Turning the Tide – strengthening our retirement future

Could Gen Alpha and Gen Z lead the way to New Zealand strengthening our retirement savings and reducing our reliance on NZ Super?

ANZ Investments' data shows younger generations are reshaping New Zealand's retirement future but there are challenges, such as the gender savings gap and a lack of contributions by around 40 per cent of KiwiSaver members.

In 'Turning the Tide' we fast-forward to a future state shaped by younger generations with a commitment to KiwiSaver and look at how the right reforms could supercharge this.

Investor Insights – August 2025 - Young Kiwis Driving KiwiSaver Momentum

Gen Alpha and Gen Z are contributing to KiwiSaver at encouraging rates, despite limited incentives, signalling a shift toward stronger long-term savings.

- 27% of 16–17-year-olds contributed in June–July, even without government or employer matches.
- A 15-year-old starting work at 21 could save $1.16M by age 65, or $689,000 if they withdraw funds at 35 to buy a home.

Generational Contribution Trends

- Gen Z: 53% contributed in June and July, despite high youth unemployment.
- Millennials: ~60% contributed.
- Gen X: 72% of women and 68% of men contributed.
- Baby Boomers: ~60% contributed; 33% of pre-1946 members still contribute.

Regional Engagement

- South Island regions lead in KiwiSaver contributions.
- Marlborough, Otago, Southland, Canterbury: Over 70% engagement.
- Auckland, Northland: Just over 60% engagement.

Gender Savings Gap

- Men contribute more than women across all age groups except Gen Alpha.
- The gap grows with age, reflecting broader income disparities:
  Average balance: Men $38,206, women $32,133.
  At age 64, the gap reaches $17,000.

Fund Selection Patterns

- Men dominate High Growth Fund (61% male).
- Women prefer conservative funds.
- Younger members increasingly choose growth-oriented funds:
  Gen Alpha: 64% in Growth Fund.
  Gen Z: 41% in Growth Fund.
  Millennials: 35% in Growth Fund.

Digital Tools Boost Confidence

- ANZ's Fund Chooser Tool:
  Delivers ~4,000 monthly recommendations.
  Guides nearly half of all fund switches.

Market Volatility Response

- Despite April's global market dip, member reactions were muted. ANZ credits proactive communication, education and greater confidence for helping investors stay focused on long-term goals.

"You can see the long-term impact of KiwiSaver in the growing savings base of future generations," says Fiona Mackenzie, ANZ Investments' Managing Director. "It's a positive story for our nation and our future prosperity.

"With the right reform and a bipartisan approach, we can supercharge this momentum. A clear glidepath to increased contributions - lifting to 6 per cent by 2040 - and a decision on whether to lift the retirement age would be a strong foundation."

Contributions by age group:

Customer data shows 27 per cent of our KiwiSaver members aged 16 and 17 contributed to their accounts in June and July; even without the benefit of a matching government contribution, nor any requirement for employers to offer a matching contribution.

Looking ahead, a 15-year-old in a growth fund (who starts fulltime work at 21) could save $1.16 million (in today's dollars) by the age of 65. Adjusted for annual inflation of 2 per cent that sum would be around $430,000.

If they were to buy a house at age 35, they could still save $689,000 by age 65 (or $256,000 inflation adjusted).

A 15-year-old in a balanced fund could save around $922,000 (in today's dollars), or $342,000 when adjusted for inflation. If they buy a house at 35, they could still save $594,000 by 65 ($221,000 inflation adjusted).

16 and 17-year-olds will be eligible for matching government and employer contributions from April 2026. Default employee and employer contribution rates will rise from the current 3 per cent to 4 per cent by April 2028.

"We welcome those changes," Fiona Mackenzie says. "Contributing to a KiwiSaver account from a young age helps create a virtuous cycle. Early gains can build confidence, encouraging more parents to sign their kids up for KiwiSaver, and helping instil lifelong saving and investing habits."

Looking more broadly at Gen Z members (born 1997 – 2012), 53 per cent of male and female members contributed to their accounts in June and July.

That compares to around 60 per cent of Millennials (born 1981 – 1996).

72 per cent of women in the Gen X (1965 – 1980) age group and 68 per cent of men contributed to their accounts in the same period.

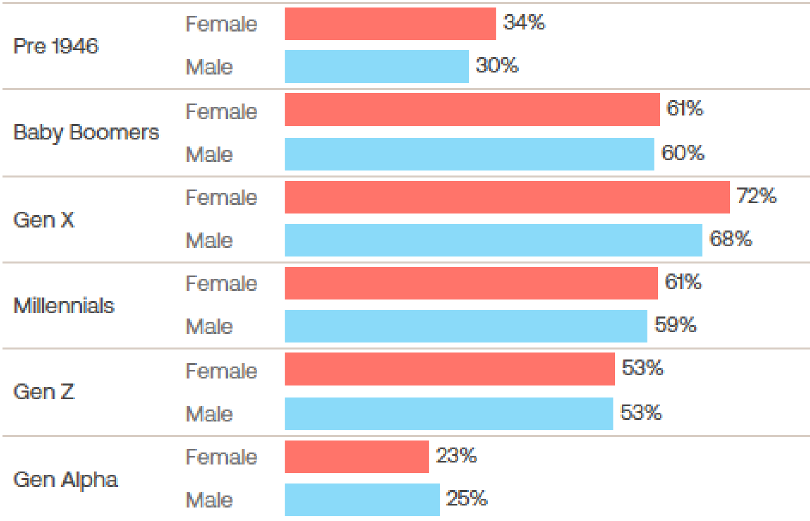
Around 60 per cent of Baby Boomers (1946 – 1964) are contributing.

Members in the pre-1946 cohort have passed the official age of retirement and won't be eligible for a matching Government contribution. Despite that, around a third are continuing to contribute to their KiwiSaver accounts.

Looking at our youngest members, 23 per cent of female Gen Alpha members are contributing and 25 per cent of males.

"We're seeing a generational shift that could dramatically grow New Zealand's retirement savings over time," says Fiona Mackenzie. "As younger Kiwis start contributing earlier and stay invested longer, we're building a stronger economic foundation, one that gives future generations more financial choices and moves us closer to the outcomes we see in Australia."

Members contributing over previous two months:



Contributions by region:

Contribution rates vary across New Zealand, with the South Island leading in contributions.

Regions like Marlborough, Otago, Southland, and Canterbury have the highest proportion of contributing members, with over 70 per cent of eligible individuals actively saving.

In contrast, Auckland and Northland show lower engagement, with just over 60 per cent making regular contributions.

“This regional disparity highlights differences in economic conditions, financial awareness, and local employment trends,” says Fiona Mackenzie. “It reflects New Zealand’s two-speed economy where some regions are doing better and actively contributing to KiwiSaver, while others lag behind.

“Understanding these variations is crucial. It allows policymakers and providers to tailor strategies that boost participation in lower-contributing areas, helping ensure all New Zealanders have the opportunity to build long-term financial security.

“If left unaddressed, these disparities could compound over time, leading to uneven retirement outcomes across the country.”

The contribution rates also illustrate that around 40 per cent of KiwiSaver members are not regularly contributing.

Contributions:

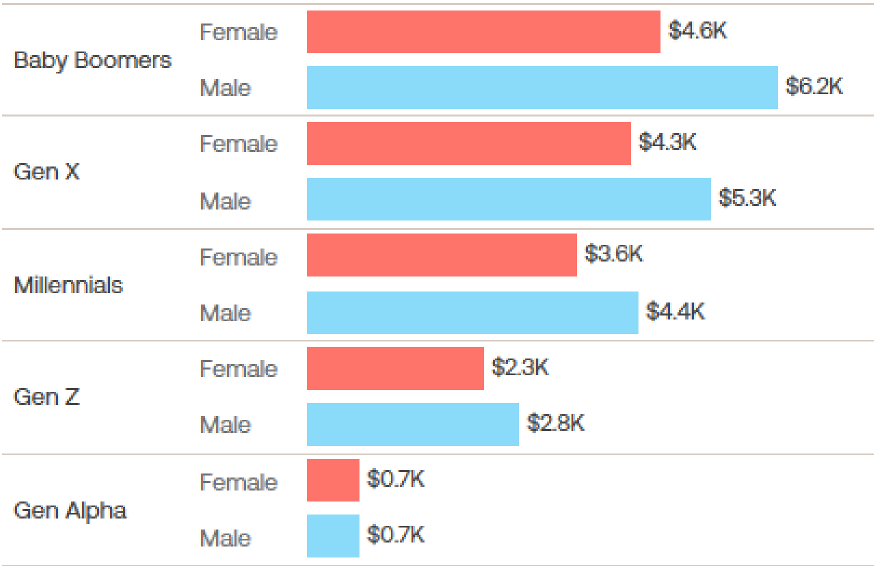
When contributions are measured by dollar value the gender savings gap becomes apparent – and it favours men.

Men track ahead of women for contributions by dollar value (including employee, employer and voluntary contributions) across all age ranges except Gen Alpha (those born from 2013 onwards).

Contribution amounts rise as people get older, but the gap between men and women rises too.

This reflects the gender pay gap.

Average annual contributions by dollar value:



Member balances:

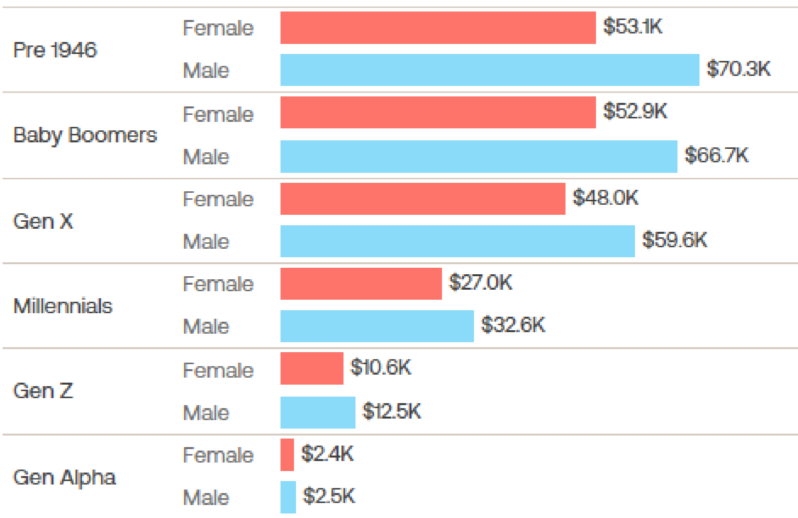
The average balance of ANZ KiwiSaver members is $35,059 But there is a gap of $6,000 between the average balance of male and female KiwiSaver members (male = $38,206, female = $32,133).

This gap can be seen across all age ranges.

It begins with an average gap of $100 for Gen Alphas, rising to over $10,000 for both Gen X and Baby Boomers.

For KiwiSaver members aged 64, the average savings gap between men and women is around $17,000 – a gap of 24 per cent.

Average balance by age group and gender:



KiwiSaver fund choice by gender (excluding Lifetimes members):

There is not only a savings gap between men and women.

Our customer data shows there is also a gender gap in the fund selection choices made by ANZ Investments' KiwiSaver members.

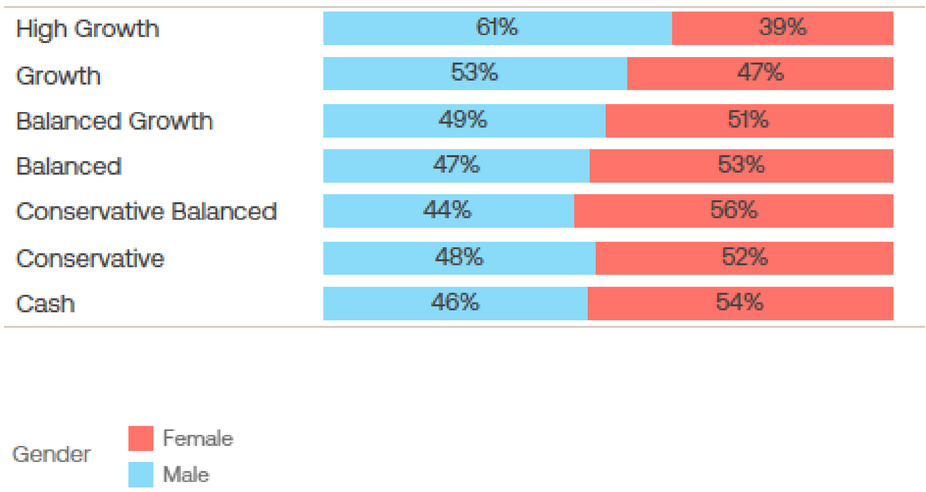
The gap is most pronounced in the High Growth Fund, with around 60 per cent of members being male (61 per cent male / 39 per cent female).

Across our other KiwiSaver funds, women investors outnumber men in the more conservatively oriented funds, whilst a majority of investors in the Growth oriented funds are men.[1]

“We know many younger members are in a fund that’s too conservative for their stage of life,” says Fiona Mackenzie. “Growth funds can be more volatile, but over a lifetime of investing, they’re expected to deliver stronger returns and lead to higher balances.

“That’s why we encourage all our members to choose a fund that aligns with their age, life goals, and risk tolerance. Almost half of the people who use our Fund Chooser Tool are recommended the High Growth Fund, and a large proportion of those users accept the recommendation.

“Making the right fund choice early can significantly improve savings over time and enhance long-term financial wellbeing.”



KiwiSaver fund choice by age:

Digital tools are increasingly important in educating our members.

ANZ’s Fund Chooser Tool supports investor confidence, especially during volatility. It delivers ~4000 monthly recommendations.

Nearly half of all fund switches are now guided by the Fund Chooser.

Looking at our membership base, a majority of our younger KiwiSaver members are in growth-oriented funds.

64 per cent of Gen Alpha (born from 2013 onwards) are in the Growth Fund, and 9 per cent are in our High Growth Fund.

41 per cent of Gen Z have selected the Growth Fund, and 10 per cent are in the High Growth Fund.

35 per cent of Millennials are in the Growth Fund and 9 per cent are in the High Growth Fund.

For Gen X, 23 per cent are in the Growth Fund, 21 per cent are in Balanced Growth, 19 per cent are in Balanced and 17 per cent are in Conservative.

That contrasts with Baby Boomers (1946 – 1964). 12 per cent are in the Growth fund, 14 per cent in Balanced Growth and 25 per cent in Balanced. 14 per cent are in the Conservative Balanced fund and 23 per cent are in the Conservative Fund.

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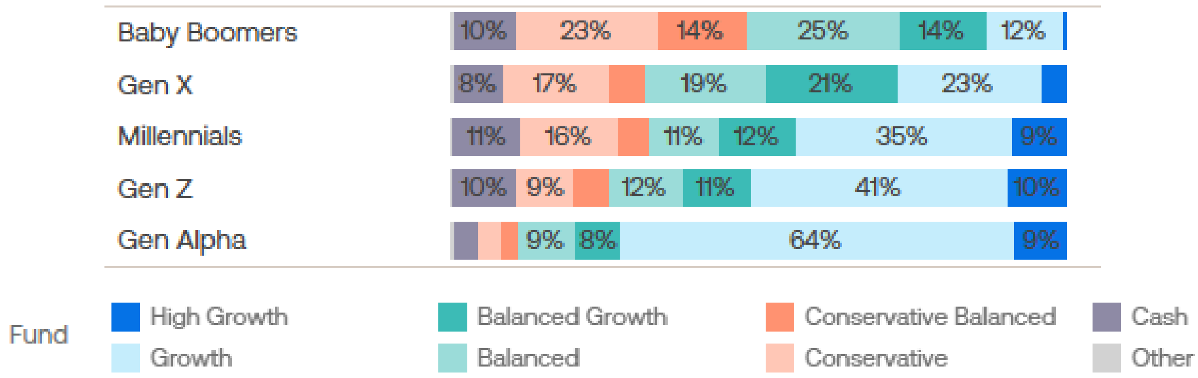
[1] These figures exclude members who have chosen our Lifetimes option, in which their savings are moved through our funds based on their age (excluding High Growth Fund). As they near retirement they are invested in lower risk funds.



Market volatility:

In April 2025 we saw another period of volatility on world markets, due to concern about tariffs and the potential impact on the global economy. But since then, there has been a recovery in stock prices on global markets.

"We were pleased to see relatively few members contacted us wanting to switch funds or pause contributions," says George Crosby, Chief Investment Officer, ANZ Investments.

"The numbers were a fraction of what we saw in March 2020. This may in part be because we have been providing regular reminders (via our website and emails/letters to customers) about how to deal with short term market volatility.

"It is important to remember that financial markets do go up and down. When markets fell in 2020 on the back of COVID-19 concerns, we saw a lot of investors switch out of growth-oriented funds into more conservative ones. It meant that many missed out on the rebound in markets that followed.

"We don't think it's wise for people to try to time the markets. Instead, we believe it's important to stay focused on your long-term goals. If you can, you should continue making regular contributions into your KiwiSaver account.

"People should check that they're invested in the right fund for their age, life goals and tolerance for risk. Markets will always fluctuate but the longer your investment timeframe the less affected you are by short-term volatility."

Important information:

ANZ New Zealand Investments Limited is the issuer and manager of the ANZ KiwiSaver Scheme, OneAnswer KiwiSaver Scheme and ANZ Default KiwiSaver Scheme. A copy of the ANZ KiwiSaver Scheme and OneAnswer KiwiSaver Scheme guide and product disclosure statement is available at anz.co.nz. The ANZ Default KiwiSaver Scheme is closed to new members. Important information about the ANZ Default KiwiSaver Scheme is available at anz.co.nz/kiwisaverforms. Investments in the schemes are not deposits in or liabilities of ANZ Bank New Zealand Limited, Australia and New Zealand Banking Group Limited or their subsidiaries (together 'ANZ Group'). ANZ Group does not stand behind or guarantee ANZ Investments. Investments in the schemes are subject to investment risk, including possible delays in repayment, and loss of income and principal invested. ANZ Group will not be liable to you for the capital value or performance of your investment.

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