Initial indicators for Better Later Life – He Oranga Kaumātua 2019 to 2034

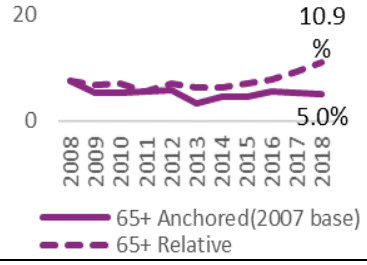
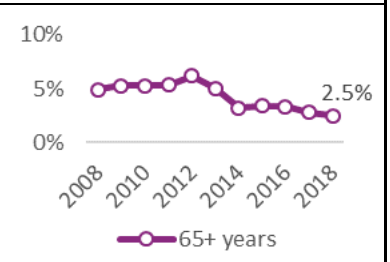
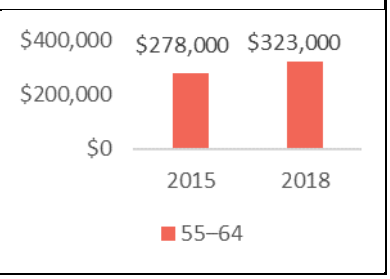
Key area: Achieving financial security and economic participation
Te whai taituarā ahumoni me te whai wāhi ki te ōhanga

The outcomes outlined in this key area of the strategy are:

1. All people have sufficient income, assets and other support to enjoy an adequate standard of living as they age
2. New Zealand is financially prepared for an ageing population
3. Older workers are treated fairly, recognised for contributing expertise and skills, and have access to training and upskilling
4. As people age, they can work if they wish or need to
5. Those who cannot work up to the age of NZ Super entitlement due to their health or a disability are provided with support.

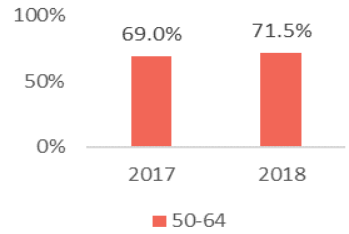
1. All people have sufficient income, assets and other support to enjoy an adequate standard of living as they age

The low income after housing costs (AHC) and material hardship indicators focus on whether people aged 65+ have sufficient income. The net worth and KiwiSaver indicators focus on people building assets before turning 65. Appendix 1 Graphs and Notes contains more graphs by age group.

Initial indicators	Source and frequency	Is it moving in the right direction?[1]	
Low incomes after housing costs (AHC): percentage in households under 50% median income after deducting housing costs[i] [ii].	MSD's 2019 Household Incomes Reports[iii] (annual, year ended June, based on data from the Household Economic Survey)	≈	
Material hardship: percentage in a household that is missing out on six or more of 17 basic items (DEP-17 measure).	MSD's 2019 Household Incomes Reports: Companion report using non-income measures (annual, years ended June)	✓	
Median net worth (assets minus liabilities): focuses on the wealth of New Zealanders before they turn 65.[iv]	Stats NZ, Household net worth statistics: Year ended June 2018 (three-yearly from Household Economic Survey)	✓	

[1] The assessment is based on statistical significance (where available) or consistent change in recent years.

No trend data | No change or statistically insignificant change | Positive change – good outcome | Negative change – poor outcome

KiwiSaver contributors: focuses on the percentage of active/provisional KiwiSaver members aged 50-64.	Active/provisional members from www.kiwisaver.govt.nz, customised data for 50-64 from IRD, Stats NZ Estimated resident population by age. (June annual)	✓	

No trend data | No change or statistically insignificant change | Positive change – good outcome | Negative change – poor outcome

Commentary

The material wellbeing of most older people is good or very good, but this is changing

The 65+ age group has lower income after housing costs (AHC) poverty rates and lower material hardship rates than younger age groups. This reflects universal NZ Super and relatively high mortgage-free home ownership.

In 2018, 10.9 percent of those aged 65+ (over 75,000 people) lived in households with AHC incomes less than 50% of the 2018 median, compared to 14.9% of those aged 18-64.

There have been improvements in older people's AHC household incomes in real terms (based on the measure "anchored" to the 2007 median), reflecting increases in NZ Super rates that have been higher than inflation[v]. Conversely, increased proportions of older people in income poverty based on the relative or "moving line" measure (from 8.7% in 2007 to 10.9% in 2018) indicates that older people's AHC household incomes have not gone up as fast as the median income for all households.

The proportion of those aged 65+ in households experiencing material hardship has declined from 6.2 percent in 2012 to 2.5 percent (around 17,000 people) in 2018. However, it has declined more slowly than the proportion of those under 65 in material hardship[vi].

Declining mortgage-free home ownership[vii] for the 45-64 age group suggests that low income AHC poverty rates and material hardship rates for older people are likely to rise in future, unless this is offset by building up KiwiSaver and other assets.[viii]

Net worth data shows increases in median assets minus debt

Median individual net worth (assets minus debt) increased by more than inflation between 2015 and 2018 for most age groups, largely reflecting increases in housing values. People tend to build wealth through their working lives (if they can) and decumulate after transitioning from paid work. [Note: this series will be inflation-adjusted in future.]

The proportion of people who contribute to KiwiSaver has increased across all age groups. Those aged 50-64, who will enter their later years within the timeframe of the strategy, are less likely to be KiwiSaver contributors (71% compared with 84% overall). Older people are more likely to have a non-KiwiSaver scheme than younger people but are still more likely to have a KiwiSaver scheme than a non-KiwiSaver scheme[ix].

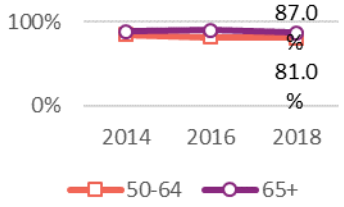
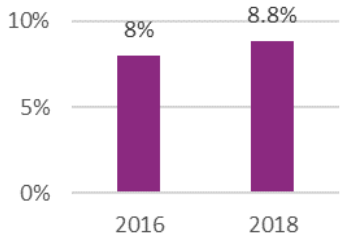
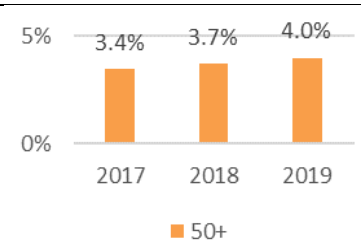
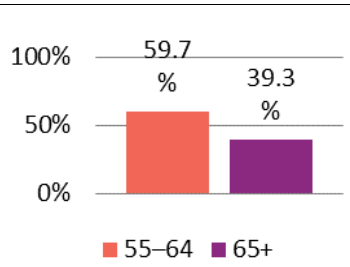
For the year ended June 2018, men and women aged 55–64 belonging to KiwiSaver had median KiwiSaver balances of $30,000 and $23,000, respectively. The median balances in other schemes were $105,000 and $71,000 for men and women in that same age bracket.[x]

2. New Zealand is financially prepared for an ageing population

Suitable indicators for this outcome are not yet available.

3. Older workers are treated fairly, recognised for contributing expertise and skills, and have access to training and upskilling

The focus here is on workers aged 50 and over.

Proposed indicators	Source and frequency	Is it moving in the right direction for those aged 50+?	
Perception that older workers are valued and treated fairly	Not currently available	⊖	
Job satisfaction: percentage of employed people satisfied or very satisfied in their main job	Stats NZ, IANZ indicator from General Social Survey and customised data for 50-64 and 65+ (run every two years)	≈	
Business policies and strategies: percentage of businesses that put in place policies and strategies to cater for an ageing workforce	Commission for Financial Capability (CFFC), Ageing Workforce: Business Survey Results[xi] [xii]	≈	
Study status: percentage of those aged 50+ in formal or informal study	Stats NZ, Household Labour Force Survey (HLFS), customised data for ages 15-24, 25-49, 50+ and total (annual data year ended June)	≈	
Employee engagement in study and training: percentage of employees undertaking study and training (including on-the job) relating to their main job in last 12 months	Stats NZ, Survey of Working Life - December 2018 quarter (run every few years)	⊖	

⊖ No trend data ≈ No change or statistically insignificant change ✓ Positive change – good outcome ✗ Negative change – poor outcome

Commentary

In 2018, only 8.8% of organisations surveyed for CFFC said they had specific policies or strategies relating to workers aged 50+, similar to the 8% reported in 2016. A further 5.0% said they were planning to do this in the coming years (down from 9% in 2016).

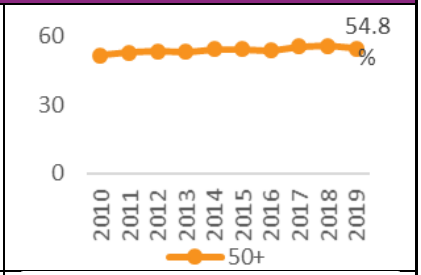
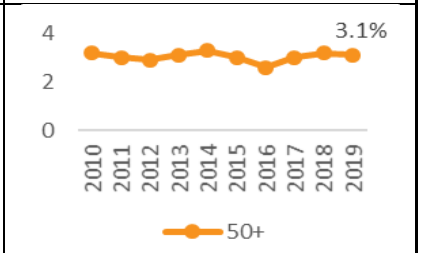
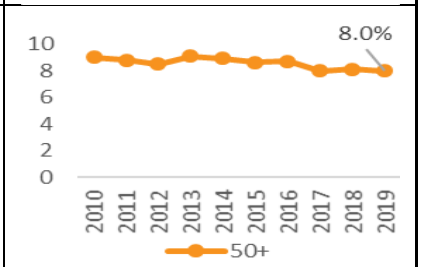
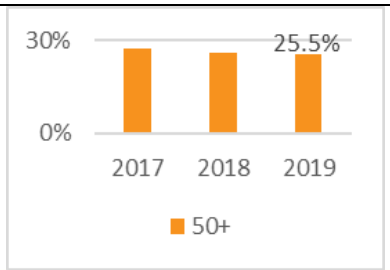
We are using job satisfaction as a proxy for older workers being valued and treated fairly. Employed people aged 50 and above are more likely than younger workers to say they are satisfied or very satisfied in their main job.

Based on study status data collected regularly in the HLFS, 4.0 percent of people aged 50 years or over were engaged in formal or informal study in the year to June 2019. The proportion of those aged 50-64 who were studying was higher (5.8%), but still lower than the overall average of 14.1% of those aged 15+[xiii].

The Survey of Working Life is available less frequently but provides more detailed data. It excludes those not working or self-employed, but includes on-the-job training, and shows much higher proportions in study or training than the HLFS study indicator. It indicates that employees aged 65+ are less likely to undertake study or training (including on-the-job training) than employees under 65.

4. As people age, they can work if they wish or need to

This outcome focuses on people aged 50+. [Note: the Household Labour Force Survey (HLFS) data used here was extracted in September 2019. There were small revisions to HLFS data in October 2019 and 27 January and there will be further revisions in mid-2020, to reflect changes in population estimates.[xiv]]

Proposed indicators	Source and frequency	Is it moving in the right direction?	
Official employment rate: percentage who are employed for one or more hours per week[xv]	HLFS annual data, year ended June Customised data for 50-64, 65+ and 50+	✓	
Unemployment rate: percentage of people in the labour force who are not working, available for work and actively seeking work	HLFS annual, year ended June. Customised data for 50-64, 65+ and 50+ from 2010 to 2019	≈	
Underutilisation rate: percentage of people in the extended labour force who are unemployed, underemployed or in the potential labour force.[xvi]	Customised HLFS annual data, year ended June, by broad age group	≈	
Long-term unemployment rate: percentage of unemployed people who have been unemployed for more than a year	Customised HLFS annual data, year ended June, by broad age group	≈	

No trend data | ≈ No change or statistically insignificant change | ✓ Positive change – good outcome | ✗ Negative change – poor outcome

Commentary

Employment rates for those aged 50 and over have been generally increasing since the early 1990's. However, employment rates for those aged 50 and over fell in the year to June 2019, while rates for the younger age groups increased. It is too early to say whether these decreases reflect a change in direction in what has been an improving trend. [Note: the employment rate is an imperfect indicator of the outcome the strategy is seeking here as the desired direction is not clear. The strategy outcome is about increased employment for those who wish or need to work, but the employment rate could potentially go down if more older people choose not to be employed as they age.]

While unemployment rates are considerably lower than in the 1990s, unemployment rates for those aged 50+ have fluctuated over time.

Underutilisation is an important measure as it includes people who would like a job but are not actively looking, and those who would like to extend their hours, as well as those who fit the official definition of unemployed. Underutilisation rates for those aged 50+ have decreased from 9.0% in 2010 to 8.0% in 2019, similar to underutilisation rates for those aged 25-49, but much lower than underutilisation rates for those aged 15-24.

Older workers are less likely to be unemployed or underutilised than young people, but older job seekers may find it more difficult to find a job. More than a quarter of unemployed people aged 50+ have been unemployed for more than a year. In the year to June 2019 about 5,000 people aged 50-64 had been unemployed for more than a year, out of a total of 14,000 long-term unemployed across all age groups.

More detailed analysis[xvii] for the year to March 2018 indicates that the long-term unemployment rate generally increases through the core working ages, reaching around 25% for those aged 45-59 and 38% for those aged 60-64, before falling markedly for those aged 65-69 (most of whom will be receiving NZ Super). [Note: the sample size is not large enough to produce robust long-term unemployed data for those aged 65+].

5. Those who cannot work up to the age of NZ Super entitlement due to their health or a disability are provided with support

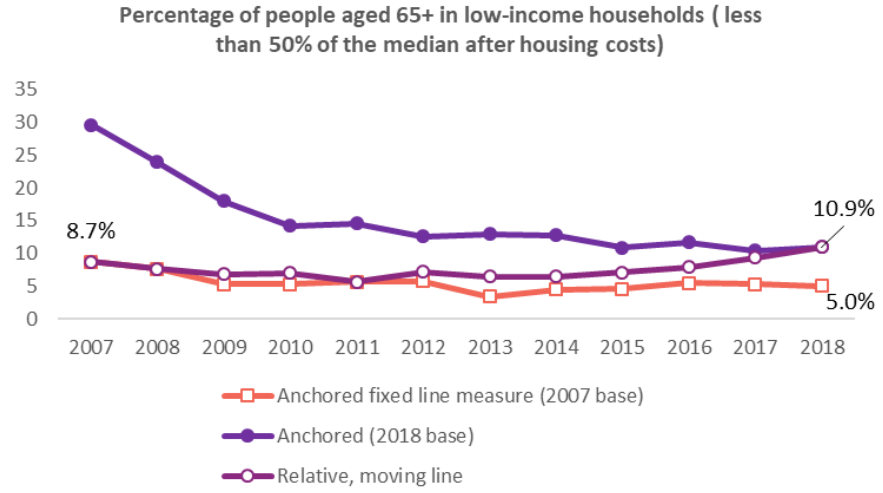
We have not yet identified suitable indicators to track the coverage of support or the material wellbeing of those who cannot work due to health and disability.

MSD has data on the numbers receiving health condition and disability-related benefit payments. However, this data does not include all those who cannot work due to health and disability (only those who have applied and met the criteria) and includes some people with some capacity to work. Also, the strategy does not indicate whether we want this to go up or down over time (a key criterion for indicators).

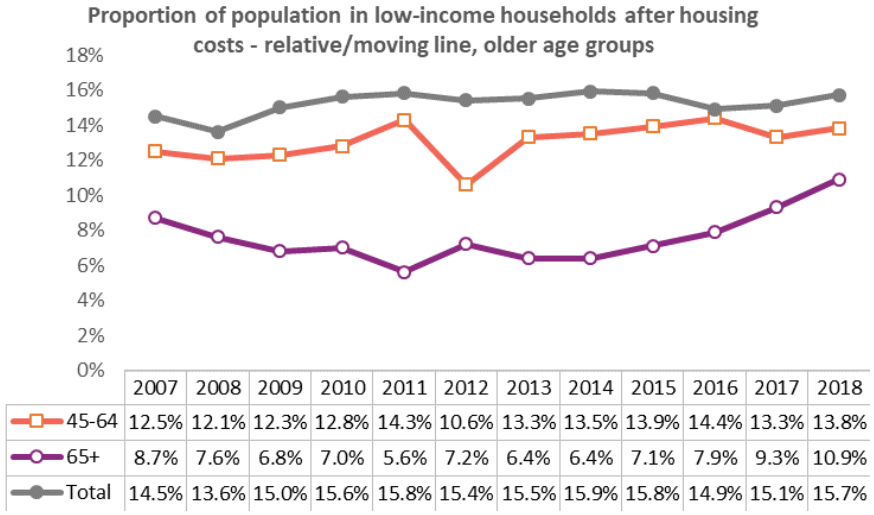
We also have data from the General Social Survey indicating that disabled people aged 15-49, 50-64 and 65+ are all more likely to be in material hardship than their non-disabled counterparts[xviii]. However, this includes disabled people who can work as well as those who cannot work due to their health or a disability (and this outcome focuses on those who cannot work).

Ideally, we would like to separately analyse disabled people with impairments from birth or a young age, who are less likely to have had consistent employment and had the ability to continuously accumulate assets (including through contributions to KiwiSaver and home ownership) than those who acquired impairments later in life.

Appendix 1 Graphs and notes

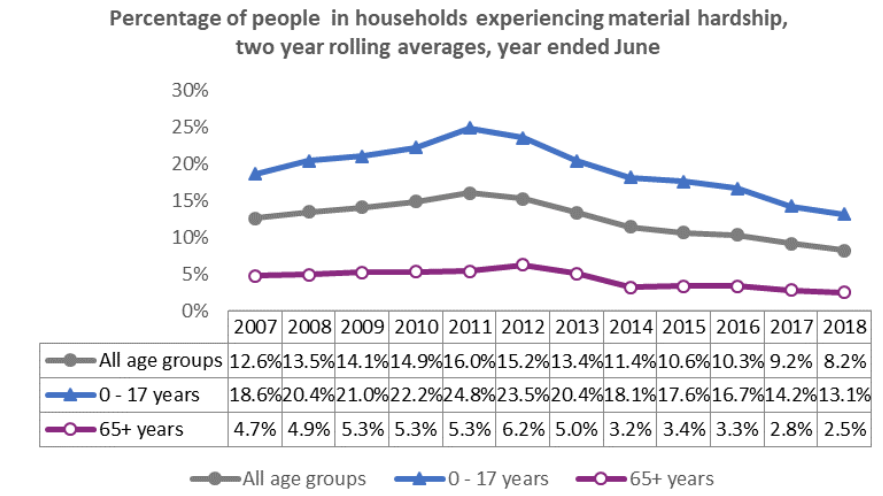


Source: MSD's 2019 Household Incomes Report, Tables G.2, G.3, G.4



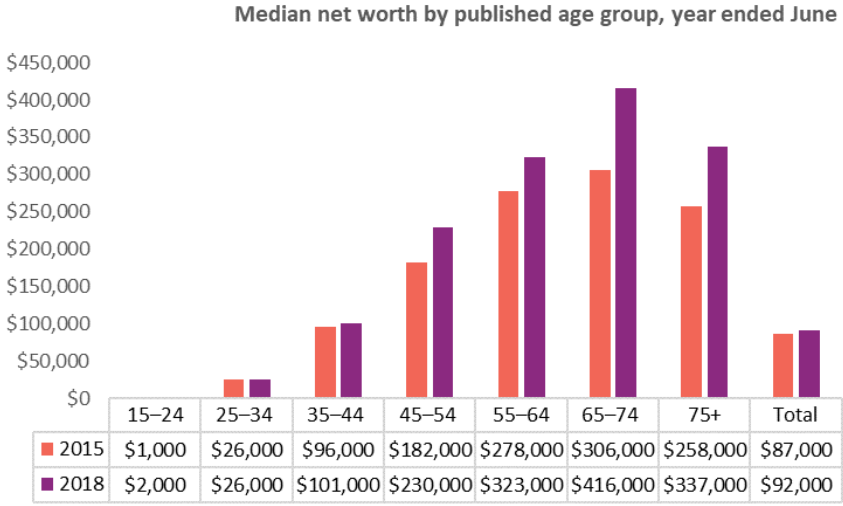
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
45-64	12.5%	12.1%	12.3%	12.8%	14.3%	10.6%	13.3%	13.5%	13.9%	14.4%	13.3%	13.8%
65+	8.7%	7.6%	6.8%	7.0%	5.6%	7.2%	6.4%	6.4%	7.1%	7.9%	9.3%	10.9%
Total	14.5%	13.6%	15.0%	15.6%	15.8%	15.4%	15.5%	15.9%	15.8%	14.9%	15.1%	15.7%

Source: MSD's 2019 Household Incomes Report, Tables G.2, G.3, G.4



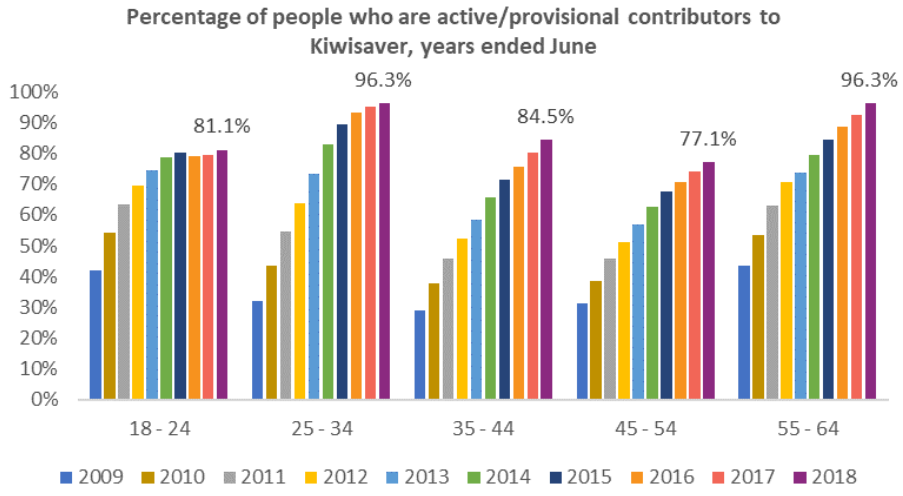
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
All age groups	12.6%	13.5%	14.1%	14.9%	16.0%	15.2%	13.4%	11.4%	10.6%	10.3%	9.2%	8.2%
0 - 17 years	18.6%	20.4%	21.0%	22.2%	24.8%	23.5%	20.4%	18.1%	17.6%	16.7%	14.2%	13.1%
65+ years	4.7%	4.9%	5.3%	5.3%	5.3%	6.2%	5.0%	3.2%	3.4%	3.3%	2.8%	2.5%

Source: MSD's 2019 Household Incomes Reports - Non-income report

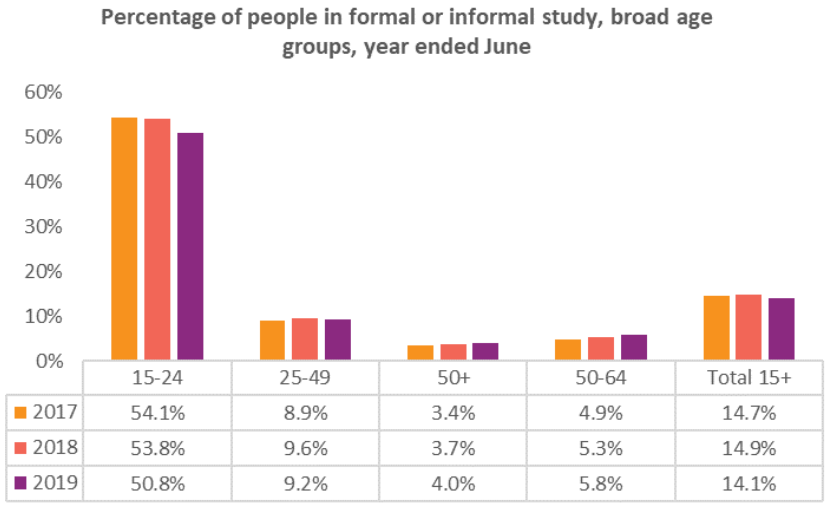


	15–24	25–34	35–44	45–54	55–64	65–74	75+	Total
2015	$1,000	$26,000	$96,000	$182,000	$278,000	$306,000	$258,000	$87,000
2018	$2,000	$26,000	$101,000	$230,000	$323,000	$416,000	$337,000	$92,000

Source: Stats NZ, Household net worth statistics: Year ended June 2018

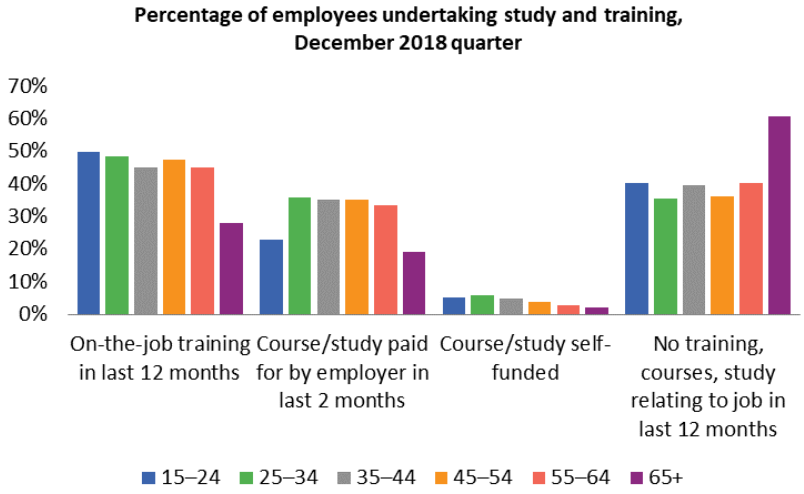


Source: Numbers of active/provisional KiwiSaver members from https://www.kiwisaver.govt.nz/statistics/annual/joining/ and Stats NZ, Estimated Resident Population

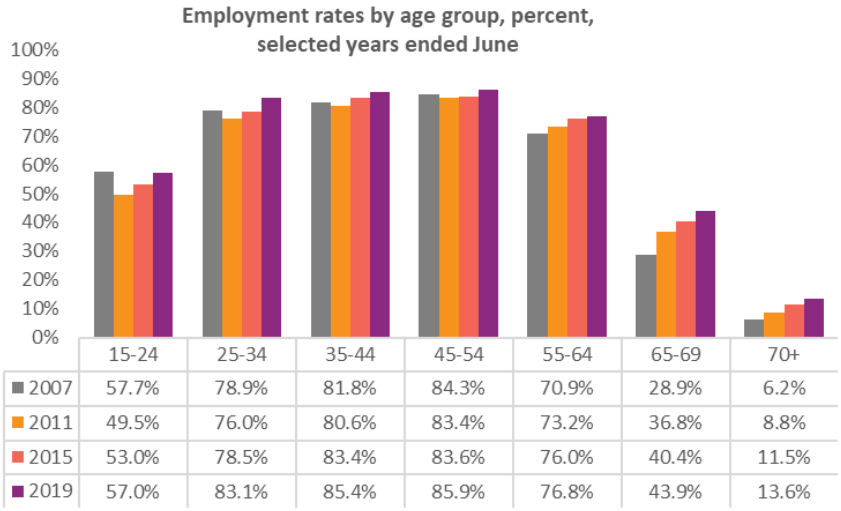


	15-24	25-49	50+	50-64	Total 15+
2017	54.1%	8.9%	3.4%	4.9%	14.7%
2018	53.8%	9.6%	3.7%	5.3%	14.9%
2019	50.8%	9.2%	4.0%	5.8%	14.1%

Source: Stats NZ, Household Labour Force Survey, customised data, MSD calculations

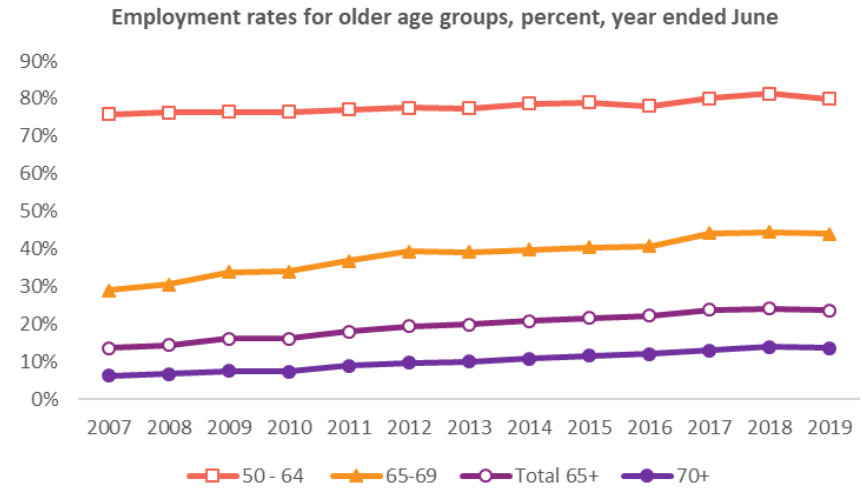


Source: Stats NZ, Survey of Working Life, December 2018 quarter

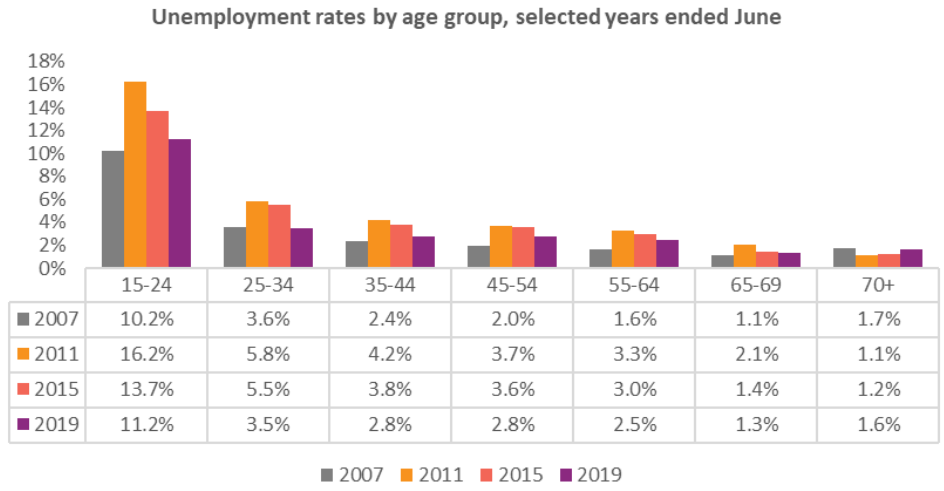


	15-24	25-34	35-44	45-54	55-64	65-69	70+
2007	57.7%	78.9%	81.8%	84.3%	70.9%	28.9%	6.2%
2011	49.5%	76.0%	80.6%	83.4%	73.2%	36.8%	8.8%
2015	53.0%	78.5%	83.4%	83.6%	76.0%	40.4%	11.5%
2019	57.0%	83.1%	85.4%	85.9%	76.8%	43.9%	13.6%

Source: Stats NZ, Household Labour Force Survey data from Infoshare

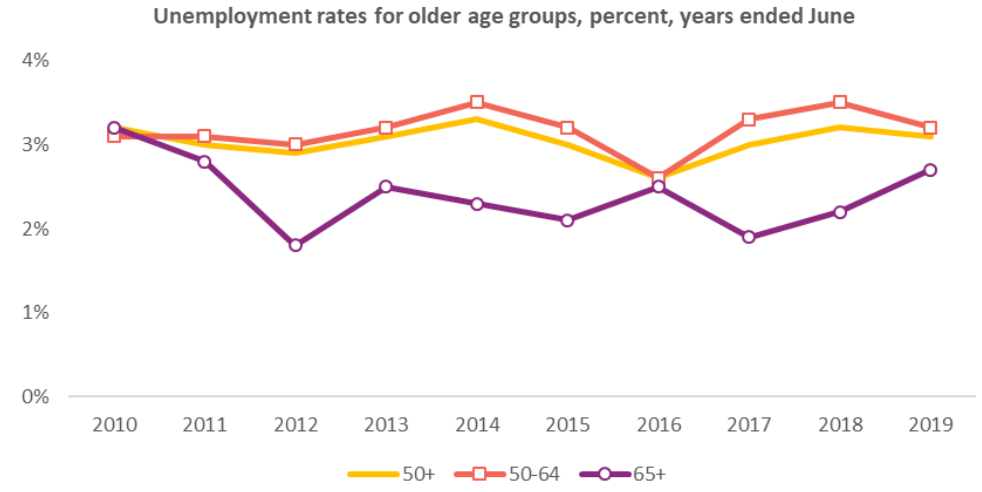


Source: Stats NZ, Household Labour Force Survey, from Infoshare and customised

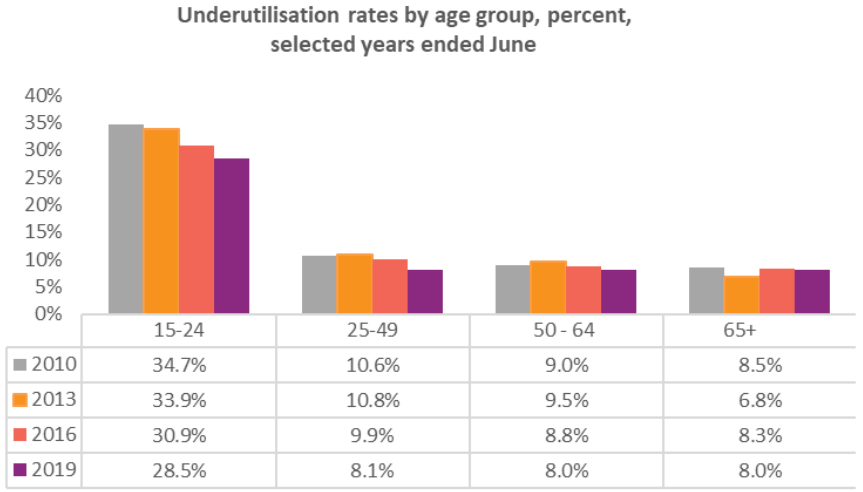


	15-24	25-34	35-44	45-54	55-64	65-69	70+
2007	10.2%	3.6%	2.4%	2.0%	1.6%	1.1%	1.7%
2011	16.2%	5.8%	4.2%	3.7%	3.3%	2.1%	1.1%
2015	13.7%	5.5%	3.8%	3.6%	3.0%	1.4%	1.2%
2019	11.2%	3.5%	2.8%	2.8%	2.5%	1.3%	1.6%

Source: Stats NZ, Household Labour Force Survey data from Infoshare



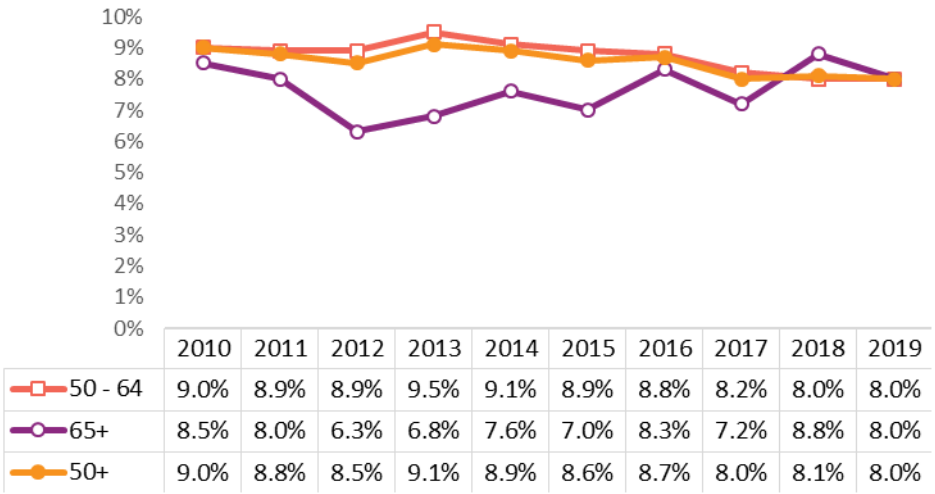
Source: Stats NZ, Household Labour Force Survey, from Infoshare and customised



	15-24	25-49	50 - 64	65+
2010	34.7%	10.6%	9.0%	8.5%
2013	33.9%	10.8%	9.5%	6.8%
2016	30.9%	9.9%	8.8%	8.3%
2019	28.5%	8.1%	8.0%	8.0%

Source: Stats NZ, customised Household Labour Force Survey data

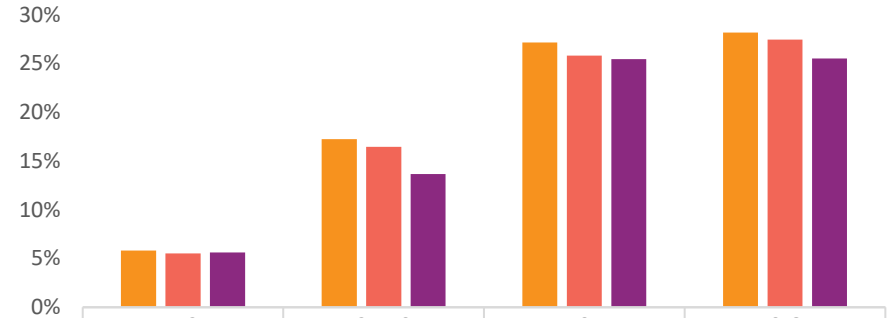
Underutilisation rates, older age groups, percent, years ended June



	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
50 - 64	9.0%	8.9%	8.9%	9.5%	9.1%	8.9%	8.8%	8.2%	8.0%	8.0%
65+	8.5%	8.0%	6.3%	6.8%	7.6%	7.0%	8.3%	7.2%	8.8%	8.0%
50+	9.0%	8.8%	8.5%	9.1%	8.9%	8.6%	8.7%	8.0%	8.1%	8.0%

Source: Stats NZ, customised Household Labour Force Survey data

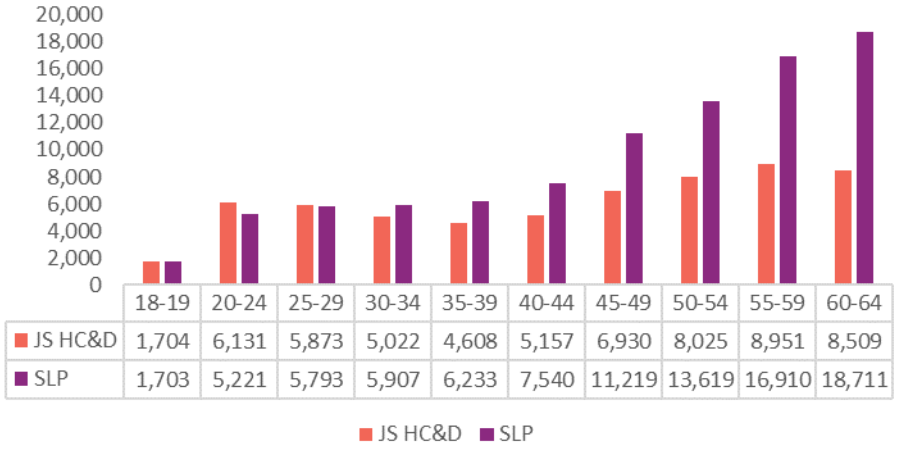
Percentage of unemployed people who have been unemployed for more than a year



	15-24	25-49	50+	50-64
2017	5.8%	17.2%	27.2%	28.2%
2018	5.5%	16.5%	25.8%	27.5%
2019	5.6%	13.7%	25.5%	25.5%

Source: Stats NZ, customised Household Labour Force Survey data

Health and disability benefit numbers - Jobseeker Support H&D and Supported Living Payment, June 2019



	18-19	20-24	25-29	30-34	35-39	40-44	45-49	50-54	55-59	60-64
JS HC&D	1,704	6,131	5,873	5,022	4,608	5,157	6,930	8,025	8,951	8,509
SLP	1,703	5,221	5,793	5,907	6,233	7,540	11,219	13,619	16,910	18,711

Source: Ministry of Social Development database

Notes

[i] For more information about these household measures, refer to MSD's Incomes Reports. From 2007 on, housing costs include all mortgage outgoings (principal and interest) together with rent, rates and dwelling insurance. Prior to 2007, dwelling insurance is not included. Repairs and maintenance are not included. Body corporate fees, and fees paid by those who have a licence to occupy a retirement unit, are also included.
[ii] The anchored 2018 or fixed-line measure compares a household's income for the previous year with the median for all households in 2018 adjusted for inflation. The relative measure compares a household's income with the median of all households in the same year.
[iii] See https://www.msd.govt.nz/about-msd-and-our-work/publications-resources/monitoring/household-incomes/household-incomes-1982-to-2018.html
[iv] See https://www.stats.govt.nz/information-releases/household-net-worth-statistics-year-ended-june-2018 Our primary focus here is on wealth prior to turning 65.
[v] Each 1 April, NZ Super and Veteran's Pension net weekly rates are adjusted by annual growth in the Consumers Price Index, but are also required to be set at no less than 66 percent (and no more than 72.5 percent) of the net average weekly wage.
[vi] The percentage of those aged 65+ in material hardship fell 0.8 percentage points (from 3.2% to 2.5%) between 2014 and 2018, while the proportion for all age groups fell 3.2 percentage points (from 11.4% to 8.2%).
[vii] This is an indicator in the Housing key area
[viii] MSD, 2019. *The material wellbeing of New Zealand households: Overview and Key Findings*.
[ix] https://www.stats.govt.nz/assets/Reports/Private-superannuation-in-New-Zealand/private-superannuation-new-zealand-2017.pdf
[x] https://www.stats.govt.nz/news/kiwisaver-nest-eggs-grow-5000-in-three-years
[xi] https://cffc-assets-prod.s3.ap-southeast-2.amazonaws.com/public/Uploads/News/Downloads/Ageing-workforce/221255b920/CFFC-Ageing-Workforce-Business-Survey-2018.pdf
[xii] https://cffc-assets-prod.s3.ap-southeast-2.amazonaws.com/public/Uploads/2016-Review-Of-Retirement-Income-Policies/Ageing-Workforce/What-NZ-Told-Us/83ea459f5c/344-Ageing-Workforce-What-NZ-Told-Us-Business-Survey-Results.pdf
[xiii] Excluding study status not specified
[xiv] The reports at https://www.stats.govt.nz/reports/household-labour-force-survey-population-reweight-from-revised-national-population-estimates-june-2019-quarter and https://www.stats.govt.nz/reports/household-labour-force-survey-population-reweight-september-2013september-2019-quarters outline the effect of national population estimate revisions on the HLFS.
[xv] This is the preferred international definition of "employed". It includes people who are self-employed and employees.
[xvi] Underemployed means work part-time and want to and can work more hours. The potential labour force includes those want a job and are available but not currently looking, and those who are currently unavailable but are looking as they are able to start work within the next month. The extended labour force measures the labour force (those employed and unemployed) plus the potential labour force.
[xvii] Stats NZ, Customised Household Survey data for the year to March 2018. Note this data has high sample errors so is indicative only.
[xviii] Stats NZ, General Social Survey, customised data