

PRESS RELEASE

Auckland, 23 July 2008

Private investors confident that joining KiwiSaver is a good idea despite volatile market conditions

Despite current market volatility, ninety-five per cent of private investors who have joined KiwiSaver feel that signing up to the scheme was a good decision.

This is according to a quarterly survey conducted by ING (NZ) Limited, New Zealand’s leading KiwiSaver provider. Additionally, when asked what their reasons were for joining KiwiSaver, almost 1 in 5 investors (17 per cent up from 7 per cent last quarter) cited market volatility as one of the key reasons that they have joined, or are intending to join, a KiwiSaver scheme.

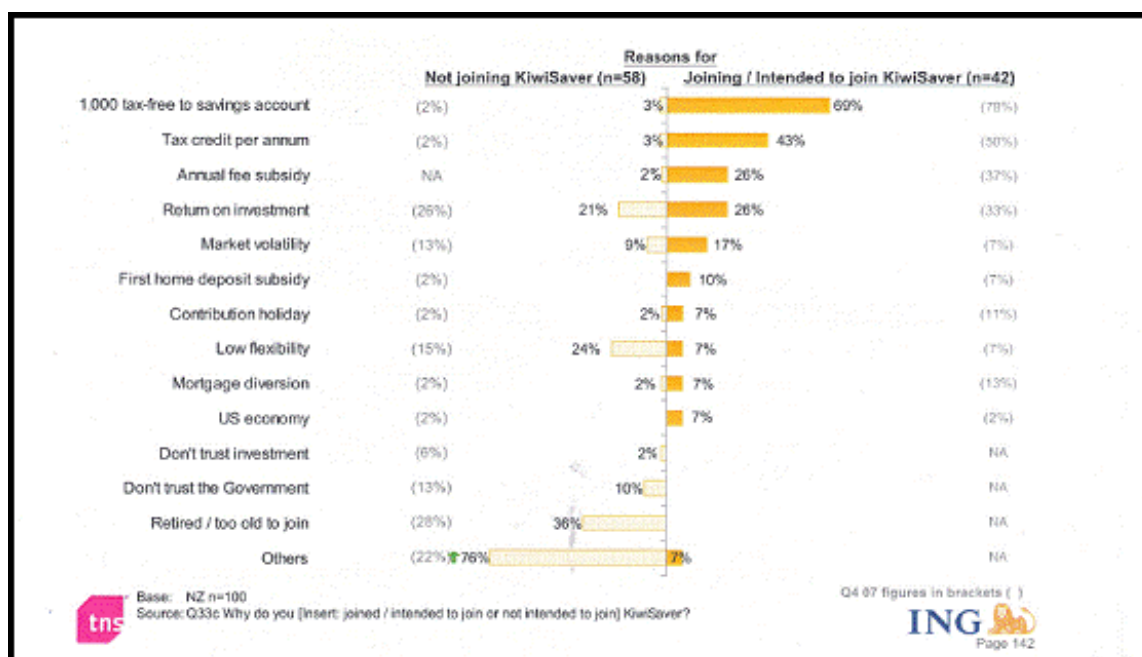
Steven Giannoulis, ING (NZ) Limited’s GM of Investor Services, said, “With the current turbulence across global markets, the deterioration of the property market and the increase in food and petrol prices, it is encouraging to see that these astute investors are recognising the value of KiwiSaver.

“Although the recent property boom may have drawn some of the focus away from traditional pension schemes as security for retirement, there now appears to be a move towards investors looking to hold a more diversified investment portfolio that includes either KiwiSaver or a different superannuation scheme.”

However, although ING’s research highlights that there is a positive trend amongst New Zealand investors joining a KiwiSaver scheme, 50 per cent of investors remain concerned that the government may significantly change or even abolish KiwiSaver (versus 54 per cent last quarter). This is despite recent reassurances from New Zealand’s major political parties that KiwiSaver is here to stay.

Giannoulis continued, “Looking ahead, if we are to keep seeing positive increases in the number of people joining KiwiSaver, the main political parties will need to continue to provide additional reassurance that the scheme, and the benefits that are on offer as part of the scheme, are here to stay.”

ING commissioned research amongst 100 New Zealand private investors aged 30 years and above who had disposable assets or investments totalling US\$100,000 or above. According to this quarter’s results, 26% of investors are already part of a KiwiSaver scheme – up from 24 per cent last quarter – with a further 22 per cent indicating that they are looking to join a KiwiSaver scheme.



When looking at the reasons why investors are joining a KiwiSaver scheme, 69% of investors indicated that the \$1,000 tax-free incentive remains the top reason. This is followed by annual tax credits (43%) and the annual fee subsidy (26%). The most significant rise in terms of a reason for joining KiwiSaver was market volatility, which increased 10 per cent to 17 per cent. The most significant rise in why investors are choosing not to join a KiwiSaver scheme was the perception that these investment vehicles offer low flexibility with this increasing from 15 per cent last quarter to 24 per cent this quarter.

Giannoulis added, "Investors seem to be waking up to the benefits of including KiwiSaver as part of their investment portfolio. However, many investors currently see these funds as providing limited flexibility. With mortgage rates currently on the high side, reducing debt will continue to be of high priority for many KiwiSaver members. With the introduction of the option for members to divert up to half of their KiwiSaver contributions towards their mortgage, it will be interesting to see whether this added flexibility will create another spike in the number of people signing up to a KiwiSaver scheme."

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Profile ING

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