

KIWISAVER ANNUAL REPORT

1 JULY 2015 – 30 JUNE 2016



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 2015 to 30 June 2016, and contains a summary of the statistical returns required to be lodged by KiwiSaver schemes as at 31 March 2016.

Our role

We are primarily responsible for the administration, monitoring and enforcement of the KiwiSaver Act 2006, parts of which have been replaced by the Financial Markets Conduct Act 2013. Our role includes:

- monitoring compliance with the disclosure regulations, which now require KiwiSaver providers to produce quarterly and annual disclosure statements
- managing a Default Monitoring Panel, which oversees the nine default schemes in which members are automatically enrolled if they don't choose their own scheme
- monitoring the licensed KiwiSaver trustees, who play an important role as frontline supervisors of the retail schemes (those chosen by members)
- together with Inland Revenue, registering new schemes, winding up schemes, and overseeing mergers
- ensuring resources are available to investors that allow them to make informed decisions about KiwiSaver.

1. Grosvenor rebranded and began trading as Booster from 19 September 2016.

2. Forsyth Barr rebranded and began trading as Summer from 19 September 2016.

Regulated KiwiSaver schemes

ANZ Default KiwiSaver Scheme
Fisher Funds Two KiwiSaver Scheme
Mercer KiwiSaver Scheme
AMP KiwiSaver Scheme
ASB KiwiSaver Scheme
AON KiwiSaver Scheme
SuperLife
Westpac KiwiSaver Scheme
OneAnswer KiwiSaver Scheme
Kiwi Wealth KiwiSaver Scheme
Grosvenor KiwiSaver Scheme¹
Lifestages KiwiSaver Scheme
SuperEasy KiwiSaver
Superannuation Scheme
ANZ KiwiSaver Scheme
Maritime KiwiSaver Scheme
Fisher Funds KiwiSaver Scheme
Medical Assurance Society
KiwiSaver Plan
Tait Communications KiwiSaver Scheme
Douglas Pharmaceuticals
KiwiSaver Scheme
Craigs Investment Partners
kiwiSTART Select Scheme
Koinonia KiwiSaver Scheme
Smartshares KiwiSaver Scheme
Craigs Investment Partners
kiwiSTART Defined Scheme
Forsyth Barr KiwiSaver Scheme²
Milford KiwiSaver Plan
BCF KiwiSaver Scheme
NZ Funds KiwiSaver Scheme
IWInvestor
Generate KiwiSaver Scheme
BNZ KiwiSaver Scheme
Amanah KiwiSaver Plan
Defence Force KiwiSaver Scheme

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Executive summary

In the year to 31 March 2016 (the period covered by the statistics we receive from KiwiSaver providers), gross investment returns for KiwiSaver schemes declined after a boom in capital and other markets in 2015. Investment returns of \$1.3 billion were down from \$3.0 billion in 2015.

Total KiwiSaver assets increased by 18.6%, with increases in all kinds of contributions apart from that of the Crown. Standard member contributions were up over 10% while lump sum contributions surged 43%. Employer contributions increased from \$1.5 billion to \$1.6 billion. Crown contributions declined 21.4% to \$728.3 million after the \$1000 kick-start payment to new members was discontinued in May 2015.

KiwiSaver membership growth continued but at a lower rate than in the past. Nearly 146,000 new members joined a KiwiSaver scheme during the year, down from nearly 246,000¹ in 2015. Total KiwiSaver scheme membership growth fell from 8.3% in 2015 to 4.8% in 2016.

The underlying level of transfers between schemes has remained roughly constant over the last three years after mergers are taken into account. Transfers have remained at around 170,000, which this year for the first time exceeds the number of new members.

One large change apparent in 2016 is huge growth in withdrawal of KiwiSaver funds to buy a first home. Nearly \$500 million was withdrawn for this purpose in 2016, up from \$214 million in 2015. The number of KiwiSavers making use of this facility more than doubled year-on-year, from 14,584 to 31,368. The average withdrawal increased from \$14,658 to \$17,896.

The nine default schemes increased their combined assets to \$4.2 billion from \$4 billion in 2015, however, their share of total KiwiSaver scheme assets continued to fall from 14% to 12.4%. Default schemes' share of membership also fell from 18% to 17% as members continue to switch to other funds within their provider's scheme or transfer to other schemes. Around 30,000 KiwiSavers switched out of default schemes in 2016, taking over \$405 million in assets with them.

The FMA in its co-regulatory role over KiwiSaver continues to focus on the six of its seven strategic priorities that have direct relevance to the integrity and security of KiwiSaver investments. These are: governance and culture, conflicted conduct, capital markets growth, sales and advice, investor decision-making and effective frontline regulators.

We have been addressing those challenges through a series of studies and initiatives, and deeper engagement with both scheme providers and investors. Our three-year Investor Capability Strategy, published in July 2015, aims to build investor understanding, particularly among over 50s and KiwiSaver scheme members. Our range of guides and investor resources has also been expanded and updated.

With the Ministry for Business Innovation and Employment (MBIE) and the Commission for Financial Capability (CFFC) we are revising member statements to include information investors want to see, such as indicative lump sums, retirement income and fees paid.

More broadly, we are increasing our efforts to encourage KiwiSaver investors to understand the relationship between the returns they receive, the fees they pay and their overall investing results. This also involves a focus on clear fee disclosure by KiwiSaver providers.

We are also continuing to monitor the sales and advice practices of KiwiSaver providers, particularly around scheme transfers and incentives, and expect to publish updated guidance later in the year. We have also reviewed efforts of default providers to improve the financial literacy of default KiwiSavers and provide insights from that effort in this report.

1. In the executive summary of last year's KiwiSaver Annual Report this number was quoted as 200,000. That was actually growth in total membership. 246,000 new members joined during the 2015 year.

Key trends

Unless noted otherwise, the following statistics are taken from 2016 annual statistical returns, and refer to the period from 1 April 2015 to 31 March 2016.

Membership

Scheme membership increased from 2.5 million to a shade over

2.6 million
over the year

That 4.8% increase compares with 8.3% membership growth in 2015 and 9.6% the year before. KiwiSaver has achieved high levels of adoption by eligible investors.

This number has been consistently over 170,000 members for the last few years but transfers appear to have passed their peak.

We will continue to report on this, given concerns we expressed in recent KiwiSaver reports about the amount of advice provided, or available, to members when they are asked to transfer to a different provider.

Non-contributing members

Just over

 **1.1 million**
members

were not making contributions to their KiwiSaver funds at the end of March 2016. The proportion of non-contributing members has grown slightly from 42.6% at the end of 2015 to 42.7%.

Non-contributing members are defined as those who have not made a contribution in the previous two months, those who have failed to make contracted payments or those on a contributions holiday.

However, many self-employed members choose to make lump-sum contributions close to the end of their tax year rather than commit to regular contributions during the year.

Earnings

The gross amount earned from the investment of scheme assets fell to

 **\$1.3 billion**

from \$3 billion in 2015 due to market performance and lower interest rates.

Contributions

Crown contributions declined 21.4% from \$927 million in 2015 to \$728 million in 2016.

Employer contributions increased from \$1.5 billion to

\$1.6 billion

while member contributions increased from \$2.8 billion to \$3.2 billion. (Within which lump sum payments increased from \$275 million last year to \$394 million this year. Other voluntary contributions rose from \$137 million to \$149 million.)

Transfers

More than 173,000 scheme members (6.6%) transferred just over

 **\$2 billion**

into other KiwiSaver schemes in the year to the end of March. That was down from the 8.3% who transferred around \$2.5 billion in 2015.

Transfers from other superannuation schemes

More than

 **\$138 million**

was transferred into KiwiSaver schemes from overseas schemes and other registered superannuation schemes in 2016. This was down from \$232 million in 2015. Transfers from Australian schemes increased from \$78 million to \$98 million while transfers from other superannuation schemes fell from \$154 million to \$40 million. \$2.9 million was transferred from KiwiSaver to Australian schemes in 2016, the second full year of Trans-Tasman retirement savings portability, up from \$1.1 million last year.

Types of schemes

The nine default schemes (AMP, ANZ Default, ASB, BNZ, Grosvenor, Kiwi Wealth, Mercer, Fisher Funds TWO and Westpac) have members automatically enrolled if they don't choose their own scheme. Total default members fell by 9,009 following a 7,559 decline in 2015.

The total number of retail schemes (those chosen by members) fell from 27 to 24. However, membership grew from 2.01 million to 2.14 million. Retail scheme assets grew from 23.8 billion to 28.8 billion during the year.

The number of restricted schemes (those open to specific groups of people) declined from 12 to 8 after some decided it was not worth continuing under the Financial Markets Conduct Act regime. However, overall membership grew by 1,305 and assets grew from \$606 million to \$692 million.

Withdrawals

During the year, KiwiSaver scheme members withdrew a total of over

 **\$1 billion**

\$513 million was paid out to retirees compared with \$422 million in 2015.

\$496 million

was withdrawn to buy a first home, up from \$214 million in 2015. New rules introduced on 1 April 2015 allowed first home buyers to withdraw larger sums than before.

Withdrawals for reasons of financial hardship were up to

\$65 million

from \$43 million in 2015. Withdrawals on death, serious illness and permanent emigration also increased during the year.

Exempt employers and complying superannuation funds

The number of exempt employers and complying superannuation funds continued to decline. At the end of June 2016, 255 private sector employers were exempt, down from 274 in 2015. There were 19 complying superannuation funds at the end of June compared with 24 in 2015. As with restricted schemes, some complying schemes have been wound up and some have transferred members after opting not to transition to the Financial Markets Conduct Act regime.

Preferred schemes

A growing number of employers are selecting preferred schemes into which employees will be enrolled unless they stipulate otherwise.

This year

19,475 employers

had notified Inland Revenue of their preferred schemes, up from 18,692 last year.

Membership profile

The percentage of scheme members who are women has increased slightly to nearly 51%. The proportion of members under 17 years of age declined from 14.3% to 13.4%. Members between 18 and 35 increased from 35.7% to 36.2% while members between 36 and 50 also increased slightly. Members aged 51 to 65 were down slightly to 21.8% while those over 65 increased slightly from 3.2% to 3.4%.

Size of schemes

Two KiwiSaver schemes manage more than

 **\$5 billion**

in assets while another eight manage over \$1 billion. Together these schemes represent nearly 87% of members. Seven schemes have less than \$10 million in assets, representing less than one percent of members.

Number of schemes

It has been a year of further consolidation in the market, with the number of retail schemes declining from 27 to 24 and the number of restricted schemes declining from 12 to 8. The number of retail and restricted schemes this year, 32, compares with 39 last year and 43 in 2014. Some of this was driven by providers choosing not to transition to the Financial Markets Conduct Act regime.

Schemes de-registered to 30 June were Foodstuffs (Wellington) KiwiSaver Scheme, Mercer Super Trust KiwiSaver Scheme, Ravensdown KiwiSaver Scheme and Foodstuffs KiwiSaver Scheme.

New regulatory regime

KiwiSaver scheme managers are now treated as managed investment scheme managers and this means shifting to a new regulatory regime established by the Financial Markets Conduct Act 2013 (FMC Act). A two-year transition period ends in December. At the time of writing all scheme managers were either licensed or were in the process of being licensed. Licensing for all managed investment scheme managers in New Zealand has introduced consistent minimum standards for governance and capability.

FMC Act changes also improved and simplified rules for disclosure and reporting. Members can access a product disclosure statement, and regular fund reports from the Disclose register website.

The main changes applicable to KiwiSaver managers and supervisors are contained in part 4 of the Act, which establishes governance rules as well as register and record keeping duties. It also gives supervisors and the FMA the power to intervene if required.

This is a transformation in the relationship between the industry and the regulator and brings New Zealand into line with other comparable countries in the OECD.

Key activities

The following activities relate to the period 1 July 2015 to 30 June 2016.

Investor Capability Strategy

More and more New Zealanders are becoming exposed to financial markets through KiwiSaver, yet relatively few seek professional investment advice. Research shows many also do not have a good understanding of basic investment concepts such as risk versus return, and diversification. To address this, in July 2015 we published a three-year strategy to build investor understanding and confidence. The Investor Capability Strategy 2015 – 2018 helps focus our activity on areas that pose the greatest risk to older investors (50+), and to KiwiSavers.

The release of our over 50s research, a joint project with the Commission for Financial Capability (CFFC) is helping us understand the personal financial beliefs, attitudes and activities of the 50+ demographic.

We have also published an expanded range of investor resources, including updated guides on ways to invest, how to get financial advice and critical investment concepts.

Behavioural insights research

With MBIE and CFFC plus the IRD and Treasury we released our Behavioural Insights white paper in April 2016. This helps identify the feelings and fears that can stop consumers making good investment decisions. Using insights from behavioural economics and psychology, the white paper defines four interventions – the 'EAST' framework – that can assist investors to make good decisions.

'EAST' interventions aim to make investment decisions easy, attractive, social and timely. We and our partner agencies are encouraging financial service providers to use lessons from this work in product design, marketing and disclosure to help their customers make better decisions. For instance, a trial is now underway with Kiwi Wealth to test whether changes to customer letters boosts the number of new default customers making an active fund choice.

Annual statements

We have been working with MBIE and CFFC on revising the requirements for member statements. Research with KiwiSaver members showed that they would like to see additional information on their statements: their fees in dollars, not just a percentage; an indication of what their current balance might grow to as a final lump sum; and of what weekly income that would give them in retirement.

KiwiSaver statements are an ideal opportunity to engage with members. Research we completed during the period shows 79% of members read them, however; only 23% take the opportunity to check whether they are on track to meet their retirement income goals.

Money Week

For Money Week 2015, the FMA focused on KiwiSaver, making extensive use of social media. Alongside the event's organiser, the CFFC, we recorded face-to-face interactions with over 1000 people undertaking a KiwiSaver health check at a two-day street activation in Christchurch.

Social media activity exposed over 40,000 followers of high profile New Zealanders Carly Flynn and Pua Magasiva to Money Week messages, and led to mainstream media coverage.

Media engagement during Money Week generated 88 mentions. Five joint FMA and CFFC videos were also broadcast via the New Zealand Herald website.

Sales and advice reviews

In November 2015 we published a sales and advice report which included our analysis of sales and transfer practices. While our review did not find any systemic issues, we were concerned customers were not always receiving the support they required or desired. We found a high level of transfers between schemes and noted most providers didn't record the type of service provided in transfer situations. The report also set out our expectations for KiwiSaver sales and advice.

Since then, we have had feedback that our current KiwiSaver sales and advice guidance can get in the way of members getting the help they need to make good decisions about KiwiSaver. We are currently reviewing our guidance, including our position on the use of incentives and expect to publish revised guidance before December. Changes to Code Standard 8 during the year mean our guidance on limited personalised advice is now out of date and will be removed.

We are also working with CFFC to develop a flyer for putting into the packs IRD sends to new default KiwiSaver members. The flyer aims to make clear the decisions new members need to make and to highlight tools available from government agencies which make the necessary decisions easier.

Guidance and disclosure

We published guidance on how to calculate risk indicators, when a product disclosure statement must be updated after a risk indicator changes, and on ensuring fund names are not misleading. This is applicable to KiwiSaver funds. We also published various guidance notes on fee disclosure by managed funds and how performance fees should be disclosed.

Ongoing activities

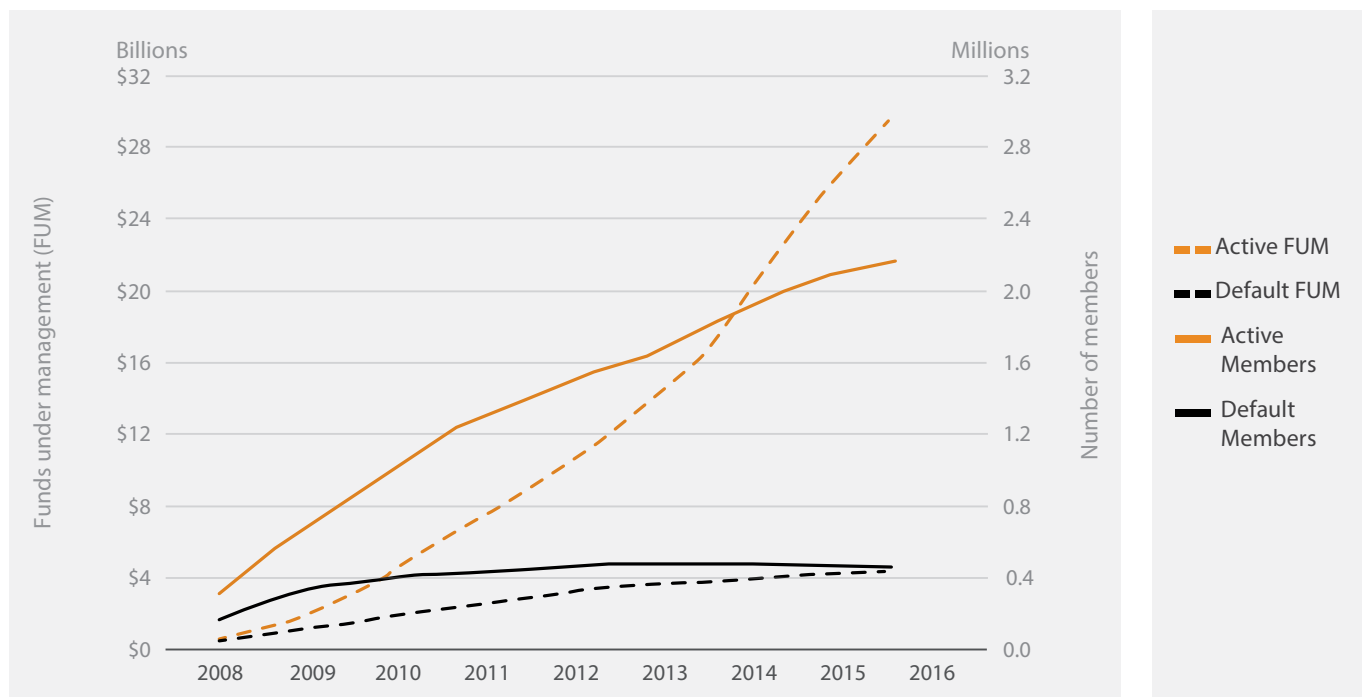
- Working closely with Inland Revenue (IRD) before registering any new schemes. There has been one new scheme registered during the year. We also work with IRD to ensure any scheme wind-ups are managed effectively and to follow-up any member complaints received by their KiwiSaver call centre.
- Continuing to manage the Default Monitoring Panel, which supervises the nine default schemes.
- Monitoring and updating registers of exempt employers, and complying superannuation funds as their status expires. The registers can be found on our website. From 1 December 2016 the complying superannuation funds register will cease to be a stand-alone register and the information about complying superannuation funds will be available from the Disclose Register.



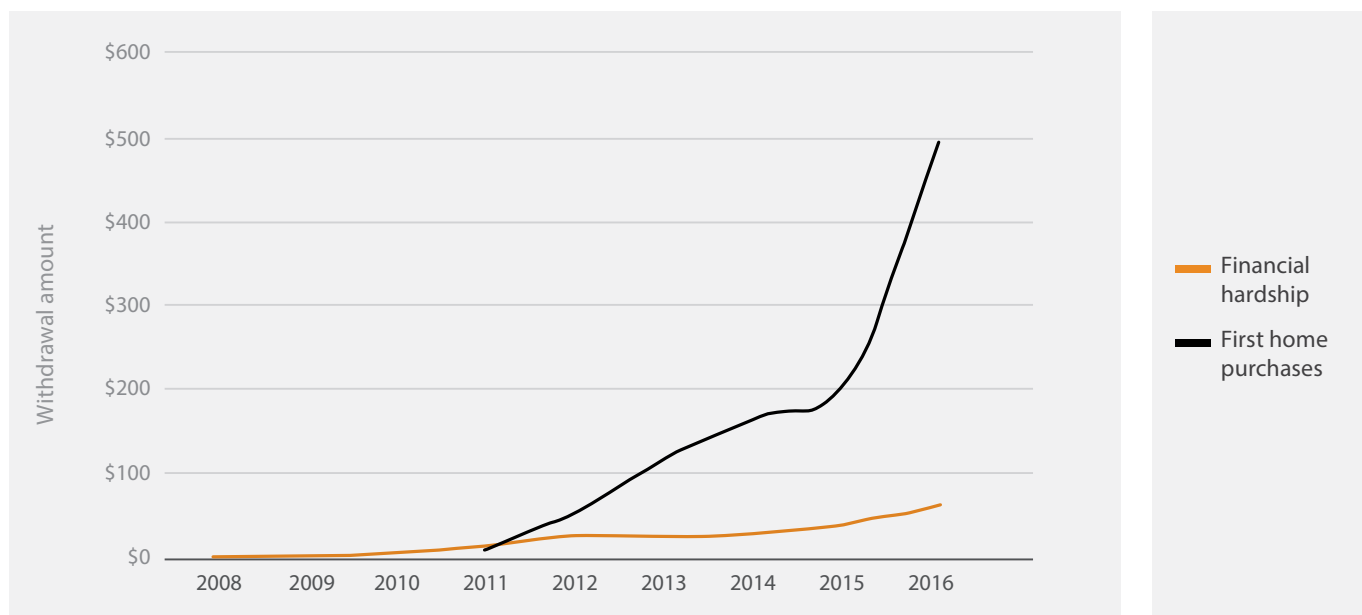
KiwiSaver 2008 – 2015

We have prepared a series of interactive time-series charts that will be published online in association with this report. The charts below are derived from that data-set.

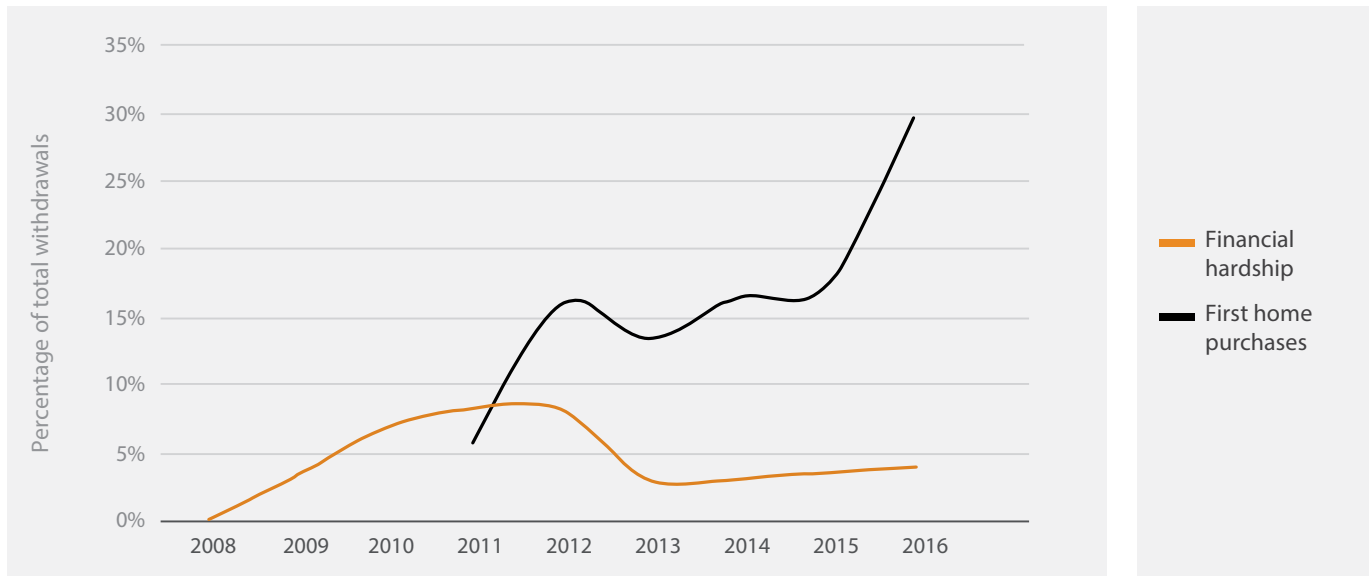
Growth in AUM and members over time



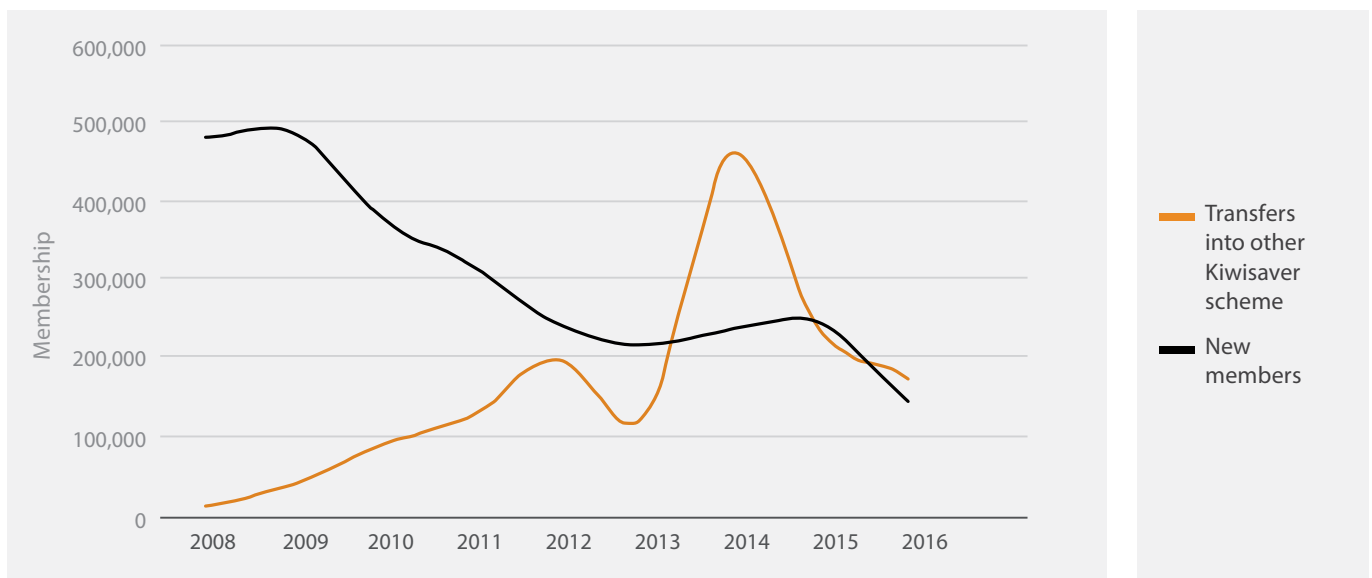
Withdrawals for first home over time and withdrawals for hardship over time



Withdrawals for financial hardship and first home purchases



Growth in new members vs. growth in transfers over time (the 2014 transfer figures are inflated by the merger of AMP and AXA. Excluding the merger, the number was 170,000).



Focus area: helping default members to make good decisions

If a KiwiSaver provider has default status, the Inland Revenue Department (IRD) regularly allocates new KiwiSaver members to the provider's default fund. Each default provider must address the financial literacy of its members, particularly its default members.

This recognises default members, being new to KiwiSaver, typically having lower levels of knowledge and interest about KiwiSaver. The financial literacy obligation requires default providers to report to us each quarter on:

- their communications to default members designed to encourage them to choose an investment within their provider's scheme (which may or may not mean switching to another investment product)

- the number of default members who actually make such a choice.

We regard active choices as important as they are a good indication that the provider's financial literacy effort has resulted in a member making a meaningful, informed choice in their own interest.

This is the first year we have received a full year of financial literacy reporting for the default providers². Sharing the results enables us to review and compare the effort invested and results gained of various approaches to meeting the financial literacy obligation. We intend to share examples of practices that demonstrably change member behaviour (and one is below).

We also intend to provide feedback directly to providers on how they might improve their practices.

There is no target providers must meet for helping their default members to make an active choice. But we expect to see providers improve on this first set of results, set out below, which we regard as a baseline. We will continue to refine our reporting on this important obligation.

The table records 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. Some providers are currently unable to report both, and so have reported only those members who have made an active choice to switch out of the default fund.

Members in default funds making active choices

Scheme Name	Total default members ³	% making active fund choice in reporting period as result of financial literacy efforts ⁴	Expressed as number of members
Grosvenor	10,229	22%	2205
AMP	133,526	8%	11007
ANZ Default	79,437	6%	4868
Mercer	91,802	5%	5033
Fisher TWO	73,703	4%	2781
Kiwi Wealth	11,954	4%	478
BNZ	12,548	3%	355
Westpac	11,891	4%	440
ASB	94,870	1%	1441

2. This is because the financial literacy, and associated reporting, requirements were inserted into the revised conditions for being a default provider, which came into effect on July 2014.

3. Being the sum of contributing default members at the start of the reporting period, plus all new default members gained during the year, plus all non-contributing default members at the start of the reporting period.

4. Rounded to nearest %.

As such, some providers' success rates may be understated in the table (by 1-2%). We will be encouraging providers to do what is necessary to report both types of switches for future reports. We will also ask them how they satisfy themselves that a decision to stay in the default fund is *genuinely active*.

We also acknowledge providers' feedback that there are barriers to their assisting default members to make an active choice. For example, lack of up-to-date contact details received in the package of information they get about new default members.

There is also conflicting feedback from providers about whether newer, or more established, members are more receptive to conversations about their fund choices. This is of interest because providers with a larger member base typically have more established members. We will ask providers to give us more information on this for the next KiwiSaver Report. Some providers said that our own guidance on KiwiSaver sales and advice invites a conservative interpretation of how they should engage with their members – particularly on changing funds – and they prefer to focus on written, information-only advice which does not tend to change behaviour.

We are currently reviewing the guidance to ensure it assists with people getting the help they need to make a good KiwiSaver decision.

We note, however, that the overall amount of transferring between KiwiSaver schemes suggests that the barriers to contacting members and convincing them to choose another provider are not insurmountable.

Other data from the default providers' reporting shows:

- the number of other providers' members – presumably including default members from other providers – that default providers are convincing to transfer to them (column 1); and
- the number of each default providers' default members that other providers – presumably including other default providers – are convincing to transfer away from them (column 2).

Scheme Name	Members from other providers' schemes transferring to the named scheme ("transferring in")⁵	Default members from the named scheme transferring to other providers' schemes ("transferring out")
Grosvenor	4488	2988
AMP	13158	21498
ANZ	35711	10139 (from ANZ Default)
Fisher	9021	8770 (from Fisher TWO)
Kiwi Wealth	16766	1554
Mercer	11703	12670
Westpac	19771	1328
ASB	27000	8739
BNZ	14206	1644

5. This figure deliberately excludes members changing into the provider's default fund. Changing into one (or more) of the provider's other funds – e.g. a balanced fund – is more consistent with having made an 'active choice' (albeit not one prompted by a 'financial literacy' discussion). Additionally, the number of members changing into another provider's default fund is small.

What helps default members to make active choices?

We intend to use case studies of 'what works' in helping default members to make good active choices, if providers have good examples they are happy for us to use. The first such example is below. Overall, however, about half the default providers say they follow up their 'welcome pack' documents with a call, to help their default members to make an active choice. Some members ask for a referral to an authorised financial adviser. Most, however, make a decision on class advice (based on class characteristics such as age, risk profile and gender).

Grosvenor's approach (22% 'success rate')

- Data cleansing and checking to enable call centre staff to reach the member
- Make at least three follow-up calls if the first one is unsuccessful (a Samoan-speaking staff member can call Samoan members)
- Find out how much the member knows about KiwiSaver
- Tailoring conversations rather than trying to explain everything about KiwiSaver in one call. For example initially engaging younger default members by talking about the first home withdrawal facility.
- Taking members through a risk profile questionnaire to help them identify the best fund for them, then arranging the fund switch while the member is still on the phone (with confirmations sent out after).



Facts at a glance¹

These statistics are taken from the 2016 annual statistical returns and refer to the period from 1 April to 31 March.

	2015 ²	2016	Change ³
Number of schemes	39	32	7 ↓
Membership			
Contributing members	1.4 million	1.5 million	4.5% ↑
Non-contributing members	1.1 million	1.1 million	5.1% —
Total members	2.5 million	2.6 million	4.8% ↑
Assets invested	\$28.5 billion	\$33.8 billion	18.6% ↑
Investment returns	\$3.0 billion	\$1.3 billion	-56.9% ↓
Member contributions			
Standard contributions	\$2.4 billion	\$2.6 billion	10.1% ↑
Lump sum contributions	\$275.4 million	\$393.8 million	43.0% ↑
Other voluntary contributions	\$137.4 million	\$148.7 million	8.2% ↑
Employer contributions	\$1.5 billion	\$1.6 billion	9.6% ↑
Crown contributions	\$926.8 million	\$728.3 million	-21.4% ↓
Withdrawals			
Significant financial hardship	\$42.9 million	65.2 million	52.0% ↑
First-home purchase	\$213.8 million	\$495.6 million	131.8% ↑
Aged 65 and over	\$421.9 million	\$513.1 million	21.6% ↑
Default schemes			
Total membership	18.2%	17.1%	-2.0% ↓
Total assets	14.3%	12.5%	3.5% ↓
Retail schemes			
Total membership	80.8%	82.0%	6.3% ↑
Total assets	83.6%	85.5%	21.2% ↑
Restricted schemes			
Total membership	1.0%	1.0%	5.3% ⁴
Total assets	2.1%	2.0%	14.1% ⁵

1. Some positions stated as at 31 March 2016 (e.g. assets invested), others are flows to 31 March 2016 (e.g. returns).

2. Some totals may not add exactly due to rounding.

3. These figures are based on actual, non-rounded totals.

4. While the market share of restricted schemes stayed flat, membership grew by 5.3%.

5. While the asset share of restricted schemes declined, total assets rose 14.1%.

APPENDICES

Appendix 1

Income and expenditure summary

KiwiSaver schemes in force as at 31 March 2016

	Default	Active	Total
Opening balance of scheme assets at start of annual return year	4,066,684,441	24,407,862,665	28,474,547,106
Categories of income for annual return year			
Member contributions at section 64 contribution rate	437,312,527	2,186,359,757	2,623,672,284
Employer contributions	280,309,431	1,326,431,422	1,606,740,853
Crown contributions (section 226) and fee subsidies	134,095,021	594,230,553	728,325,573
Transfers of members' accumulations into scheme from other KiwiSaver schemes	7,679,291	2,006,656,369	2,014,335,660
Transfers of members' accumulations into scheme from registered superannuation schemes	1,642,186	38,701,775	40,343,961
Transfers of members' accumulations into scheme from Australian superannuation schemes	5,962,349	92,036,386	97,998,735
Lump sum contributions	9,973,835	383,828,013	393,801,848
Other voluntary contributions over section 64 contribution rate	4,503,865	144,153,420	148,657,285
Income from investment of scheme assets	175,341,282	1,125,495,699	1,300,836,980
Other income	4,799,297	40,474,257	45,273,555
Total income from annual return year	1,061,619,084	7,938,367,650	8,999,986,734
Categories of expenditure for annual return year			
First home purchase withdrawals	50,019,727	445,552,685	495,572,412
Mortgage diversion withdrawals	6,017	203,985	210,002
KiwiSaver end payment date withdrawals	45,395,362	467,729,641	513,125,003
Withdrawals on death	3,634,444	32,772,327	36,406,770
Serious illness withdrawals	3,370,389	21,863,261	25,233,650
Withdrawals or transfers on permanent emigration	3,353,076	15,697,781	19,050,857
Significant financial hardship withdrawals	6,667,831	58,578,856	65,246,687
Transfer of members' accumulations out of scheme into other KiwiSaver schemes	735,360,301	1,290,073,739	2,025,434,041
Transfer of members' accumulations out of scheme into Australian superannuation schemes	333,435	2,593,208	2,926,643
Amounts required to be paid under other enactments	83,814	3,929,603	4,013,418
Invalid enrolments	3,916,408	2,987,398	6,903,806
Administration fees	11,918,940	65,918,013	77,836,953
Investment management fees	17,479,013	201,991,625	219,470,638
Trustee fees	448,168	5,050,113	5,498,281
Taxation	37,009,487	139,251,760	176,261,247
Other scheme expenses	484,303	22,623,206	23,107,509
Total expenditure for annual return year	919,480,715	2,776,817,202	3,696,297,917
Closing balance of scheme assets at end of annual return year	4,208,822,809	29,569,413,113	33,778,235,923

Note:

- The statistical returns are unaudited and may not include all transactions.
- Some providers currently have an inability to differentiate between types of transfers; therefore there are discrepancies in transfers to and transfers 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 31,368 members withdrew for the purposes of first home purchase (77,517 members since inception).

- In the current year 11,722 members withdrew funds due to significant hardship (53,702 members since inception).

Appendix 2

Membership summary

KiwiSaver schemes in force as at 31 March 2016

	Members Default	Active	Total
Number of contributing members at start of annual return year	241,802	1,187,572	1,429,374
Categories of entries of members for annual return year			
New members (other than transfers from other schemes)	65,611	80,245	145,856
Members restarting contributions at end of section 104 contribution holidays	6,040	9,229	15,269
Members restarting contributions after stopping contributions for any other reason	41,969	138,295	180,264
Members transferring into scheme from other KiwiSaver schemes	446	174,801	175,247
Members transferring into scheme from Australian superannuation schemes	106	1,980	2,086
Members transferring into scheme from registered superannuation schemes	31	486	517
Total member entries for annual return year	114,203	405,036	519,239
Categories of membership exits for annual return year			
KiwiSaver end payment date exits	2,086	18,193	20,279
Deaths	419	2,387	2,806
Permanent emigration exits	368	1,124	1,492
Transfers out of scheme into other KiwiSaver schemes	69,330	103,942	173,272
Transfers out of scheme into Australian superannuation schemes	28	99	127
Other permanent exits	501	2,080	2,581
Invalid enrolments	2,471	1,289	3,760
Members starting section 104 contribution holidays	7,099	29,498	36,597
Member stopping contributions for other reasons	33,183	180,285	213,468
Total temporary and permanent exits for annual return year	115,485	338,897	454,382
Number of contributing members at end of annual return year	240,520	1,253,711	1,494,231

	Members Default	Active	Total
Non-contributing members on section 104 contribution holidays			
Number of members on section 104 contribution holidays at start of annual return year	29,357	63,965	93,322
Members starting section 104 contribution holidays	7,099	29,498	36,597
Members ending section 104 contribution holidays and restarting contributions	6,040	9,215	15,255
Members ending section 104 contribution holidays but not restarting contributions for any reason	2,443	6,436	8,879
Number of members on section 104 contribution holidays at end of annual return year	27,973	77,812	105,785
Other non-contributing members (not on section 104 contribution holidays)			
Number of other non-contributing members (not on section 104 contribution holidays) at start of annual return year	182,636	783,662	966,298
Members stopping contributions without section 104 contribution holidays	35,626	186,718	222,344
Members restarting contributions after having stopped contributions without section 104 contribution holidays	41,969	138,306	180,275
Number of other non-contributing members (not on section 104 contribution holidays) at end of annual return year	176,293	832,074	1,008,367
Total number of members at end of annual return year	444,786	2,163,597	2,608,383

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 in force as at 31 March 2016

Age at end of annual return year	Default members			Total default members
	Female	Male	Unknown gender	
17 and under	3,609	3,397	281	7,287
18-25	34,998	40,227	2,041	77,266
26-30	30,678	33,134	704	64,516
31-35	26,640	28,191	647	55,478
36-40	23,059	23,242	519	46,820
41-45	24,138	23,056	488	47,682
46-50	22,671	20,689	460	43,820
51-55	20,533	18,265	361	39,159
56-60	16,192	14,492	261	30,945
61-65	10,807	10,202	157	21,166
66-70	4,150	4,189	15	8,354
71-75	607	660	6	1,273
Unknown age	453	543	24	1,020
Totals	218,535	220,287	5,964	444,786

Age at end of annual return year	Active members			Total active members
	Female	Male	Unknown gender	
17 and under	166,039	174,548	1,229	341,816
18-25	166,576	171,180	582	338,338
26-30	110,309	111,094	280	221,683
31-35	95,041	91,249	361	186,651
36-40	86,640	79,324	308	166,272
41-45	94,213	82,326	344	176,883
46-50	95,073	81,684	289	177,046
51-55	96,000	82,468	267	178,735
56-60	86,656	73,736	220	160,612
61-65	73,516	64,257	193	137,966
66-70	33,310	30,985	113	64,408
71-75	6,522	6,216	61	12,799
Unknown age	83	152	153	388
Totals	1,109,978	1,049,219	4,400	2,163,597

Age at end of annual return year				Total members
	Female	Male	Unknown gender	Total default members
17 and under	169,648	177,945	1,510	349,103
18-25	201,574	211,407	2,623	415,604
26-30	140,987	144,228	984	286,199
31-35	121,681	119,440	1,008	242,129
36-40	109,699	102,566	827	213,092
41-45	118,351	105,382	832	224,565
46-50	117,744	102,373	749	220,866
51-55	116,533	100,733	628	217,894
56-60	102,848	88,228	481	191,557
61-65	84,323	74,459	350	159,132
66-70	37,460	35,174	128	72,762
71-75	7,129	6,876	67	14,072
Unknown age	536	695	177	1,408
Totals	1,328,513	1,269,506	10,364	2,608,383

Appendix 4

Profile of new default and other members

KiwiSaver schemes in force as at 31 March 2016

	Number of members	Scheme assets held for those members (\$)
Default members allocated to scheme by Commissioner under section 51 in annual return year	65,900	109,242,862.43
Other new members entering scheme in annual return year (including transfers from other schemes and active choice members)	123,978	958,476,422.13

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 in force as at 31 March 2016

	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	182,636	886,727,034	783,662	3,800,114,436
Number of non-contributing members (not on section 104 contribution holidays) at end of annual return year	176,293	926,915,170	832,074	4,734,051,847

Note:

Non-contributing member

- 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 in force as at 31 March 2016

Investment funds	Number of members in each investment fund	Amount in each investment fund (\$000)
Default	444,423	4,208,822,809
Totals	444,423	4,208,822,809
Active default	267,181	2,970,068,121
Conservative	625,780	6,243,136,496
Balanced	568,689	8,393,002,115
Growth	900,467	9,670,868,262
Single sector funds		
Cash	639,028	1,308,960,984
Shares	70,488	431,200,625
Fixed interest	27,519	153,567,342
Property	6,298	40,486,170
Socially responsible	8,795	68,761,482
Other	27,099	289,361,518
Totals	3,141,344	29,569,413,114

Note:

- 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

KiwiSaver schemes in force as at 31 March 2016

Switches in annual return year	Number of members out of default investment product	Number of members into others	Amount (\$) out of default investment product	Amount (\$) into others
Switches out of default investment product under instrument of appointment	28,608		405,041,595	
Switches into other investment funds				
Conservative		11,347		184,172,450
Balanced		9,571		124,764,426
Growth		9,030		83,707,618
Single sector funds				
Cash		912		9,211,306
Shares		782		2,792,953
Fixed Interest		20		10,273
Property		0		0
Socially Responsible		180		405,595
Other		9		5,853
Total of switches into other investment funds	28,608	31,851	405,041,595	405,070,474

Note:

- 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.
- "Other" refers, in the main, to life stages products.

Appendix 7B

Switches between investment funds

KiwiSaver schemes in force as at 31 March 2016

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	3,874	58,766,538	10,381	116,884,022	-58,117,484
Conservative	19,051	336,436,907	19,503	262,779,688	73,657,219
Balanced	28,073	448,987,313	28,312	453,764,456	-4,777,143
Growth	32,177	362,099,125	31,129	481,112,980	-119,013,855
Single sector funds					0
<i>Cash</i>	11,005	184,779,630	6,415	74,601,440	110,178,190
<i>Shares</i>	4,068	24,933,124	4,755	32,494,289	-7,561,165
<i>Fixed Interest</i>	1,144	9,793,722	1,236	7,274,479	2,519,243
<i>Property</i>	588	3,652,974	610	3,753,992	-101,018
<i>Socially Responsible</i>	357	3,938,088	211	1,511,072	2,427,016
<i>Other</i>	424	4,480,071	269	3,700,590	779,480
Total of switches between funds	100,761	1,437,867,491	102,821	1,437,877,010	-9,518

Note:

– “Other” refers, in the main, to life stages products.

Appendix 8

Profile of switches between investment funds

KiwiSaver schemes in force as at 31 March 2016

How many switches between investment funds made in annual return year

Number of members who made those switches

	Default	Active
1 switch	28,303	71,030
2 switches		6,310
3 switches		1,413
4 switches		501
5 switches or more		505

Appendix 9

Analysis according to size of scheme assets

KiwiSaver schemes in force as at 31 March 2016

Assets grouping	Number of schemes	Total assets \$M	Total membership
Under \$10m	7	30.82	2,059
\$10m to under \$100m	4	197.64	10,476
\$100m to under \$500m	7	1,661.36	87,320
\$500m to under \$1,000m	4	2,856.19	229,560
\$1,000m to under \$5,000m	8	17,563.65	1,269,229
\$5,000m and over	2	11,468.58	1,009,739
Total	32	33,778.24	2,608,383

Notes:

- The data have been obtained from statistical returns made by the trustees of KiwiSaver schemes “registered” under the KiwiSaver Act 2006.
- Some totals may not add exactly, due to rounding.

Appendix 10

Analysis by nature of scheme

KiwiSaver schemes in force as at 31 March 2016

Nature of scheme	Number of schemes	Total assets \$M	Total membership
Default schemes	9	4,209	444,786
Retail (active choice)	24	28,848	2,137,752
Restricted schemes	8	692	25,845
Total	32	33,748	2,608,383

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 add exactly, due to rounding.

Appendix 11A

Analysis by size of scheme assets

KiwiSaver schemes in force as at 31 March 2016

NUMBER OF SCHEMES

Assets grouping	Retail (see note 1)	Restricted schemes	Total
Under \$10m	3	4	7
\$10m to under \$100m	2	2	4
\$100m to under \$500m	5	2	7
\$500m to under \$1,000m	4		4
\$1,000m to under \$5,000m	8		8
\$5,000m and over	2		2
Total, all groups	24	8	32

TOTAL ASSETS (\$ millions)

Assets grouping	Default	Retail	Restricted schemes	Total
Under \$10m		8.47	22.35	30.82
\$10m to under \$100m	110.51	148.32	49.31	308.15
\$100m to under \$500m		1,041.37	619.97	1,661.34
\$500m to under \$1,000m	3,090.37	4,829.36		7,919.73
\$1,000m to under \$5,000m	1,007.94	17,312.06		18,320.00
\$5,000m and over		5,538.18		5,538.18
Total, all groups	4,208.82	28,877.75	691.63	33,778.21

Appendix 11B**Analysis by size of scheme assets**

KiwiSaver schemes in force as at 31 March 2016

TOTAL MEMBERSHIP

Assets grouping	Default	Retail	Restricted schemes	Total
Under \$10m		998	1,061	2,059
\$10m to under \$100m	38,117	7,783	2,693	48,593
\$100m to under \$500m		65,229	22,091	87,320
\$500m to under \$1,000m	296,107	301,329		597,436
\$1,000m to under \$5,000m	110,562	1,221,653		1,332,215
\$5,000m and over		540,760		540,760
Total, all groups	444,786	2,137,752	25,845	2,608,383

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 add exactly, due to rounding.



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