

KiwiSaver

The Financial Planners and Insurance Advisers Association (FPIA) make the following submission.

We appreciate that submissions may be the subject of a request under the Official Information Act. There is no part of our submission that needs to be withheld under the Act.

FPIA wishes to appear before the Committee. Our contact person is Ross Butler, Chief Executive Officer, on (04) 4998062.

Background

The Financial Planners and Insurance Advisers Association is New Zealand's largest professional body for Financial Intermediaries, representing over 1400 financial advisers nationwide.

The Association's primary focus is to improve and enhance the professional status of financial planners and insurance advisers, and to advance the interests of members and their clients.

The FPIA aims to:

- Raise advisory standards in ethics and professional conduct.
- Provide education standards designed to inspire greater confidence and trust between advisers and the public.
- Identify and serve the needs and interests of members.

Our members advise their clients on a range of financial matters, including superannuation and saving for retirement.

Submission

1. FPIA encourages any initiative that encourages people to manage financial risks and to save / invest for their future. We see a soundly-based KiwiSaver supporting these objectives.
2. FPIA supports and encourages any communication and education initiatives that help improve the financial literacy of New Zealanders, thereby giving them the confidence to manage their risks and invest for their futures. We regard communication initiatives to explain the role of workplace savings schemes as supporting these objectives.
3. FPIA supports and encourages any initiatives that help consumers:
 - Understand the role of financial advisers
 - Have confidence in Financial Advisers
 - Increase their usage of Financial Advisers

FPIA regards the implementation of KiwiSaver, and its ongoing operation as helping to achieve these objectives. In particular, in the short term during the implementation of KiwiSaver, we see Financial Advisers having these important roles:

- Assisting employers with the establishment of their schemes, with their permitted choices, and with their existing superannuation schemes.
- Providing education and communication into the workplace.
- Providing advice and service on related workplace insurance products – group life, disability and health.
- Assisting individuals to recognise the place of KiwiSaver and workplace savings schemes in their overall financial plans.

4. FPIA believes that KiwiSaver and workplace savings schemes need to be based on a sound taxation system, that while fairly and equitably taxing revenue and gains, recognises the need for diversification, so that investors and savers can be encouraged to confidently and appropriately manage investment risks and gain access to a wide variety of sound investments.

FPIA believes that there are fundamental flaws in the latest proposals to tax investment income and gain. While we are generally happy with the proposals as they relate to NZ investments, we have grave concerns with some of the proposals as they relate to other investments. We will be making submissions to the Select Committee when the opportunity arises.

FPIA therefore believes it would be inappropriate for KiwiSaver to be introduced while these fundamental flaws exist.

For further comment, please contact:

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