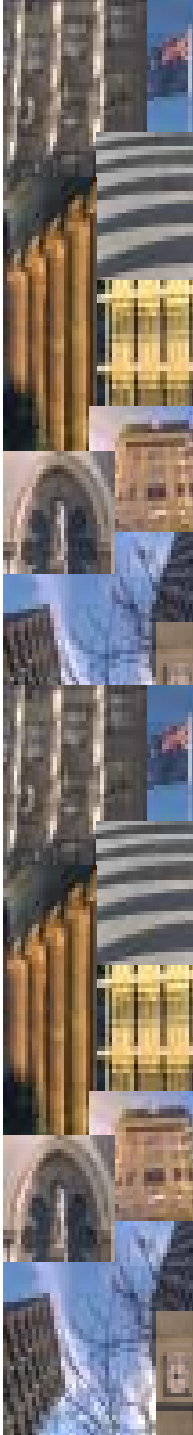
**Base: total sample**  
**excludes don't know (%)**

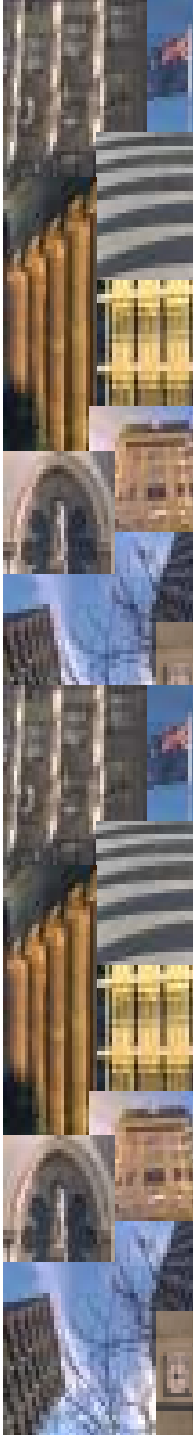


**\* Caution: small base sizes**

# Summary

- Indicative results only
- Key elements in launch success
  - HR Depts
  - personal networks / readiness
- Scheme features understood/valued
- Advantage and challenges of choice





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