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# KiwiSaver annual report

2017



## Purpose of this report

The main objective of the Financial Markets Authority (FMA) is to promote the development of fair, efficient and transparent financial markets.

Our aim across all our activities is to raise the standard of conduct, and increase investor and market confidence to support economic growth in New Zealand.

We are one of several government agencies with a role in regulating KiwiSaver, which amounts to a substantial part of New Zealand's collective wealth.

For many New Zealanders, KiwiSaver may be their first investment and may be a large part of their retirement savings and ultimate financial security.

We are required to report each year on our main KiwiSaver activities. This year's report covers the period from 1 July 2016 to 30 June 2017, and contains a summary of the statistical returns required to be lodged by KiwiSaver schemes as at 31 March 2017.

## More information

Along with this report, we have published an interactive online report showing key trends based on the information given to us by KiwiSaver providers. **Visit the FMA website** to view this report.

## Registered KiwiSaver schemes

Amanah KiwiSaver Plan  
AMP KiwiSaver Scheme  
ANZ Default KiwiSaver Scheme  
ANZ KiwiSaver Scheme  
Aon KiwiSaver Scheme  
ASB KiwiSaver Scheme  
BCF KiwiSaver Scheme  
BNZ KiwiSaver Scheme  
Booster KiwiSaver Scheme  
Craigs KiwiSaver Scheme  
Defence Force KiwiSaver Scheme  
Fisher Funds KiwiSaver Scheme  
Fisher Funds TWO KiwiSaver Scheme  
Generate KiwiSaver Scheme  
Kiwi Wealth KiwiSaver Scheme  
Koinonia KiwiSaver Scheme  
Lifestages KiwiSaver Scheme  
Maritime KiwiSaver Scheme  
Medical Assurance Society KiwiSaver Plan  
Mercer KiwiSaver Scheme  
Milford KiwiSaver Plan  
NZ Funds KiwiSaver Scheme  
OneAnswer KiwiSaver Scheme  
QuayStreet KiwiSaver Scheme  
Simplicity KiwiSaver Scheme  
Smartshares KiwiSaver Scheme  
Summer KiwiSaver Scheme  
SuperEasy KiwiSaver  
Superannuation Scheme  
SuperLife KiwiSaver Scheme  
Westpac KiwiSaver Scheme

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# Executive summary

In the year to 31 March 2017 – the period covered by the statistics we receive from KiwiSaver providers – gross investment returns for KiwiSaver schemes more than doubled compared with 2016, up \$1.4 billion (108%), from \$1.3 billion in 2016 to \$2.7 billion this year.

## Overall increase in assets

Total KiwiSaver assets rose \$7 billion (20.7%). There were increases in all types of contributions apart from the Crown. Standard member contributions increased by \$400 million (13.7%), and lump sum contributions rose \$59.7 million (15.2%).

Employer contributions increased \$200 million (11%) to \$1.8 billion. However, Crown contributions declined \$31 million (4.3%) to \$697 million, down from \$728 million in 2016. This is in line with a rise in the number of non-contributory members, who do not qualify for the Member Tax Credit (MTC).

Overall this year, total KiwiSaver membership increased 4.4% to 2,722,147. This was an increase of 113,764 members since 2016. However, year-on-year overall growth figures declined, dropping from 8.3% in 2015, to 4.8% in 2016, to 4.4% this year.

## Scheme transfers

For the second year in a row, the number of members who transferred between schemes outnumbered new members. In 2017, 172,017 members transferred between schemes and 154,531 people joined KiwiSaver – compared to 2016, when 173,272 people transferred between schemes and 145,856 people joined.

## First-home withdrawals

Over the year, 30,256 members withdrew \$614 million to help purchase their first home. This is \$118 million (23.8%) more than the \$496 million withdrawn in 2016, and a significant increase on the 2015 figure (\$214 million). The average withdrawal in 2017 was just over \$20,000.

## Financial hardship withdrawals

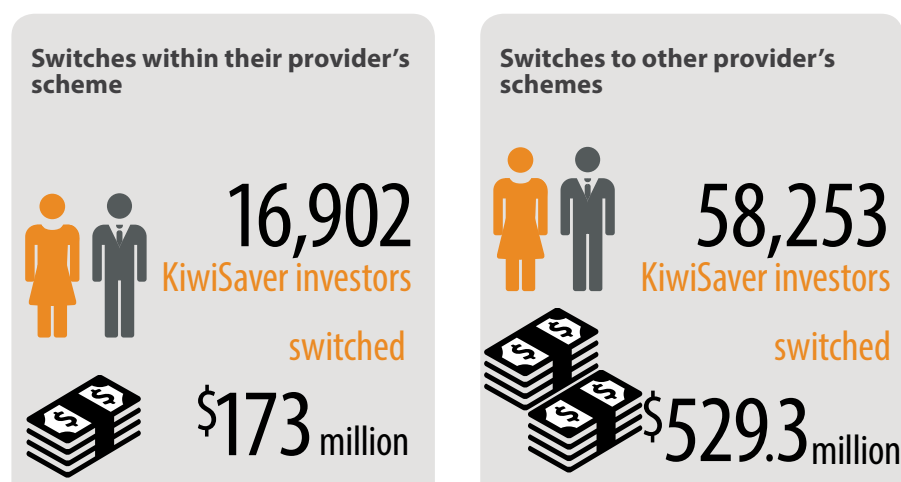
More people are withdrawing money because of serious financial hardship. This year, the average withdrawal was \$5,786.



## Default schemes

The nine default schemes increased their combined assets to \$4.6 billion in 2017, up from \$4.2 billion last year. However, their share of total KiwiSaver scheme assets continued to slide, from 12.5% to 11.3%. The default schemes' share of total membership also continues to fall, down to 16.4%, from 17.1% in 2016, as members switch to other funds within their provider's scheme or transfer to other schemes. In total, 75,155 KiwiSaver investors switched or transferred out of default schemes in the period, taking just over \$700 million in assets with them.

16,902 people switched approximately \$173 million to other funds within their provider's scheme and 58,253 transferred \$529.3 million to other providers.



## Default member engagement

Since 2016, when we first reported on the success of KiwiSaver providers' financial literacy efforts, we have taken steps to promote further member engagement by providers. However, this year's statistics show that, overall, the results are worse.

We accept that major changes can't be achieved overnight, but this is a disappointing trend that needs to be remedied. As part of our ongoing discussions with default providers, we have reminded them that default status comes with strong commercial benefits. But it also comes with a responsibility to address the financial literacy of their members.

## Changes during the year

This year, the Government announced that from 2018 all KiwiSaver annual member statements must show in dollars the sum of the fees each member has been charged. We welcome this change, which will make the individual fee information in annual statements more meaningful and engaging.

Also, in June, the Minister announced the planned introduction of retirement savings and income projections in all KiwiSaver annual statements.

### Behavioural insights

In 2017, we released the results of our first behavioural insights trial, which examined some simple ways to improve engagement with default KiwiSaver members. Working with the Commission for Financial Capability (CFFC) and the Inland Revenue Department (IRD), we introduced a flyer into the IRD's welcome pack to encourage new KiwiSaver members to make positive decisions about their financial future.

As part of the transfer-out process, we looked at transfer procedures and their length. The results were positive: 97.5% of default-scheme transfers were within the required 10-day timeframe, and 99.4% of other KiwiSaver schemes met their 35-day requirement.

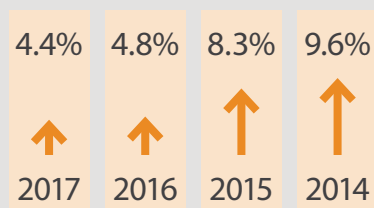
As the conduct regulator of KiwiSaver, we continue to focus on the transparency of KiwiSaver providers and the decision-making tools and abilities of KiwiSaver members.

# Key trends

The following statistics are from the 2017 annual statistical returns for the period 1 April 2016 to 31 March 2017\*

## Membership

Scheme membership increased from just over 2.6 million to 2.7 million. This is a 4.4% increase during 2017. Below we show the year-on-year increases.



The number of contributing members rose from 1,494,231 to 1,572,693.

New members joining a scheme for the first time was 154,531. Net new members after permanent withdrawals and other exits was 121,913.

## Earnings

The gross amount earned from the investment of scheme assets rose \$1.4 billion (108%) to \$2.7 billion, a marked increase from \$1.3 billion in 2016 – but slightly short of the \$3 billion earned in 2015.

### Scheme assets rose



## Fees

Investment management fees rose \$46.8 million (21.3%), from \$219.5 million in 2016 to \$266.3 million in 2017. Per member, the average investment management fee paid increased from \$84.15 in 2016 to \$97.82\*\*. Administration fees rose \$4.6 million (5.9%), from \$77.8 million to \$82.4 million. Per member, the average administration fee paid increased from \$29.84 in 2016 to \$30.28. As a percentage of investment returns, investment management fees dropped from 16.87% to 9.84% (a 41.7% decline).



## Transfers between non-default KiwiSaver schemes



## Contributions

Crown contributions declined further from \$728 million in 2016 to \$697 million this year, a slip of 4.3%. This is in line with the rise in the number of non-contributory members, who do not qualify for the member tax credit.

Employer contributions increased from \$1.6 billion to \$1.8 billion, while member contributions increased from \$3.2 billion in 2016 to \$3.6 billion. As part of this, lump sum payments increased from \$394 million in 2016 to \$453 million; and other voluntary contributions rose slightly from \$149 million to \$155 million.



\*Unless another source of data is noted.

\*\*Based on average member balance of \$15,000.

## Non-contributing members

At the end of March 2017, just over 1.1 million members were not contributing to their KiwiSaver funds. Although the number of non-contributing members increased by 3.2%, the proportion of non-contributing members dropped slightly to 42.2%, from 42.7% at the end of 2016.

Non-contributing members are members on PAYE remuneration who:

- Have not made a KiwiSaver contribution in the two months before 31 March 2017
- Have failed to make contracted payments, or
- Are on a contributions holiday.

Of these non-contributing members 428,836 were either over 66 years or younger than 17 years.

Some non-employee members chose to make lump-sum contributions in the months leading up to 30 June, rather than making regular contributions throughout the year. These members are seen as contributory members.

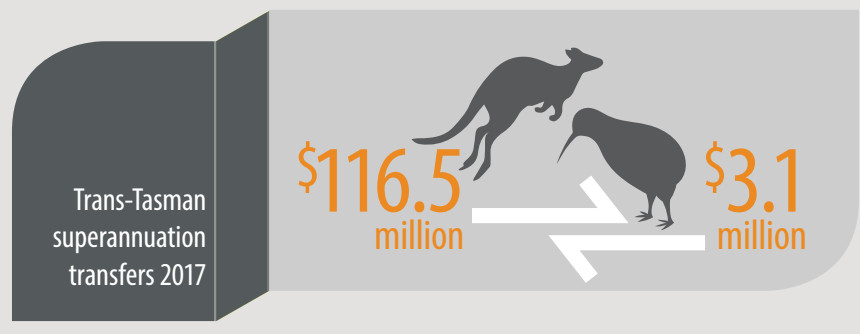
## Transfers from other superannuation schemes

Over **\$172.5 million** was transferred into KiwiSaver schemes from overseas and other registered superannuation schemes this year.

This is a **25% increase** on 2016, though still down on the \$232 million transferred in 2015. Transfers from Australian schemes increased to \$116.5 million, from \$98 million in 2016. Transfers from other schemes increased

to \$55.9 million, from \$40 million, still well down on a high of \$154 million in 2015.

Going the other way across the ditch, since full trans-Tasman superannuation portability came into effect three years ago, payments from KiwiSaver schemes into Australian superannuation schemes have continued to creep upwards: from \$1.1 million in 2015, to \$2.9 million in 2016, to \$3.1 million in 2017.



## Types of schemes

KiwiSaver members who don't choose their own schemes are automatically enrolled in one of nine default schemes: **AMP, ANZ Default, ASB, BNZ, Booster, Kiwi Wealth, Mercer, Fisher Funds TWO and Westpac.**

### Default membership increase



### Total membership increase



The total number of retail schemes chosen by members increased from 24 to 25.

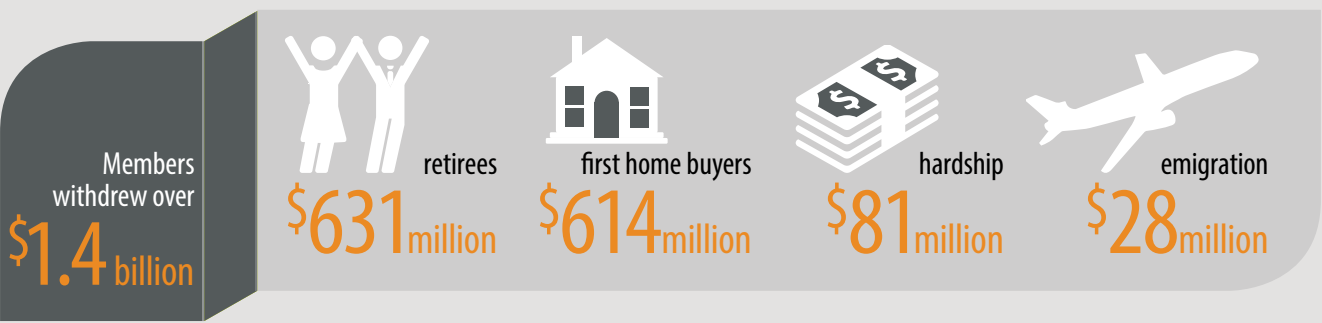
### During the year, the total assets of retail schemes grew



The number of restricted schemes (those aimed at specific groups) declined further, from eight to five. As a result, the total membership of restricted schemes dropped very slightly from 25,845 to 25,235; however, total assets rose from \$692 million to close to \$800 million.

## Withdrawals

From the total withdrawals this year (over \$1.4 billion), \$631 million went to retirees, up from \$513 million in 2016. Withdrawals for first-home purchases rose from \$496 million to \$614 million this year. Withdrawals for serious financial hardship rose by nearly 25%, from \$65 million to almost \$81 million. Permanent emigration withdrawals also rose, from \$19 million in 2016 to \$28 million in 2017.

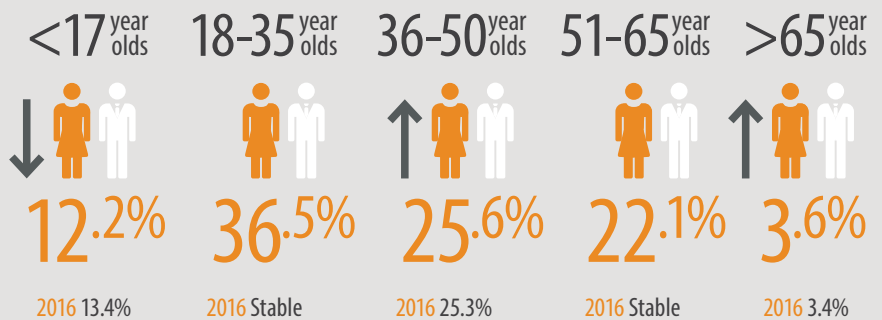


## Exempt employers and complying superannuation funds

The number of exempt employers and complying superannuation funds declined. At the end of June 2017, 234 private-sector employers were exempt from enrolling new employees into KiwiSaver, down from 255 in 2016. There were 16 complying superannuation funds at the end of June 2017 registered on the Disclose Register, compared with 19 in 2016.

## Membership profile

The ratio of female to male KiwiSaver members remains the same



## Employer preferred KiwiSaver schemes

A growing number of employers are selecting preferred KiwiSaver schemes their new employees can enrol in. This year, 20,004 employers had notified the IRD of their preferred schemes, up from 19,475 last year.

## Size of schemes

Two KiwiSaver schemes manage more than \$5 billion in assets, while 10 manage over \$1 billion. Together these schemes represent nearly 94% of members, up from 87% in 2016. There are now fewer schemes with under \$10 million in assets, down from seven in 2016 to only three this year – with a membership of only 1,618.

## Number of schemes

There are now 30 retail and restricted KiwiSaver schemes, down from 32 in 2016. The two schemes deregistered to 30 June 2017 were Seafarers KiwiSaver Scheme and Tait Communications KiwiSaver Scheme.





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# Key activities

## The following activities relate to the period 1 July 2016 to 30 June 2017

### Annual statements

From 2018, all KiwiSaver annual member statements will need to show the total amount of fees charged in dollar terms. We want annual statements to be a tool to enable New Zealanders to make better decisions about their KiwiSaver.

This is a direct result of our work and research with the Ministry of Business, Innovation and Employment (MBIE). During the year, we consulted with industry to decide how to ensure that investors receive the information in an accurate and consistent way. The resulting fees methodology was finalised in July 2017, after the reporting period. We are encouraging providers to show the fees as a percentage. This helps investors to make an easy comparison between their provider and others. We want to see providers showing their fees in both dollar value and as a percentage – and we are encouraging providers to do this.

In June 2017, the Minister announced retirement savings and income projections will also be included in KiwiSaver annual statements. We will be working with MBIE and the CFFC on the details and timeframes of these changes.

### KiwiSaver advice guidance

In November 2015, we published a report on sales and advice practices\*.

In the report we noted that just three out of every 1000 KiwiSaver members, at the date of publication, received advice about transferring their KiwiSaver fund.

Since then, we received feedback from providers that our 2012 KiwiSaver sales and advice guidance was a barrier to

members getting the help they needed to make informed decisions about their KiwiSaver.

We took on board this feedback and revised our KiwiSaver sales and advice guidance, published in March 2017.

The revised guidance encourages providers to give members advice in four key areas:

- How KiwiSaver works and why it's important to be in it
- Choosing the correct contribution rate
- Identifying the right type of fund
- How to choose the correct tax rate.

The report also focused on transfer behaviour. The guidance shows how to do this on a class basis, and also covers the use of incentives. Our view is that incentives can be offered, as long as they don't distract a customer from making good decisions. We've received feedback that some providers are now updating their sales and advice practices.

To help KiwiSaver members make informed decisions about their investments, we also released a guide for consumers on the factors they should consider when thinking about changing providers.

### Behavioural insights research

In June, we released the results of our first behavioural insights trial. Working with Kiwi Wealth, we found that making content and layout changes to default member welcome communications meant members were more likely to move out of default funds, and less likely to transfer to another provider.

\*[fma.govt.nz/assets/Reports/151117-Sales-and-advice-report.pdf](http://fma.govt.nz/assets/Reports/151117-Sales-and-advice-report.pdf)

A second trial, with ANZ, is now underway. This trial will test whether using messages such as ‘most New Zealanders seek advice at this age’ can prompt more ANZ KiwiSaver members to get retirement advice, or use retirement planning tools when they hit 56 years old. Other providers have also expressed interest in participating in trials over the coming year.

We also worked with the CFFC and the IRD to insert a flyer into the packs the IRD sends to new default KiwiSaver members. In the first two months the flyer was included in the packs, opt-out rates declined, although it is too early to be confident there is a link.

## Reviewing disclosure

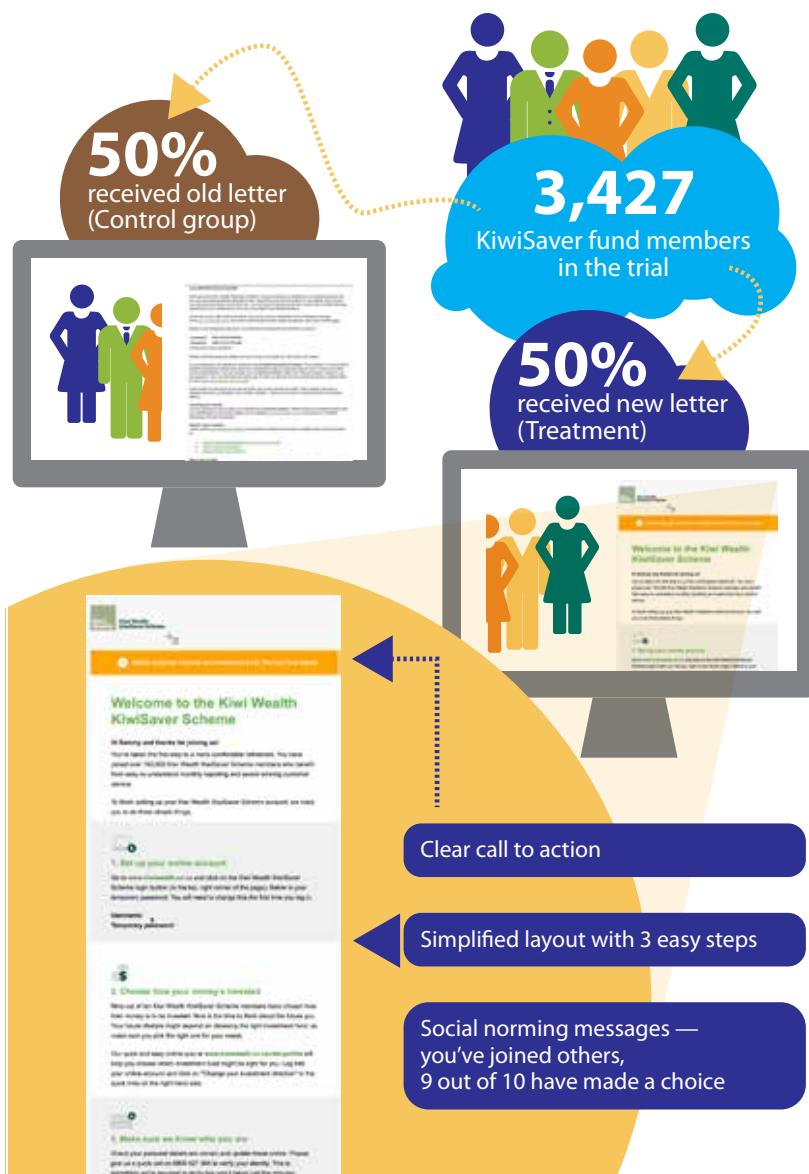
We have reviewed the product disclosure statements for all KiwiSaver providers as part of the final transition to the FMC Act. We also provided guidance on the preparation of the new fund updates and on the information that must now be included on the Disclose Register. We have started drawing data from the Disclose Register to help with our reporting, and are currently exploring publicly releasing KiwiSaver fee and performance information.

## KiwiSaver working group

We have been working with an industry working group (members include KiwiSaver providers, the Financial Services Council and Workplace Savings and the CFFC) to develop an industry glossary of terms. The glossary will ensure investors receive consistent explanations of technical terms.

## Ongoing activities

- Working with IRD to manage the registering and deregistering of schemes
- Continuing to manage the Default Monitoring Panel, which supervises the nine default schemes.
- Administering the KiwiSaver exempt employers register. From 1 December 2016, the complying superannuation funds register ceased to be a standalone register. The information about complying superannuation funds is on the Disclose Register.
- Promoting KiwiSaver messages to consumers using various media channels.



## Focus area: transferring-out times

We asked KiwiSaver providers for data on member transfers out of their schemes from 1 October to 31 December 2016. We analysed whether providers had met their obligations to transfer members in the timeframes prescribed by law, which is 10 days for default KiwiSaver schemes and 35 days for other KiwiSaver schemes.

We found a small number of transfers out failed to meet the legal requirements. For default schemes, 97.5% of transfers happened within 10 days. Other KiwiSaver providers generally took longer, with 79.8% transferring within 20 days, and 99.4% meeting their 35-day time standard.

	Number transferred	Number outside time standard	Percentage outside time standard
Default KiwiSaver schemes	11,266	281	2.5%
Other KiwiSaver schemes	25,800	158	0.6%

We asked those who didn't meet the standard legal timeframe why this was.

The key themes of their responses included:

- Mismatched data
- Waiting on information from the transferee provider
- Processing delays
- Mistakenly relied on future-dated payments (three days) as falling within the legislative requirement.

Our focus on transfer times has led to supervisors updating their reporting requirements so they are alerted to outstanding transfers out more quickly. Several other KiwiSaver providers have streamlined their processes and are escalating any issues after 20 days, rather than after the 35-day legal timeframe.

We made it clear to all providers that they must complete end-to-end transfer out within the legal timeframe. This means money must be actually in the member's new account within 35 days, not just set up to be paid.

Some providers told us they've started thinking about how to make the transfer-out process better for their customers. We would encourage all providers to consider how to keep their departing and incoming customers informed about the transfer process.

# Default scheme member engagement: encouraging informed decision-making

## Background

KiwiSaver providers with default scheme status are allocated new KiwiSaver members to their default fund by IRD on a regular basis. Default status is financially rewarding for these providers, but the status comes with conditions. Breaches of those conditions can lead to termination or suspension of their default status by the Minister of Commerce.

Since July 2014, default providers' responsibilities have included addressing the financial literacy of their members – particularly in default schemes. This recognises that default members are new to KiwiSaver and may have lower levels of knowledge about it. Consequently, they probably have not made an active decision to choose the default fund. These members

may end up staying put in the default fund, rather than making an active choice.

The financial literacy responsibility requires providers to report to us quarterly, about:

- How they engaged with their default members to encourage them to choose an investment.
- The number of default members making an active fund choice.

We regard active choice as important, as it indicates the provider has genuinely engaged with its members to help them make informed decisions.

We first reported on the success of KiwiSaver providers' financial literacy efforts in 2016. Those results were considered a baseline. Since then we

have been clear that we expect to see improvement in both effort and results.

## 2017 results

As the table below shows, for four of the nine default KiwiSaver providers, the results are worse than in 2016. This is disappointing to see. Again, this year we contrasted each provider's success rate against transfers in and out of their scheme to show barriers to contacting members are surmountable.

It is also important to point out the steady increase in fee income from default members, despite numbers in these funds declining. We have provided more detail in the table on page 13 titled *Average fees paid by KiwiSaver members in default schemes*.

## Summary of default KiwiSaver scheme members

Provider	2016			2017		
	Default members	Active choice (%)	Active choice (no.)	Default members	Active choice (%)	Active choice (no.)
ANZ	79,437	6%	4,868	75,927	5%	3,651
AMP	133,526	8%	11,007	118,529	2%	2,286
ASB*	94,870	1%	1,441	92,520	2%	1,394
Fisher	73,703	4%	2,781	71,498	5%	3,462
Mercer	91,802	5%	5,033	85,571	3%	2,553
BNZ	12,548	3%	355	17,939	3%	449
Booster (Grosvenor)	10,229	22%	2,205	14,278	9%	1,282
KiwiWealth	11,954	4%	478	17,655	4%	624
Westpac	11,891	4%	440	17,762	7%	1,201

\*The percentage has risen, but the number of members has reduced. The reason is that the overall number of default customers has reduced, so the denominator is also smaller.

## Summary of member transfer activity

Provider	Transferring in Members from other providers schemes transferring in to the named provider's scheme		Transferring out Default members from the named scheme transferring out to another provider's scheme	
	2016	2017	2016	2017
ANZ	35,711	30,908	10,139	9,373
AMP	13,158	4,193	21,498	11,982
ASB	27,000	24,825	8,739	8,286
Fisher	9,021	14,550	8,770	9,299
Mercer	11,703	2,619	12,670	9,847
BNZ	14,206	14,114	1,644	2,675
Booster (Grosvenor)	4,488	4,653	2,988	2,785
KiwiWealth	16,766	19,558	1,554	1,754
Westpac	19,771	25,566	1,328	2,252

When we asked providers why their active choice results were declining, they told us:

- It was too soon to tell if efforts were successful
- The efforts they made were unsuccessful (in some cases, there is little evidence the provider tried anything else)
- Other work took priority (such as the Financial Markets Conduct Act transition).

We accept we need to be realistic about how quickly, and by how much, active choice results improve. We also acknowledge that in some cases, the investors that are easier to engage with have already chosen another fund. This means the remaining default scheme members can pose more of a challenge when it comes to engagement. However, we still expect providers to review their results again and see if they have done enough to engage with their members.

We expect each provider to stick to the promises they made in their tender for default status.

## Our view

This is the second year we have reported these results. At this stage, we don't think it's appropriate to use our powers under the KiwiSaver Act\* to require remedial action from providers to address this issue. But, we do think it is clear that default providers need to do more to better engage their members.

So, we've communicated our concerns to the CEOs of default providers as follows:

- We expect efforts and results to improve
- We expect the undertakings about addressing the financial literacy of their members, made in their tender for default status, are delivered upon, or updated to something more effective
- We want reporting on their broader education initiatives for all members – not only default members – to focus not just on what they are doing, but to evaluate their effectiveness
- Their member financial literacy efforts will form part of our ongoing engagement with them through the default monitoring panel, supervisory visits and other meetings
- We are prepared to partner with them in behavioural insights trials, to address default member engagement or other challenges.

\*Under the KiwiSaver Act we are able to require any default provider to take remedial action to address breaches of their Instrument of Appointment. Further, if the remedial action is not done, or unsatisfactory, we can recommend the Minister of Commerce suspend new allocations of default members to the provider concerned, or even terminate their default status.



## Providers' results

### *Phone calls and personal interaction*

Talking to default members about their options over the phone is the most successful approach. One provider reported that 85% of members they contacted made an active choice after an initial phone call.

### *Process changes*

Removing barriers such as the need for members to have ID verification before they can switch funds significantly lifted active choice for one provider. Several providers also achieved improvements by implementing online fund switches.

### *Efforts to improve member contact details*

Initiatives include employer information to contact difficult-to-reach members, and incentive campaigns to encourage members to update their own details.

### *More than one follow-up*

Some providers trialled a series of follow-up emails using different or progressively stronger subject lines.

Others use a pop-up reminder function within their online tools.

### *Changes based on behavioural insights*

Using social norming messages such as: 'You have joined over <no. scheme name> members who benefit from easy-to-understand monthly reporting and award-winning customer service.'

## Provider activities

We asked providers about their efforts to attract new members, including the customers of other KiwiSaver providers.

Two providers ran substantial active campaigns: one involved TV, billboards,

and online and social activity, and one focused on a data-driven online approach.

However, most providers ran more modest campaigns, such as customer emails or using branch staff or advisers to promote their KiwiSaver scheme.

Providers advise they offer standardised advice, with personalised advice on request only. They use investor profile tools, and ensure staff and advisers prompt potential members to consider any benefits they will miss out on if they change schemes.

## Why fees matter

We don't know how much it costs each default provider to offer default products. However, as membership grows we expect the costs per member to fall, unless overall costs rise in the market faster than we see (or hear about), or providers direct more money to provide better service. This includes increased member engagement efforts. We are not aware that this is happening currently.

The tables on page 13 set out the average management fees, as well as total fees paid by default scheme members. Average fees must take into account the number of non-contributing members and under-17 year olds in default KiwiSaver schemes. This factor means it is hard to clearly state the fees paid by many members.

The figures show some key themes:

- Average fees per member is increasing – both management fees and total fees.
- Management fees are a growing portion of the dollar value of overall fees. This makes sense as management fees are a percentage, while other fees are a fixed sum.

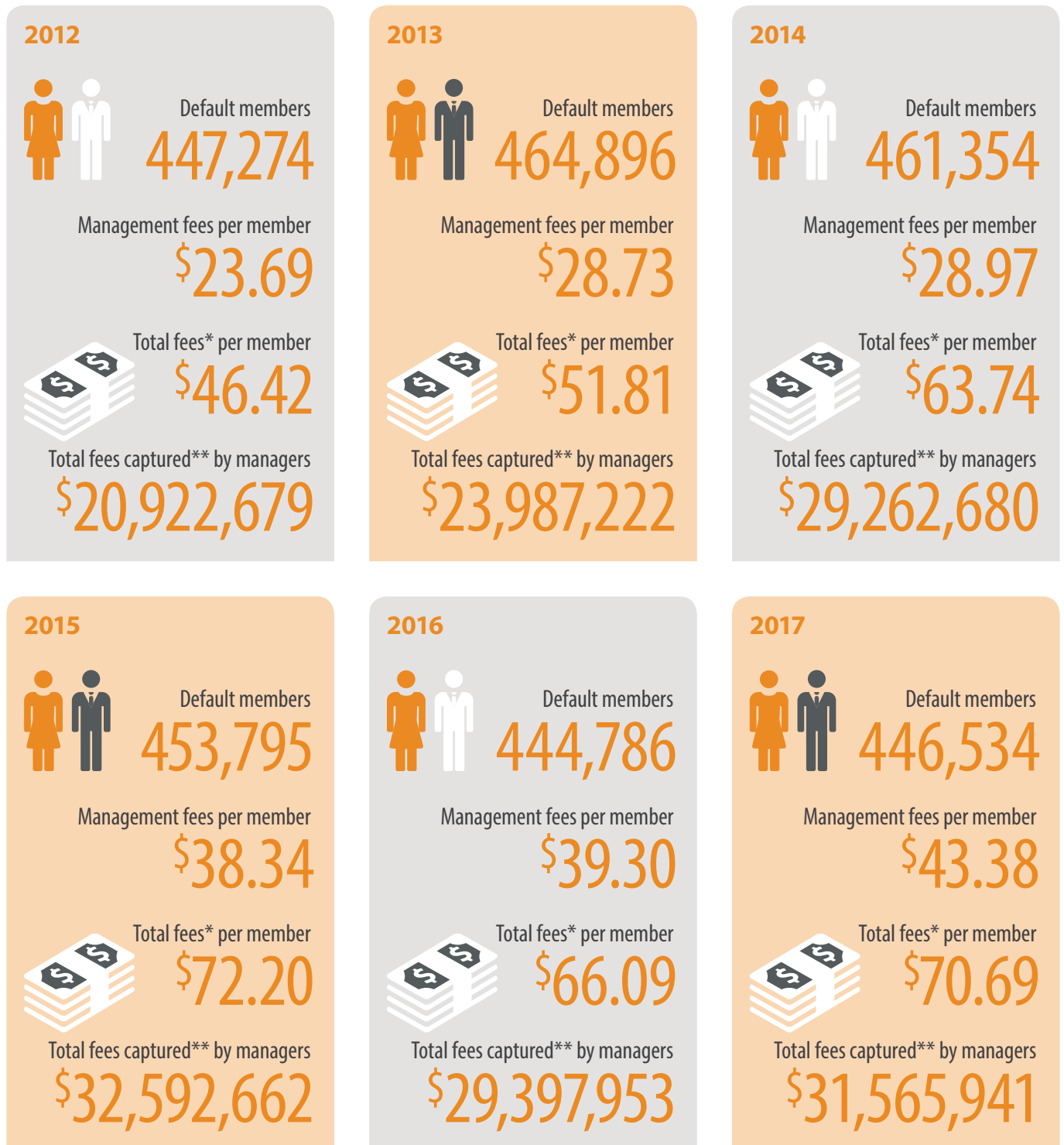
Every three years, default providers can advise the Minister of Commerce that they intend to change the fees and charges for their default products.

This process is currently being run by MBIE and concludes in September 2017 (after the period of this report).

We are involved in the process, and have provided fee income information to MBIE and the Minister of Commerce.



## Average fees paid by KiwiSaver members in default schemes



\*Total fees include administration fees and other charges.

\*\*Includes management and administration fees, but excludes fees that are a cost to the member but not captured by the manager, such as tax and trustee fees.

## Facts at a glance

These statistics are taken from the 2017 annual statistical returns and refer to the period from 1 April 2016 to 31 March 2017<sup>1</sup>.

	2017 <sup>2</sup>	2016 <sup>2</sup>	Change <sup>3</sup>
<b>Number of schemes</b>	30	32	-2
<b>Membership</b>			
Contributing members	1,572,693	1,494,231	+5.30%
Non-contributing members	1,149,454	1,114,152	+3.20%
Total members	2,722,147	2,608,383	+4.40%
<b>Assets invested</b>	\$40.8 billion	\$33.8 billion	+20.70%
<b>Investment returns</b>	\$2.7 billion	\$1.3 billion	+108.10%
<b>Fees</b>			
Administration fees	\$82.4 million	\$77.8 million	+5.90%
Average administration fee per member	\$30.28	\$29.84	+1.50%
Investment management fees	\$266.3 million	\$219.5 million	+21.30%
Investment fees as % of returns	9.84%	16.87%	-41.70%
Average management fee per member	\$97.82	\$84.15	+16.20%
<b>Members contributions</b>			
Standard contributions	\$3 billion	\$2.6 billion	+13.70%
Lump sum contributions	\$453.5 million	\$393.8 million	+15.20%
Other voluntary contributions	\$155.2 million	\$148.7 million	+4.40%
Employer contributions	\$1.8 billion	\$1.6 billion	+11%
Crown contributions	\$696.9 million	\$728.3 million	-4.30%
<b>Withdrawals</b>			
Significant financial hardship	\$80.8 million	\$65.2 million	+23.90%
First-home purchase	\$614.4 million	\$495.6 million	+24%
Aged 65 and over	\$630.8 million	\$513.1 million	+23%
<b>Default schemes</b>			
Total membership	16.40%	17.10%	+0.40%
Total assets	11.30%	12.50%	+8.90%
<b>Retail schemes</b>			
Total membership	82.70%	82%	+5.30%
Total assets	86.80%	85.50%	+22.60%
<b>Restricted schemes</b>			
Total membership	0.90%	1%	-2.40%
Total assets	2%	2%	+15.5% <sup>4</sup>

<sup>1</sup>Some positions stated as at 31 March 2017 (eg assets invested), others are flows to 31 March 2017 (eg returns). <sup>2</sup>Some totals may not add exactly due to rounding. <sup>3</sup>These figures are based on actual, non-rounded totals. <sup>4</sup>While the asset share of restricted scheme remained steady, total assets rose 15.5%.

## Appendix 1

# Income and expenditure summary

KiwiSaver schemes as at 31 March 2017

	Default	Active	Total
<b>Opening balance of scheme assets at start of annual return year</b>	<b>4,208,822,809</b>	<b>29,569,413,114</b>	<b>33,778,235,923</b>
<b>Categories of income for annual return year</b>			
Member contributions at section 64 contribution rate	445,365,641	2,537,430,658	2,982,796,299
Employer contributions	283,347,375	1,500,376,613	1,783,723,988
Crown contributions (section 226) and fee subsidies	104,646,954	592,248,052	696,895,006
Transfers of members' accumulations into scheme from other KiwiSaver schemes	7,788,796	1,974,781,097	1,982,569,893
Transfers of members' accumulations into scheme from registered superannuation schemes	3,122,527	52,847,563	55,970,090
Transfers of members' accumulations into scheme from Australian superannuation schemes	8,020,579	108,520,373	116,540,952
Lump sum contributions	12,553,889	440,951,609	453,505,498
Other voluntary contributions over section 64 contribution rate	6,278,712	148,875,576	155,154,288
Income from investment of scheme assets	216,005,437	2,491,073,451	2,707,078,888
Other income	8,594,046	22,144,856	30,738,902
<b>Total income from annual return year</b>	<b>1,095,723,956</b>	<b>9,869,249,849</b>	<b>10,964,973,805</b>
<b>Categories of expenditure for annual return year</b>			
First home purchase withdrawals	57,561,447	556,836,944	614,398,391
Mortgage diversion withdrawals	3,072	146,444	149,516
KiwiSaver end payment date withdrawals	51,862,591	578,934,584	630,797,175
Withdrawals on death	4,222,106	39,542,123	43,764,229
Serious illness withdrawals	4,394,272	27,738,752	32,133,024
Withdrawals or transfers on permanent emigration	4,099,348	23,537,254	27,636,602
Significant financial hardship withdrawals	8,128,331	72,707,762	80,836,093
Transfer of members' accumulations out of scheme into other KiwiSaver schemes	529,304,132	1,461,502,234	1,990,806,366
Transfer of members' accumulations out of scheme into Australian superannuation schemes	422,965	2,638,978	3,061,943
Amounts required to be paid under other enactments	277,325	2,700,190	2,977,515
Invalid enrolments	2,970,454	2,702,586	5,673,040
Administration fees	12,193,487	70,232,840	82,426,327
Investment management fees	19,589,370	246,691,266	266,280,636
Trustee fees	457,088	5,171,659	5,628,747
Taxation	25,377,379	140,752,739	166,130,118
Other scheme expenses	118,608	28,195,624	28,314,232
<b>Total expenditure for annual return year</b>	<b>720,981,976</b>	<b>3,260,031,979</b>	<b>3,981,013,954</b>
<b>Closing balance of scheme assets at end of annual return year</b>	<b>4,583,564,790</b>	<b>36,178,630,983</b>	<b>40,762,195,773</b>

### Notes:

The statistical returns are unaudited and may not include all transactions. Some providers are not able to differentiate between types of transfers. This means there are sometimes discrepancies between transfers to and from KiwiSaver schemes.

Opening balances do not agree with last year's report, closing balances due to the change to accrued accounting.

In the current year 30,526 members withdrew for the purposes of first-home purchase (108,043 members since inception).

In the current year 13,970 members withdrew funds due to significant hardship (67,672 members since inception).

## Appendix 2

# Membership summary

KiwiSaver schemes as at 31 March 2017

	Default members	Active	Total
<b>Number of contributing members at start of annual return year</b>	<b>240,520</b>	<b>1,253,711</b>	<b>1,494,231</b>
<b>Categories of entries of members for annual return year</b>			
New members (other than transfers from other schemes)	66,307	88,224	154,531
Members restarting contributions at end of section 104 contribution holidays	4,241	10,997	15,238
Members restarting contributions after stopping contributions for any other reason	34,564	153,394	187,958
Members transferring into scheme from other KiwiSaver schemes	427	160,406	160,833
Members transferring into scheme from Australian superannuation schemes	121	2,482	2,603
Members transferring into scheme from registered superannuation schemes	45	527	572
<b>Total member entries for annual return year</b>	<b>105,705</b>	<b>416,030</b>	<b>521,735</b>
<b>Categories of membership exits for annual return year</b>			
KiwiSaver end payment date exits	2,181	18,111	20,292
Deaths	404	2,401	2,805
Permanent emigration exits	387	1,511	1,898
Transfers out of scheme into other KiwiSaver schemes	58,253	113,764	172,017
Transfers out of scheme into Australian superannuation schemes	27	109	136
Other permanent exits*	1,545	2,860	4,405
Invalid enrolments	2,355	863	3,218
Members starting section 104 contribution holidays	6,808	26,817	33,625
Member stopping contributions for other reasons	33,471	171,406	204,877
<b>Total temporary and permanent exits for annual return year</b>	<b>105,431</b>	<b>337,842</b>	<b>443,273</b>
<b>Number of contributing members at end of annual return year</b>	<b>240,794</b>	<b>1,331,899</b>	<b>1,572,693</b>

Note:

\*Mainly covers withdrawals due to illness.

	Default members	Active	Total
<b>Non-contributing members on section 104 contribution holidays</b>			
Number of members on section 104 contribution holidays at start of annual return year	27,973	77,812	105,785
Members starting section 104 contribution holidays	6,808	26,817	33,625
Members ending section 104 contribution holidays and restarting contributions	4,241	10,997	15,238
Members ending section 104 contribution holidays but not restarting contributions for any reason	6,436	13,646	20,082
<b>Number of members on section 104 contribution holidays at end of annual return year</b>	<b>24,104</b>	<b>79,986</b>	<b>104,090</b>
<b>Other non-contributing members (not on section 104 contribution holidays)</b>			
Number of other non-contributing members (not on section 104 contribution holidays) at start of annual return year	176,293	832,087	1,008,380
Members stopping contributions without section 104 contribution holidays	39,907	185,050	224,957
Members restarting contributions after having stopped contributions without section 104 contribution holidays	34,564	153,409	187,973
<b>Number of other non-contributing members (not on section 104 contribution holidays) at end of annual return year</b>	<b>181,636</b>	<b>863,728</b>	<b>1,045,364</b>
<b>Total number of members at end of annual return year</b>	<b>446,534</b>	<b>2,275,613</b>	<b>2,722,147</b>

## Note:

Some providers currently have an inability to differentiate between types of transfers, therefore there are discrepancies in transfers to and transfers from KiwiSaver schemes. There are also timing differences.

## Appendix 3

# Age and gender profile of members

KiwiSaver schemes as at 31 March 2017

### Default members

Age at end of annual return year	Female	Male	Unknown gender	Total default members
17 and under	3,780	3,656	261	7,697
18-25	33,855	38,791	1,391	74,037
26-30	29,562	31,977	442	61,981
31-35	27,690	28,779	388	56,857
36-40	23,644	23,886	322	47,852
41-45	23,643	22,709	245	46,597
46-50	23,458	21,338	217	45,013
51-55	20,634	18,722	185	39,541
56-60	16,808	15,253	142	32,203
61-65	11,603	10,912	69	22,584
66-70	4,551	4,635	19	9,205
71-75	1,025	1,028	1	2,054
76-80	2	0	3	5
Unknown age	396	506	6	908
<b>Totals</b>	<b>220,651</b>	<b>222,192</b>	<b>3,691</b>	<b>446,534</b>

### Active members

Age at end of annual return year	Female	Male	Unknown gender	Total default members
17 and under	157,203	165,055	1,188	323,446
18-25	170,260	176,169	652	347,081
26-30	122,363	124,432	331	247,126
31-35	104,671	101,972	394	207,037
36-40	93,979	87,503	397	181,879
41-45	97,602	87,165	405	185,172
46-50	102,280	88,136	372	190,788
51-55	100,602	87,113	296	188,011
56-60	92,857	79,618	244	172,719
61-65	77,817	67,521	237	145,575
66-70	35,242	32,600	144	67,986
71-75	9,434	8,917	88	18,439
76-80	2	2	0	4
Unknown age	71	131	148	350
<b>Totals</b>	<b>1,164,383</b>	<b>1,106,334</b>	<b>4,896</b>	<b>2,275,613</b>

Age at end of annual return year	Total members			
	Female	Male	Unknown gender	Total default members
17 and under	160,983	168,711	1,449	331,143
18-25	204,115	214,960	2,043	421,118
26-30	151,925	156,409	773	309,107
31-35	132,361	130,751	782	263,894
36-40	117,623	111,389	719	229,731
41-45	121,245	109,874	650	231,769
46-50	125,738	109,474	589	235,801
51-55	121,236	105,835	481	227,552
56-60	109,665	94,871	386	204,922
61-65	89,420	78,433	306	168,159
66-70	39,793	37,235	163	77,191
71-75	10,459	9,945	89	20,493
76-80	4	2	3	9
Unknown age	467	637	154	1,258
<b>Totals</b>	<b>1,385,034</b>	<b>1,328,526</b>	<b>8,587</b>	<b>2,722,147</b>

## Appendix 4

# Profile of new default and other members

KiwiSaver schemes as at 31 March 2017

	Number of members	Scheme assets held for those members (\$)
Default members allocated to scheme by Commissioner under section 51 in annual return year	67,611	86,737,154.80
Other new members entering scheme in annual return year (including transfers from other schemes and active choice members)	141,926	1,117,318,562.63

Note:

Some providers have included members who have since opted out whilst others have not.

## Appendix 5

# Summary of non-contributing members (not on section 104 contribution holidays)

KiwiSaver schemes as at 31 March 2017

	Number of default members	Scheme assets held for those members (\$)	Number of active members	Scheme assets held for those members (\$)
Number of non-contributing members (not on section 104 contribution holidays) at start of annual return year	176,293	926,915,170	832,074	4,734,051,847
Number of non-contributing members (not on section 104 contribution holidays) at end of annual return year	181,636	1,025,892,728	863,728	6,336,205,863

Note:

Non-contributing member means:

- A member for whom no contributions have been received in the previous two months or
- Where the member does not contribute via the IRD, the member has failed to meet their contracted contribution frequency.

## Appendix 6

# Investment fund summary

KiwiSaver schemes as at 31 March 2017

Investment funds	Number of members in each investment fund	Amount in each investment fund
<b>Default</b>	<b>446,534</b>	<b>4,583,564,790</b>
<b>Totals</b>	<b>446,534</b>	<b>4,583,564,790</b>
Active default	284,691	3,498,584,213
Conservative	602,587	6,922,865,751
Balanced	643,688	10,936,479,982
Growth	943,453	11,863,256,411
<b>Single sector funds</b>		
Cash	289,620	1,616,038,889
Shares	48,197	432,130,816
Fixed interest	25,622	155,927,666
Property	5,401	41,278,137
Socially responsible	7,151	72,411,724
Other	47,512	639,657,394
<b>Totals</b>	<b>2,897,922</b>	<b>36,178,630,983</b>

Notes:

The statistical returns are unaudited and may not include all transactions.

Some members will be invested in more than one investment fund. "Other" refers, in the main, to life stages products.



## Appendix 7A

# Switches out of default investment product into other investment funds<sup>1</sup>

KiwiSaver schemes as at 31 March 2017

Switches in annual return year	Number of members out of default investment product	Number of members into other funds	Amount (\$) out of default investment product	Amount (\$) into other funds
<b>Switches out of default investment product under instrument of appointment</b>	16,902		172,707,108	
<b>Switches into other investment funds</b>				
Conservative		4,473		56,139,865
Balanced		6,790		58,744,324
Growth		6,747		44,678,648
Active default		405		4,419,368
<b>Single sector funds</b>				
Cash		639		5,212,737
Shares		947		2,868,528
Fixed Interest		12		19,915
Property		16		84,758
Socially Responsible		55		464,524
Other <sup>2</sup>		47		64,737
<b>Total of switches into other investment funds</b>	<b>16,902</b>	<b>20,131</b>	<b>172,707,108</b>	<b>172,697,404</b>

Note:

<sup>1</sup> Switches out includes members making an active choice to switch out of their provider's default fund into another of the provider's funds, and members who make an active choice to remain in the default fund. Note that some providers are currently unable to report both, so the total shown is likely to be understated. <sup>2</sup> Refers, in the main, to life stages products.

## Appendix 7B

# Switches between investment funds

KiwiSaver schemes as at 31 March 2017

Investment funds	Switches into investment funds in annual return year		Switches out of investment funds in annual return year		Net change in amounts (\$)
	Number of switches	Amount (\$)	Number of switches	Amount (\$)	
Active default	2,246	19,873,390	2,904	19,962,507	-89,117
Conservative	25,324	362,452,206	32,713	407,591,255	-45,139,049
Balanced	42,763	615,765,531	39,801	606,795,993	8,969,538
Growth	43,713	466,202,839	37,437	512,336,519	-46,133,680
<b>Single sector funds</b>					
Cash	13,821	189,162,362	11,433	113,812,651	75,349,711
Shares	9,404	45,473,532	9,508	44,580,464	893,068
Fixed Interest	2,189	17,329,198	2,906	17,309,276	19,922
Property	1,625	8,346,000	1,690	9,734,391	-1,388,391
Socially Responsible	318	4,809,937	63	755,889	4,054,048
Other <sup>3</sup>	616	5,845,588	437	5,820,774	2,914,802
<b>Total of switches between funds</b>	<b>142,019</b>	<b>1,725,260,583</b>	<b>138,892</b>	<b>1,738,699,719</b>	<b>-3,439,136</b>

Notes:

<sup>3</sup>Refers, in the main, to Life stages products.

Difference in cash-flow is due to deduction of PIE tax before re-investment.

## Appendix 8

# Profile of switches between investment funds

KiwiSaver schemes as at 31 March 2017

How many switches between investment funds made in annual return year

Number of members who made those switches

	Default	Active
1 switch	15,748	82,104
2 switches		6,580
3 switches		1,449
4 switches		539
5 switches or more		497

## Appendix 9

# Analysis according to size of scheme assets

KiwiSaver schemes as at 31 March 2017

Assets grouping	Number of schemes	Total assets \$m	Total membership
Under \$10m	3	15.41	1,618
\$10m to under \$100m	4	156.98	7,063
\$100m to under \$500m	8	1,866.33	96,923
\$500m to under \$1,000m	3	1,983.06	60,168
\$1,000m to under \$5,000m	10	22,833.82	1,506,550
\$5,000m and over	2	13,906.60	1,049,825
<b>Total</b>	<b>30</b>	<b>40,762.20</b>	<b>2,722,147</b>

Notes:

The data has been obtained from statistical returns made by the trustees of KiwiSaver schemes 'registered' under the KiwiSaver Act 2006. Some totals may not be exact, due to rounding.

## Appendix 10

# Analysis by nature of scheme

KiwiSaver schemes as at 31 March 2017

Nature of scheme	Number of schemes	Total assets \$millions*	Total membership
Default schemes	9	4,583.6	446,534
Retail (active choice)	25	35,379	2,250,378
Restricted schemes	5	799.6	25,235
<b>Total</b>	<b>30</b>	<b>40,762.20</b>	<b>2,722,147</b>

Notes:

Default schemes statistics are only in respect of members and assets in the default investment fund option.

Retail (active choice) total assets and total membership figures include that portion of the default schemes where members have actively chosen to participate.

The data has been obtained from statistical returns made by the trustees of KiwiSaver schemes 'registered' under the KiwiSaver Act 2006 to the members and beneficiaries of those schemes.

Some totals may not be exact, due to rounding.

\* See note 1 on page 24

## Appendix 11A

# Analysis according to nature of scheme and size of scheme assets

KiwiSaver schemes as at 31 March 2017

### Number of schemes

Assets grouping	Retail	Restricted schemes	Total
Under \$10m	2	1	3
\$10m to under \$100m	2	2	4
\$100m to under \$500m	7	1	8
\$500m to under \$1,000m	4	1	5
\$1,000m to under \$5,000m	8		8
\$5,000m and over	2		2
<b>Total (all groups)</b>	<b>25</b>	<b>5</b>	<b>30</b>

### Total assets (\$ millions)

Assets grouping	Default	Retail	Restricted schemes	Total
Under \$10m		9.32	6.09	15.41
\$10m to under \$100m	201.60	107.96	49.02	357.56
\$100m to under \$500m		1,660.08	206.25	1,866.33
\$500m to under \$1,000m	2,218.90	2,808.04	538.24	5,565.12
\$1,000m to under \$5,000m	2,163.10	17,956.80		20,120.96
\$5,000m and over		12,836.80		12,836.82
<b>Total, all groups</b>	<b>4,583.60</b>	<b>35,379.00</b>	<b>799.6</b>	<b>40,762.20</b>

## Appendix 11B

# Analysis according to nature of scheme and size of scheme assets

KiwiSaver schemes as at 31 March 2017

### Total membership

Assets grouping	Default	Retail	Restricted schemes	Total
Under \$10m		1,049	569	1,618
\$10m to under \$100m	56,295	5,110	1,953	63,358
\$100m to under \$500m		88,795	8,128	96,923
\$500m to under \$1,000m	201,888	92,686	14,585	309,159
\$1,000m to under \$5,000m	188,351	1,096,106		1,284,457
\$5,000m and over		966,632		966,632
<b>Total, all groups</b>	<b>446,534</b>	<b>2,250,378</b>	<b>25,235</b>	<b>2,722,147</b>

#### Notes:

Default schemes are included.

Default schemes statistics are only in respect of members and assets in the default investment fund option.

Retail (active choice) total assets and total membership figures include that portion of the default schemes where members have actively chosen to participate.

The data has been obtained from statistical returns made by the trustees of KiwiSaver schemes "registered" under the KiwiSaver Act 2006 relating to the members and beneficiaries of those schemes.

Some totals may not be exact, due to rounding.





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