

# Getting the **best** out of the Police Super Scheme

Qualitative report

April 2021





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# Background



# Background and approach



## Background

The Police Association undertakes a quantitative survey of members every three to four years which provides broad feedback from Scheme members about the Police Super scheme.

PSS undertook this qualitative project to provide greater insight into members' attitudes toward to the Super Scheme and their behaviours. Findings will help inform the development of the next quantitative survey, planned for 2021.

## Objectives

The overall aim is to enable PSS to connect more effectively with members, to help them get the best outcome from their membership of the Police Super Scheme (PSS).

The project explored member attitudes and behaviours and provided a deep dive into issues uncovered in the 2017 quant survey, with focus on:

- Investment options
- Investment performance
- Responsible investment
- Communications.

# Approach



**Method:** We undertook four focus groups with Super Scheme members, held in NielsenIQ offices, led by an experienced qualitative researcher. Each group comprised 5-6 members. Each group lasted around two hours.

Group composition:\*

- Mid career members with a history of withdrawals (age 30-45 years, 10 plus years service).
- Mid career members without a history of withdrawals.
- Members nearing retirement (age 50 plus) – note: due to last minute withdrawals, one group had only one participant, so was in effect, a depth interview.
- Members nearing retirement (age 50 plus).

Note: the plan was to hold one group with recently enrolled members, but this group proved difficult to recruit, so the decision was made to hold two with each group above.

**Recruitment:** Participants were recruited by the Police.

**Fieldwork:** The groups were conducted on 30 and 31 March 2021.

**Koha:** Police were provided with time off from work to attend the sessions.



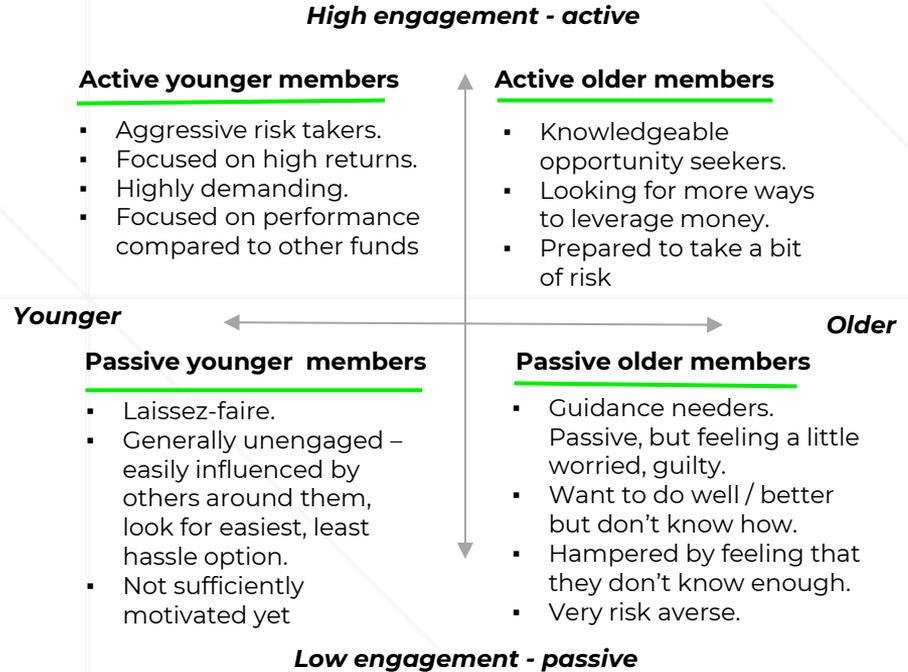
# Executive Summary

# Four types of members observed



Level of engagement in the scheme and life stage intersect to create four distinct types of members:

There is a **proviso**, in that younger members could not be recruited to participate in the study, so representation of “younger” does not include newer members, specifically members in their twenties.



# General thoughts about PSS



- Members generally have **high levels of satisfaction**:
  - They consider the scheme to be generous and they feel lucky to be part of it.
  - It's an easy scheme that they don't have to think about. Set and forget element with Super Steps appreciated by many.
  - Members express relief / gratitude at the level of saving they have achieved – this feeling increases the older they get.



- But most members are **unengaged**:
  - The scheme ticks over in background.
  - They are influenced by what colleagues say / do about the scheme.
  - Older members look at it more but are still generally passive.



- There is a small but vocal number of **disgruntled members**:
  - They believe the fund is underperforming and they feel they could do better elsewhere.
  - They resent lack of government contribution given to KiwiSaver members.



# PSS nuts and bolts

## Investment options

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- Available investment options are sufficient for most members.
  - However, it would be good to offer more aggressive options for those who have a greater appetite for risk.
- It seems to be easy to change funds or make withdrawals.
  - But there is some confusion about how much can be withdrawn and penalties for doing so.



## Communication

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- Communications are adequate for most.
- Many only look at the annual returns and are prompted to do so by the email they receive.
  - 2 Minutes on Super: not personally relevant enough.
- Good to touch base with members over COVID – but needs to be timely. There is scope to support / guide members every time there is a wider situation that increases uncertainty.
  - The website is generally okay and does the job.
- Most only want to know their fund is tracking upward and a comparison with other schemes.
  - Feels a little dated and needs a refresh.

# Responsible investment



- Responsible investment is not top of mind and needs to not be at the expense of returns.
- However, many would prefer their funds to be invested ethically.
- There is an assumption that the New Zealand Police would not invest in “the worst” areas.
- Some are not at all interested in responsible investment (most aggressive return seekers), only wanting the highest returns.
- Funds focused on minimizing environmental impact are favoured most overall.
- Other social impact areas are less clear cut.
- Members would like the option of being able to opt into particular funds that they see as ethical:
  - A “positive screening” fund could also be offered as a choice and environmentally friendly funds would be the most obvious offer, as climate change is recognised as a huge issue.



## Areas to address



- This project highlights a significant need for more education and advice. Many members feel ignorant about the PSS yet recognise its importance and its value.
- The most important times for education / advice are on sign-up and when approaching retirement.
  - There is also a need for advice around parental leave
  - There is a general feeling that check-ins would be useful every 5-10 years anyway to ensure members are making the most and getting the best from the fund. Ideally, this would be via individualised sessions rather than group sessions which feel too generic and are not compelling enough.
  - There also needs to be timely advice for members whenever there is significant external market change, such as during COVID.
- A more user-friendly interface would be helpful for members: a fresher look for the website, clear and easy navigation to what's most important to them, that is, their fund's performance and how it compares.
- There is interest in more options for socially responsible funds.
- More choice, more control for Active Members
  - More investment choices, particularly growth options – go up to 100%



# Findings



# **Understanding members**

# Members have different levels of engagement

## Types determined by two main dynamics

### Level of engagement

- Members have varying levels of engagement with the scheme. By this, we mean the level that they are actually involved with the scheme in terms of checking, researching, making inquiries, etc.
- Members tend to become more interested as they older, but this does not necessarily mean becoming more actively involved.
- Active involvement is determined more by a member's knowledge and interest in financial matters generally and a subsequent level of confidence. Some may feel anxious about their finances as they get nearer retirement, but may not get more involved with the scheme because they fear making mistakes and / or lack the knowledge they feel they need to make decisions about it.

**High  
engagement  
- active**

*"I operate a spreadsheet, I could track how it was doing month by month and things."*

**Low  
engagement  
- passive**

*"I pay my PSS and hope someone is looking after it for me. I've never been that interested – actively going in and checking, it's just not part of my make up."*

# Members are different

## Life-stage

- This study encompassed mid career members of the New Zealand Police and those nearing retirement. Younger members of the PSS were not included (as they proved hard to recruit, which is a finding in itself).
- The number of years they have left with the scheme does influence a member's attitude towards the scheme. In general, those with a long time to go in the scheme are less interested in the PSS unless they are really engaged with finance and investment generally. However, this does not mean that everyone will become more actively engaged in the scheme, but there does appear to be a greater level of worry / anxiety about it as members get closer to retirement.

Younger



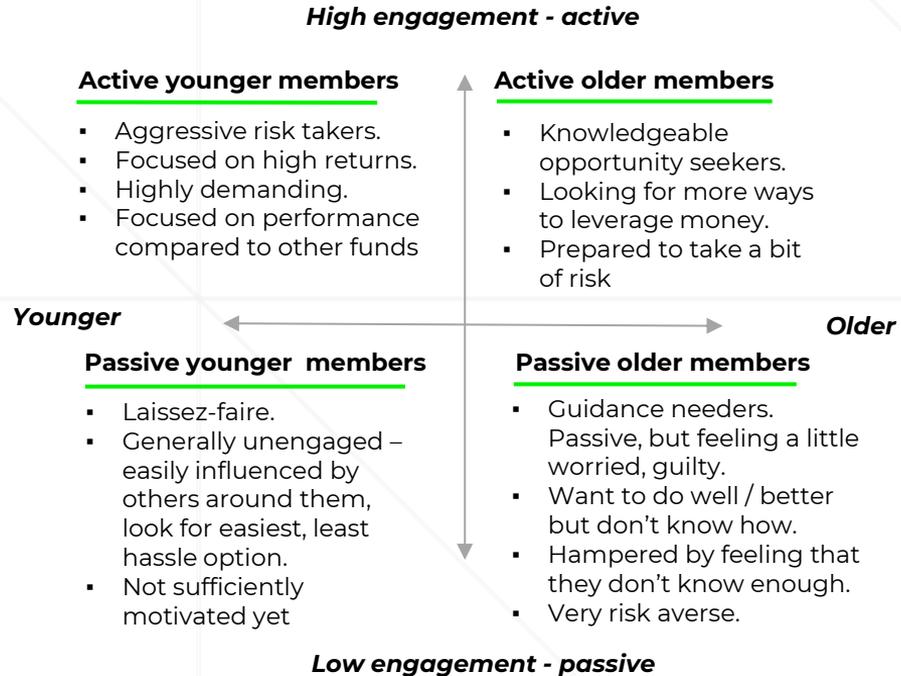
Older

*I haven't really thought about it much. It's way down the track."*

*"I'm definitely thinking about it. I won't be around here all that long."*

# Four member sub groups

- These two dynamics intersect to create four distinct types of members:
- A proviso, in that younger members were excluded from the study, so representation of “younger” does not include newer members, specifically members in their twenties.



# Preparing for retirement – those in mid-career

## Mid career members generally not concerned – too far away

- Their preparation for retirement generally consists of:
  - Paying off the mortgage
  - Contributing to the PSS.
- Some think about it from time to time when they hear their colleagues talking about it but generally this doesn't spur them into action.
- They feel their lives are too busy, with work, family commitments to think about it.
- They worry more about making the wrong decisions because they don't feel they know anything. Consequently they leave things as they are.
- However Active Younger Members have other strands: property and other managed funds. They are very motivated to get ahead financially.



*"I don't pay a lot of attention to the super."*

*"We're both working full-time and the kids are 8 and 12. Once the kids are a bit older we might start focusing on that a bit more."*

*"Not actually planning, just every now and then a little bit of panic that I should be doing something. In our little bubble, people are starting to buy their second houses or properties. They're a bit older than I am but I guess a bit of comparison with where other people are at."*

# Preparing for retirement – those nearing retirement

## Members nearing retirement generally pay more attention

- They are more involved in planning generally as retirement is closer. This seems to kick in especially when there is less than five years to go.
- Having said that, Passive Older Members worry but don't really take action.
- They are often focused on setting up their children – getting them into property.
- Those who have always been more involved in their retirement planning have much more solid plans and more options.
- Volatility in the markets around COVID has made older members more aware of their money – several can talk about what happened to their balances when COVID started.
- Their engagement is often influenced by others around them. They get advice from colleagues and compare situations.

*"I'm 55 and I haven't really given it much thought."*

*"I've had mixed advice. I just get it from other police officers really."*

*"Getting close to retirement, just finding out what everything means."*

*"We wish to give our children a really big boost as well. Kill student loans and put them on the property ladder."*

*"My retirement is quite well planned and it has been for a while. I've just been aware that retirement can be costly ... I'm aware that our health will be costly in the future. We want to be able to support the kids and travel and see the grandkids when that happens."*



# Perceptions of PSS

# Top of mind thoughts among mid-career members



## Passive Younger Members positive, but don't really think about it

- Members have high levels of trust - they believe those running the scheme are doing their best for them .
- Overall though, they hardly think about it, but like the fact that it is ticking over in the background.
- They feel that PSS is a good scheme that compares favourably with others . A generous employee contribution is the main factor in this. In particular, it compares well with KiwiSaver.
- Participation is easy – no effort on their part.
- They like the “Super Steps” option, as this means essentially “set and forget”. In general, it feels like an easy way to accumulate money – there is no effort required on their part.
- However, Active Younger Members are more critical and negative thoughts are uppermost in their minds: under-performance

*“I’ve never noticed it because it’s always been there.”*

*“I was just stoked that I had a massive employer contribution and I could relax slightly about it.”*

*Definitely compared to other friends, we’re pretty well off.”*

*“It would be a bad look for the police to.”*

*“When you compare it to Australia where you’ve got to pick your superannuation and shop around and do it all yourself. None of us are business people so it’s been an enforced way of saving and looking after yourself.”*

*It would be useful to know how newer members feel – comments about initially feeling resentful about how much of their salary they were “losing”*

# Top of mind thoughts among those nearing retirement

## Passive Older Members generally positive, but Active Older Members don't rate it highly

- Passive Older Members have high levels of trust and believe the PSS is good - they appreciate it more as they've got older too
- Active Older Members share the same misgivings as Active Younger Members but they may have more money and can invest elsewhere, so they don't have all their eggs in one basket. Also, they do believe it is a generous scheme and they are glad they have it
  - Because they believe it underperforms, instead of taking a more conservative approach as they may have been advised to, they go for the growth option.
  - They believe the scheme compares poorly with other superannuation schemes – especially ones offered within the public sector.

*"Something came up in the paper saying the PSS scheme has underperformed, so it's a bit safe. If people are educated about risk, then I think the scheme could work a little bit harder for those who want to take that risk."*

*"They know they have to keep paying out, so a lot of their decisions are hedged, it's diversified. The feeling is that it's a bit overly safe especially when my personal goal with PSS is growth ... It's a significant part of my money in there and it's not working as hard as it could for me."*

*"The Defence Force gets more."*

# Levels of satisfaction with the PSS

- More passive members tend to be more satisfied with the PSS (7-8 out of 10):
  - They assume it's going well and believe it is generous and compares well with other schemes, esp. KiwiSaver.
- More active members have low levels of satisfaction (the most frustrated giving it 0-2 out of 10)
  - This boils down to lack of choice and a feeling it underperforms compared with other schemes.



*"If we had the option to have another super scheme, I'd probably just stay with this one."  
(Passive Younger Member)*

*"That fund manager scheme must be doing something right because they're competitive with all the other super schemes so I just trust in what they're doing."  
(Passive Younger Member)*

*"I know there are so much better, way better funds out there."  
(Active Younger Member)*

## PSS: the positives

- The existence of the scheme itself – compulsory savings, lucky compared with many others
- Low fees
- Easy
- Generous employer contributions
- High levels of trust (especially among Passive Older Members)
- Not locked into retirement age (unlike KiwiSaver)
- Can make withdrawals
- Super Steps – set and forget
- Compares favourably with KiwiSaver for many.

Most seem happy with the returns – they are generally pleasantly surprised with how much they have in there

*"It comes out of my salary and I don't have to think about it."*

*"Forced savings basically, otherwise they're spent on other things."*

*"There's that little bit of flexibility there, if you're on maternity leave or something."*

*"It's just easy if you're not very financially literate."*

*"The fees are great, unbeatable."*

*"They know better than me."*

*"(During Covid) I didn't have any concerns or try to change anything. There was some information that came out that said the place I was in was the place I needed to be."*

*"I quite like the Steps, that it does that automatically. I like that you can just forget about it."*

## PSS: the negatives

- The returns – underwhelming especially compared with other schemes.
- A lot of salary goes into the scheme.
- Members talked of being ‘forced into it’ – they feel trapped.
- There is a lack of choice – compulsory, limited investment options, no choice over fund provider.
- Not enough options for funds. Some members would like to have more aggressive growth options
- No government contribution applies (compared with KiwiSaver)
- Members receive little education or guidance – especially at the beginning and at the end when deciding what to do with money at retirement.
- Lack of clarity about withdrawals and changes to investments – how often can you do this?

Critics sense complacency within the scheme

*“It compares badly with KiwiSaver,”*

*“That’s what makes me so angry. They should be doing their best for the troops, but it seems like they’re asleep at the wheel.”*

*“When you think about it, it’s part of your salary, it’s not the employer giving you extra. It’s just your salary being put somewhere else that you have no control over.”*

*“The worst thing is lack of choice and you miss out on the government incentives.”*

*“It doesn’t give you choice over who’s investing your money.”*

*“Very general, vague advice from the website. It’s not advice, it just throws information at you and you just do with it what you want.”*

*“Maybe if I had more information about it when I started I would show a bit more interest. It’s just a very quick presentation.”*

# What members want from PSS

- Most members have few expectations initially, because enrolment happened automatically and there was no choice.
- They want to see their money grow. Most want (and believe) this is done in a way that protects their money
- More passive members admit they know little about the scheme and how it works. They would like to know more and to generally be better informed, but this would have to be easy for them:
  - Clear, straightforward communication and comparisons with other schemes so they know more about how their money is doing
  - More advice, especially up front and towards retirement, but also at significant milestones
- More active members have much higher expectations – much higher returns, more choice about investments and even fund managers.



*"You just sign up, it comes out of your pay cheque."*

*"Safe wealth accumulation."*

*"It makes me feel quite safe, just knowing I can withdraw some if I need it."*

*"If something did come out quarterly that says what the returns are and something that compares it to other schemes."*

*"Even just some general advice every five to ten years. You've reached 15 years, this is what we recommend."*

# Attitudes toward the investment options

- Few have actively changed options – Passive Members have generally taken what they were given and assume they are in the right option.
  - Super Steps option is favoured by Passive Younger Members – like that it's 'set and forget'. Often vague about which they are on.
  - Passive Older Members tend to have Balanced option and more aware of which option they are on than Passive Younger Members.
- “Balanced” and “stable” suggest safety - appeals to Passive Members as they feel they don't know enough to make the right decision themselves.
- Passive Members believe there is enough choice and don't want more options as they like it to be as easy as possible.
- Active Members have changed options and are going for as much growth as possible, whether younger or older.

*“I think mine is split across the three, I'm not sure exactly how much.”*

*“I think I went on Balanced right at the start and I haven't changed it since then. It sounded safe and sensible.”*

*“I chose Balanced because there seemed to be less risk involved and not knowing how the scheme worked, it seemed like the safer option.”*

*“When I changed over from GSF to PSS, I filled out a risk assessment and they showed which level you're at. They said I was in the stable to middle, so that's what I did.”*

*“Don't give me too many choices because I'll get bamboozled.”*

*“The standard advice should be growth. So many cops have got it in the wrong thing. I'm in growth.”*

*“On the website it says I should be on the Steps programme, you should have 20% in the share market and the rest in ultra safe things for not losing money. I don't need to not lose money because I've got the backing from my other portfolios.”*

# Changing investment options

- Those closer to retirement may have switched to a more conservative option.
- Active Members want more options, especially more aggressive growth funds.
- Other changes to funds have been sparked by panic during the onset of Covid in 2020, with a couple of members switching to a more conservative fund as they felt it would be safer – both have regretted this as they now have lost ground to make up.
- Evidence that a change of investment fund can be sparked by the influence of others, especially colleagues who seem to know more.
- Even Active Members don't really know much about the portfolio mix and NZ / International stocks – as long as it's making the returns.

Changing investment options is seen as an easy, quick process



*"I was on Growth for a while and getting closer to retirement I changed it back to Balanced."*

*"I don't really care where the money is invested...All I'm looking at is the return. At the end of the day, it's a percentage figure."*

*"I'm high risk when it comes to investing. Now, my thinking is geared more toward retirement than it has been in the past."*

*"I moved mine after the bounce in Covid for about two months, into cash. It was the time of the US elections and there was a risk it was going to smash again."*

*"I changed to Growth after a couple of years. I changed because I learned more about it. I think it was a sergeant of mine who told me about it."*

# Use of the Risk profiler

- Awareness of the Risk Profiler was limited, and few have used it.
- The more risk averse will just stick to what they deem to be the “safest” option.
- The Profiler seems a little too general – many want more tailored, individual advice.
- Questions seem more weighted towards emotions rather than what’s rational.
- Not sure if they trust it.



*“I used it at one point. I can’t remember it being particularly helpful, but it was a long time ago.”*

*“Rationally I know I should be in a growth fund, but emotionally I don’t know if I can do it.”*

*“The questions seem almost weighted towards your more emotional side. There are fewer questions on paper, at this stage, this age, you should be doing more. And not necessarily what is best for your situation.”*

*“You do think it should be a rational thing, not an emotional thing.”*

# Growth vs. Income

- Passive Members are not generally well informed about what these terms mean.
- Generally believe the difference is about level of risk – growth assets are riskier than income assets, with more volatility. Higher rises and bigger falls.
- Those who feel ignorant about financial matters but who are anxious (generally Passive Older Members) feel more comfortable with “balanced” or “stable” options – “growth” suggests risk .
  - Passive Members prioritise protection of their money – they seem happier with lower returns if it ensures they don’t lose any money.



*“No idea to be honest.”*

*“Higher the risk, the better the return should be.”*

*“Growth is higher risk, higher return but could crash.”*

*“I think you go safer because you don’t know the other options.”*

*“I think you go safer because you don’t know the other options.”*

## Investment performance

- Generally just happy to see the graph move upwards each time they look – which is often only once a year when they get the email.
- Some don't even do this – content to hear generally that the scheme is doing well.
- General expectations are that it would deliver at least 7-8%. Few know exactly what it's delivering.
- Questions from more Active Members when they compare the scheme with others:
  - Even Passive Members want to know how their money is doing compared with other schemes as long as this is easy to do
- Passive Members believe the fund is performing well compared with others (even though they don't really know this). They are generally happy.
- Active Members believe the fund performs poorly compared with others, and they actually look at this.

Don't generally think about "the scheme". Just focused on their own money, so want to see how much they have personally

*"Once every twelve months, if that."*

*"I don't take much notice apart from the end of the year bottom line. The yearly report is really all I need."*

*"Only every three or four months, I look at it on the app. I just look at the numbers and see if it's gone up \$1000 or not."*

*"I'd like to see the investment returns tracked against other funds."*

*"I think I'm vaguely aware that the scheme is doing well. I'm quite happy to not think any further."*

*"I started looking at it in 2016. We made 2% growth and my wife's KiwiSaver made 18%. And then ever since then I've been tracking the returns. I just can't understand how they can say it's great."*

# Enhancing returns

- Most are happy with the scheme although everybody says they would like to get as much as possible from the returns.
- The most obvious way is to increase the proportion of growth funds, which comes with more risk:
  - Active Members want this, Passive Members generally would rather have more safety.
- Active Members would go further and question the actual choice of fund manager. They believe Mercer is not the best option to maximise funds and would like to have the option to move to another fund manager.



*"As long as mine is going up they must be doing a reasonable job."*

*"You could do a higher growth one and it could be subtly different. Instead of overseas investments, looking at Australasian investments. Take out some of the hedged ones."*

*"I don't know how much diversity there is around our trustees. The ones I met were all older white guys. I'd like to be looking at the up and coming companies but ours are all really risk-averse and they're probably more risk averse because they know the cops don't have anywhere else to put it."*

*"I'd like to be out of it. I don't have any faith they're going to change their ways or strategies. We need a new fund manager."*

# Investment tools

- Given the low level of engagement among many members, their needs are simple when it comes to looking at their investment.
  - Many won't proactively go to the website to look. Prompted by the email which will take them to where they need to go.
  - They want to be able to see at a glance that their investment is progressing (has gone up) since last time.
- The level of data is enough for most members. But the most active members want to see it tracked against other funds.
- There is an assumption that the data is daily.
- But there is a lag of two months in terms of their latest contributions.



*"I barely check it as long as I know it's going up I'm quite happy. There's no reason for me to look at it. It's \$300K that I can't touch."*

*"You go in and it will tell you what you had last year on the same date, I think it's right there."*

*"The level of detail probably isn't enough. I'd like to see the investment returns tracked against other funds."*

*"It's generally previous business day, which is standard."*

# Thinking ahead to retirement

- Younger Members are less likely to have looked at the Retirement income planner, as retirement is too far away to worry about.
- The planner can be useful to help members make decisions about hours of work
- It also makes retirement more tangible – a reality check of what they will be able to do given their income at retirement
  - This could be enhanced further with more examples.
- In summary, the planner is considered to provide a good, rough guide, but there are lots of other variables that it doesn't take into consideration, such as mortgages, assets, other investments.

*"I've seen it but I haven't paid much attention to it, it's just so far away."*

*"You essentially have to guess how long you're going to live for. I find that really depressing."*

*"For someone like me it helps to add weight to decisions about upping my hours. It's minuscule but it adds up, so that for me was helpful."*

*"I use the calculator to work out what I could be getting based on current contributions. It would be nice if they expanded and gave some examples, if they could be more detailed about the figures."*

*"It doesn't quite cater for my circumstances. It doesn't factor in all things, like trust income. It needs enlarging with a couple more possibilities. In general I think it's a very good tool. There are some calculators that are too simple. But it's the most complete."*

# Options for those nearing retirement

- Many nearing retirement haven't thought about what will happen to the funds and they have been given little guidance / advice about what to do with the money.
- More passive members are likely to keep their money in the scheme because:
  - They are comfortable with it and believe it has worked well for them
  - It will offer better returns than the bank.
- More active members are less likely to:
  - No longer receive employer contributions
  - Feel they can get better returns elsewhere.
- There is a crying need for older members to get help from the PSS in terms of options and the best way to prepare for retirement.



*"I'm comfortable with what they're doing, their decision-making and what returns we're getting."*

*"What does it mean if we leave it there or look for other options? We have all this money, now what do we do with it?"*



# Importance of responsible investment

# What is 'responsible investment'?

- Everyone seems to have some idea of what this means. In general they see it as avoiding the worst types of activities:
  - Bombs and other weapons of war
  - Nuclear weapons
  - Illegal drugs
  - Slave labour
  - Tobacco
- Few think about it in terms of the PSS, but there is an assumption that their money would not be invested in "bad" things because it's the NZ Police – this means not investing in firearms, nuclear weapons, illegal drugs and tobacco.
  - When told about what was excluded\*, these seemed like the most obvious things and they would have been surprised if the NZ Police wasn't excluding them
  - Some were disappointed that it didn't go further.

*\* The exclusion list includes the manufacturing of cluster munitions, landmines, chemical or biological weapons or nuclear weapons and the production and retailing of automatic and semi-automatic civilian firearms. Companies manufacturing tobacco products are also excluded.)*

*"Is that like not investing in bombs and stuff?"*

*"I don't think too much about it. It's that trust thing."*

*"Things that aren't going to damage society. I wouldn't want to be investing in something to do with cigarettes or guns in Iraq. There are really blatant ones for me. Smoking, weapons manufacturing."*

*"It would be a bad look for the police to associate with something they don't align with."*

*"We don't know exactly where the money is going. It's not the really bad stuff, but what's in the grey area? I think they could push a bit more."*

# What types of areas are important to members

- There are lots of grey areas – sweatshops vs. their own desire for bargains, fossil fuel vs. travel, weapons for war vs. defence, alcohol abuse vs. their self image as responsible drinkers.
- Many would like to have their investments go into funds that don't cause social harm.
- There is support especially for investments that support the environment as many realise that climate change is our biggest challenge.
- However, there is a hard core who value returns above everything else and only want money invested where it will make the best returns:
  - Even those who value socially responsible investment still expect good returns. They are not prepared to significantly reduce what their fund earns for a more responsible investment.

*"I'd be okay with a few points less to have a responsible portfolio."*

*"The climate is certainly something that's changing. The social thing is quite important, but slightly more towards climate."*

*"Climate change is one of my biggest things. It affects everywhere whereas slave labour doesn't necessarily."*

*"You want to be green, but not so green that you are broke."*

*Sometimes it's that first world perception, like we're not going to support companies with slave labour so then nobody has a job. It's not black and white."*

*"It's like firearms. I would use them responsibly because my only exposure to them is at work."*

*We're not donating to a charity but at the same time you don't want to invest in stuff that is mistreating people."*

*"I know there's a lot of alcohol harm out there, but I drink alcohol responsibly."*

*"I don't care what we invest in, if it's making me money I'm all for it."*

# Responsible investment areas of interest

- There are various areas that are personally significant to some people, for example:
  - Animal welfare
  - Rainforest protection
- There is scope to have more options to invest in funds that have a positive impact on society or the environment and that there could be an element of choice about where this goes:
  - Members may feel strongly about certain issues and would be engaged in a fund that supports these.



*“Cruelty to animals.”*

*“There are always new little businesses that will spring up and some will take off and they need a chance and they have ethics and values and products that I support.”*

*“I think I’d prefer to have a choice that I could see that green option and be able to choose a certain amount rather than that just being taken out by the fund itself.”*



# Customer service and member communications

# Customer service

- Direct interaction with the PSS revolves around making withdrawals and changing investments
  - Withdrawals made for several main reasons: to help with buying a house, to support finances during parental leave and for Active Members, to withdraw as much as possible to put into other funds
- Making withdrawals and changing investments seems to be quick and easy.
  - Maybe even too easy? Potential to advise members when they want to do this about the consequences of withdrawing money or switching schemes
- Real people contact – through phone or email is important and appreciated.
  - They are responsive and reliable.

No complaints from anyone



*"It's been good. When I was wanting to make a withdrawal, I couldn't remember one of the passwords and I rang them up to get that. Always been done pretty promptly."*

*"I just email them and they are fine."*

*"When I've tried to get money out, it's been easy as pie."*

*"It seems too easy to access sometimes. It would be interesting to know if there's any sort of 'just so you know' thing that pops up when you try to withdraw it."*

*"It's not like dealing with Vodafone."*

# Communications

- Many only look at **annual returns** and are prompted to do so by the email they receive. Even then, many aren't actually reading it:
  - They really only want to know about what's personally relevant to them:
    - Has their money grown?
    - How does it compare with other main schemes / KiwiSaver?
  - There is too much information for many and it is not user-friendly enough – a danger of further disengagement.
- **2 Minutes on Super:** This is not personally relevant enough and few look at it.
  - More engaged Members find information elsewhere
  - However, it does keep the PSS in the minds of Members who are likely to forget it throughout the year and may prompt some to take more notice.
- Members appreciated **communication over COVID** - happy to receive reassuring communication from the fund advising calm.
  - Unfortunately a little late for some who panicked and moved funds resulting in a loss.



*"I stopped reading it."*

*"They talk about unit pricing but there's no real information about what that is."*

*"I'm really only interested in the once a year thing that comes out and it's straight to the returns pretty much."*

## Views of the website: [www.policesuper.co.nz](http://www.policesuper.co.nz)

- Many will only check the website if prompted to do so.
- Both phone and computer are useful for those who do: phone for a quick update on returns, computer for a more thorough look and to check how the fund is performing compared with others.
- The [www.policesuper.co.nz](http://www.policesuper.co.nz) website is generally thought to 'do the job', but it could be made more user friendly to increase engagement:
  - Most only want to know about their money and ensure it's tracking upward – have this on the front screen rather than going into different tabs.
  - Comparison is important – an easy-to-see graph that compares the fund with the average KiwiSaver should also be there and easily accessible.
  - Feels a little dated and needs a refresh. (Members feel younger people wouldn't engage with it because of the look and feel.)

*"I found out the information on the front page of the website, which was really easy."*

*"I check often, just the balance and update my spreadsheet."*

*"I find it easier on the desktop. It's much easier to navigate it."*

*"Latest returns should be upfront. Get your balance on the front screen. If you want to see what the returns are you have to go into a few different tabs. Just having the latest returns and balance up front. And then a button that says forms. That's all anyone really cares about."*

*"I'd probably have comparison graphs to see how other fund managers are going. The general market, you've got to be reflective and it shows transparency as well."*

# Improving PSS



- Most are happy with the Scheme.
- Some tweaks to it would engage more:
  - Update the look and feel of the website and all communications
  - Make comparisons with other schemes easy to see
- Members consider more education and guidance is important, particularly at sign up and when nearing retirement
  - Engagement is generally low and the feeling is that more involvement at the beginning would help greatly
- The most aggressive return seekers are not happy with the PSS. At the very least they would like more growth options to invest in.

*"It does the business, it's cautious and to a degree I understand that. It could have greater appeal if it had a better look and feel to it. Get some computer programmers in their 20s and have a focus group. Things that target or trigger those people in their 20s or 30s and show them the benefits to the. You need some sort of education thing."*

*"Just a comparison. For what we're getting, how is it comparable to Australia and how comparable I is it to other superannuation groups in NZ?"*



# Recommendations

Note: New Recruits are lacking in this study. Understanding more about their needs is important.

# Recommendations: lead and engage

## Take charge

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- The aim should be doing the best for members and this means having informed members who understand and value the scheme.
- A need to lead and control the conversation. It currently feels passive and in the background.
  - Many members are unengaged, especially younger ones.
- Increase trust and transparency, therefore reducing the influence of a vocal minority to fill the vacuum.
  - This means communicating more than once a year in a way that is impactful and user friendly so that members take notice and feel informed.
- Interactions with members all need to focus on making it the best scheme it can be for each and every member.
  - Personally relevant.
  - Clearly keeping the future of members to the fore-front.

## Increase engagement with members

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- Too many are unsure about it and too afraid to initiate changes with it as they feel uninformed.
  - Often stems back to their initial recruitment when they were given little guidance or advice.
  - More work upfront with new recruits to emphasise the personal relevance of it and the potential.
- More personal check-ins at significant milestones – a personal call or email to discuss options.
  - Parental leave is a key time to ensure that future earnings are impacted as little as possible.
- More user-friendly interface – a fresher look for the website, a clear, easy navigation to what's most important to them – their fund's performance and how it compares.
  - Prominent tabs directing them to clear, easy advice and the option to talk to someone if needed.
- More options for responsible funds – members may not know much about finance, but they know what they value – enable this and make them feel good about being part of the PSS
  - Offer positive screening options for environmentally friendly funds – there may be even more receptivity to this from newbies.
- Guidance in the final five years about planning for retirement and what to do with the funds in the PSS.

# Recommendations: communicate and address concerns

## Communications are key

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- Maintain the current quality of person-to-person customer care with various options to connect: phone, email are the main ones.
- All communications to be impactful – personally relevant, concise, user friendly and when it offers something of benefit to members.
  - Timely, impactful communication at times of volatility, i.e. COVID.
  - Assess the role of 2 Minutes on Super – it's currently not compelling.
- Clearer communication about changing funds and making withdrawals – members are vague about these
  - Push members towards clear information about the impact of such changes and / or where they can go to get more advice.
- Push the benefits of the scheme more strongly – older members generally come to realise this, but others may not know how good it is.
  - Especially for newbies, but also reminders for others.
  - Focus on the generosity of contributions and how it compares with KiwiSaver.

## Address concerns of the dissatisfied

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- There are some very vocal, unhappy members who lack faith in the scheme overall and the people running it.
  - In the absence of engagement and advice from the PSS, other members are influenced by them and this could see further negative feelings about the scheme.
- There is a need for greater trust and transparency:
  - Important to have reps who are seen to be educated in finance and able to talk to members about the scheme and provide robust reasons for decisions .
  - Clear reporting about how the fund is performing vs. others.
  - Address claims about under-performance and find a strategy to remedy this.
- More choice, more control for more Active Members.
  - More investment choices, particularly growth options – go up to 100%.



# Appendix: Discussion Guide

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# Guide: Getting the best out of the Police Super Scheme

**INTRODUCTION AND WARM-UP** (Introduce facilitator and topic, etc.)

## **ATTITUDES TO SUPERANNUATION GENERALLY**

*Purpose: To understand attitudes to preparing for retirement as a context for discussing Police Super Scheme*

- How would you describe your general preparation for retirement?
- What are the positives in what you are doing?
- What are your concerns looking ahead 5 or 10 years?

## **TOP OF MIND: THE POLICE SUPER SCHEME (ALL)**

*Purpose: hear what if anything is top of mind*

### **Probe**

- What are your top of mind associations when you think of the Police Super Scheme – write down on a piece of paper 3 words that come to mind?
- What are your reasons for feeling this way?
- When do we tend to think about our Police super? - what brings it to our mind? - Is that positive/ negative?
- What else do you need and want from a superannuation scheme - are there any gaps in what you have - and why do you say this?

## **POSITIVES AND NEGATIVES (ALL)**

*Purpose: hear about the positives and about issues associated with scheme membership*

- What were your expectations of the Police Super Scheme at the time you joined up?
- What are the key things that you want from the Police Super Scheme?
- How much do you feel you know about the scheme and how it works?
- How well is it going for you so far?
- What are the best things about the Police Super scheme for you?
- And what about any downsides – weaknesses of the scheme for you?
- Did you feel that the scheme in reality has been something different to what you expected it to be when you joined it
- Have you ever felt let down and disappointed with the reality of the scheme? If so, in what respects?

# GUIDE - 2

## INVESTMENT OPTIONS (ALL)

*Purpose: explore understanding and views of investment options*

- What type of investment option have you got with the Scheme? (Super Steps, or Growth, Balanced, Stable and Cash Plus)
- Why did you choose this particular option? –what were your main considerations and motivations – risk profile?... what were you hoping to achieve? – How comfortable are you with risk – particularly in this COVID world?
- What's your understanding of 'growth' assets and 'income' assets? How easy is it to get the information from PSS, to help you choose a particular investment option?
- Have you used the [risk profiler](#) on the website? Was it helpful?
- Have you changed between the different options much? – Why – what drives change? /Why not? – how easy is this?
- What changes or additions would you like to see to the investment options available?
- For example, how interested are you in say, having a more aggressive growth option (100% growth)< etc.
- What about the portfolio mix / and ratio of NZ to international stocks?
- Are there different types of assets you would like to see the Scheme invest in – e.g. property

## INVESTMENT PERFORMANCE (ALL)

*Purpose: explore members' perceptions of Scheme Investment performance*

- How much notice do you take of how well **the scheme** is doing? – how often do you check this? – how do you know if the scheme's performance is above average, good, etc?
- How do you compare its performance with others in the market? – where do you think it sits? Who do you rely on for this information (e.g. PSS website, other website, anecdotal information from friends/family)
- How does scheme investment performance affect your choice of investment option (Balanced, Growth, etc)
- How confident are you that PSS is doing a good job on your behalf? – what makes you think this way?
- What would you like to see PSS do to enhance scheme returns?
- What about performance of **your investments in the Scheme**? How easy is it to see how well your scheme is performing?
- How up to date is the data?
- Is the level of detail sufficient for your needs? – why/why not?
- How useful/accurate do you think projections of your income in retirement are?

# Guide - 3

## Probe –

- How useful do you find the retirement income projections included in the annual statement?
- Have you used the retirement income planner?

## **SOCIALLY RESPONSIBLE INVESTMENT (ALL)**

### **CUSTOMER SERVICE (ALL)**

*Purpose: explore perceptions of service from PSS*

- What is important to you and what constitutes good service?
- How is it dealing with PSS if you have any queries or issues?
- What would be the ideal service that PSS could offer members?
- Have you withdrawn any funds from your scheme? How easy was this – any frustrations/problems?
- How could customer service for members be improved?

## **RETIREMENT OPTIONS – FOR GROUP CLOSE TO RETIREMENT ONLY**

*Purpose: To explore the ideal service offer.*

- How aware are you of your options with the scheme as you head toward retirement?
- What factors will influence any decision you make to keep funds in PSS when you leave Police?
- How flexible is the scheme retiring options – how well do these meet your needs?
- How could PSS help you (more) with preparing for retirement?
- 
- **Probe** –Have you used the retirement income calculator?

## **MID CAREER GROUPS – FOR MID CAREER GROUPS**

- Have you made any withdrawals from the scheme?
- If so, how has that worked out for you? If not, why not?

# Guide - 4

## COMMUNICATIONS (ALL)

*Purpose: hear what is working well, interest in communications, what could be done differently*

- How well does PSS communicate with you about the Scheme?
- Does PSS communicate the features and values of the Scheme clearly enough?
- Should they tell you more? What do you want to know?
- How do you generally access the website? (e.g. Mobile, tablet, laptop)
- How do you want to be communicated with – online, phone, app, text etc.
- How often do you go onto the [www.policesuper.co.nz/](http://www.policesuper.co.nz/) website?
- What do you go on for?
- How useful is the site for you?
- What more could it offer?
- E.g. wealth calculator

## PSS – SCHEME FUTURE (ALL)

*Purpose: explore any other ideas*

- Would you say the scheme is good as it is, or that it needs a lot of change and new direction? – why do you say that?
- Based on what we have discussed what changes, if any, would you like to see made to the Police Super Scheme?
- What do you see as key priorities to be addressed?
- Has this discussion had any impact on your interest in your scheme?
- What questions do you have – what more might you be interested in finding out about?
- 

### **Probe –specific points for feedback**

- Are you aware that members can no longer make lump-sum contributions into PSS?
- Is this frustrating for you?

Is there anything we haven't covered today that you would like the Police Super Scheme to know?

THANK AND CLOSE.



## About NielsenIQ

Arthur C. Nielsen, who founded Nielsen in 1923, is the original name in consumer intelligence. After decades of helping companies look to the future, we are setting the foundation for our future by becoming NielsenIQ. We continue to be the undisputed industry leaders as evidenced by our experience and unmatched integrity. As we move forward, we are focused on providing the best retail and consumer data platform, enabling better innovation, faster delivery, and bolder decision-making. We are unwavering in our commitment to these ideals and passionate about helping clients achieve success. For more information, visit: