Private Pensions in New Zealand: Can they Avert the 'Crisis'?

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Abstract:
The past five years have been a turbulent time for superannuation policy in New Zealand. This is nothing new. In the post-war period, there have been a number of dramatic changes as outlined in the earlier book by the authors, Superannuation in New Zealand, Averting the Crisis. What seems to be different in the early nineties is a sense of urgency, a need to end the policy instability and create certainty in the face of the impending demographic pressures. In many ways, New Zealand is very unusual with a tax neutral savings regime for private pensions and a non-contributory flat-rate state pension. As in other countries, there has been a strong move to encourage a shift away from state provision to take the 'burden' off workers of the future. The economic thinking behind this suggestion needs careful review. rather than assuming a shift will solve the problem, this book sets out a broader context in which all forms of public and private mixes can be evaluated against society's chosen income distribution objectives. This book was written during the period in which the government-appointed Task Force on Private Provision for Retirement was deliberating on how best to encourage greater self-reliance of retired people. The aim of this book is to contribute to the debate on the recommendations of the Task Force and to provide an historical and international context for that debate.
Structure of the presentation. The ‘new pension orthodoxy’. Averting the Old-Age Crisis. Criticism and reassessment. Pension privatization in Central and East Europe. Change the statistical treatment of private pension funds; deduct fully the costs of implementing systemic pension reforms from the budget deficit in the context of the EDP; refusal of interim relief (deviations from accounting rules must be limited, comparability with similar measures, statistical certainty); new draft rules allowing for flexibility for virtuous countries.