

Kiwi Pension Shock

By: Tony Foote



If you aren't freehold and going on superannuation only, you are in serious financial trouble!

Not everyone gets the breaks in life. Bills, travel, nights out, cars and their costs and maybe even a jail sentence or divorce seal your fate; and kids, that's 18 years of dead income due to their costs, excluding UNI. Let's not forget, no savings as you stop work to have kids! Then there's divorce, job loss, court costs and costs associated with absolutely everything. Nothing in New Zealand happens without the words "What will that cost me?" Your lifestyle will cost you all you earn and if not freehold by retirement there's little chance of old age security. This is common in New Zealand.

Working into your eighties is the norm now. Imagine carrying mortgage, and costs into retirement all paid from a meager \$606 less tax weekly even before power, gas, food, car and clothing and before you go for your first cruise, fishing trip or overseas adventure. Ample savings entering retirement will help fund this though frequently not likely – you do the math then figure where you will stand on your first pension day.

I moved in with my elderly parents in the nineties. Shortly after, Dad passed away leaving Mum at an advanced age with 17 cats, mostly elderly "Leftovers" from her cat rescue. Advised to euthanize the cats as people thought they were too much for her, Mum refused. I found myself drawn into their daily care. Before I realized, it was 2015 and Mum was fading quickly, I stopped work to look after her full time. Almost immediately I had a heart issue which required a stent installed. These issues led me onto the equivalent of a sickness benefit.

Sadly, dementia came knocking for Mum over the next few years and months. Suddenly, she stopped feeding her cats and didn't recognize that they were there in her cattery any longer. It was clear there was something wrong and I had been following her up daily to ensure the cats received proper ongoing care. This job then fell completely to me and I did it diligently from then forward, as well as looking after Mum.

I raced towards pension day. Mum worsened requiring hospitalisation for a few weeks then six months at a nursing home dementia unit. This expensive and though owning a freehold home, there were no savings. I remained in her house with the cats with no realistic chance of ever finding another place to live with those sweet old cats – they would all need euthanizing if I could not find a way to hold onto the house. I was paying all her bills and costs, around fourteen hundred dollars per week in the facility and the costs of the cats – vets, food, power bills, rates, insurances and so on out of what was a sickness benefit equivalent at the time, as well as a tiny pool of my own emergency cash and limited savings. I could not sell the house and rest home care was not subsidised as her house dragged her over the financial threshold. I used all my savings to pay down the financial threshold to avoid homelessness. This left me flat broke with no family assistance and many cats to look after with little income. It was a severe struggle but we got through it.

Mum died and left me her house, rent free – with the caveat I pay all expenses and ongoing bills, rates, insurances, maintenance, legal bills, refund of her super to WINZ (due to her time in hospital and rest home) and around fourteen hundred dollars per week in the rest home facility. This decimated my remaining resources. I retired in December that year with fifty one dollars to my name. All the preparation in the world would not have helped me. The unexpected ongoing costs make jump out and kick you. I have nothing more than a simple, no frills, no fresh meat or cheese lifestyle with no car, Using Uber for transport on rare occasions and still buying the best food for the cats.

I got caught out after all this when I applied for the NZ Super as I reached 65. I needed the accommodation supplement as the property related costs were dragging me down but as procedure would have it, WINZ could not move past the fact that there was no rent to claim on the house as I was left it free of rent, but the huge maintenance and costs were stifling – but not claimable so I got nothing but the basic super with no right of appeal. A lesson for us all.

Happily, the cats all survived and all now very, very old and still healthy!

Extremely aggressive financial cuts allowed me to keep the house and cats. Super was helpful but meager. Many must sell up homes for rest home care and hope the remainder is enough to live on in their final years – I suspect it's not, once all the bills and myriad costs are finalised.

Takeaway's from this.

In most cases, families can't or won't help financially at this juncture of old age, infirmity and special care. Kiwisaver is not a real option unless it's close to a million dollars at retirement. The irony – when Mum retired, she did so in a house she owned, and dad was still around. They had no savings. It's sad that New Zealand provides opportunities for dignity in old age only to a

percentage at the top of the financial food chain. You can invest or try to save, but costs will clean you out, no matter how well you believe you have prepared because whatever you think as pension day approaches, you have probably not done enough.

No, the pension is not enough to live on with any real dignity unless you go into it with tons of cash behind you. Kiwisaver is only a short term help at the end unless it's a million bucks. Even then, you can lose all of it and be stuck like I was with large unexpected costs. Families don't have money to help as they are also approaching retirement and if you are thinking of a retirement village or paid care, that is an entirely different and costly proposition – do your research and do it very well! Most importantly of all – if you do not own a house freehold, you will not be able to live more than a modest lifestyle on the New Zealand Superannuation and there is no realistic help available to you once retired. I discovered this the hard way. Your monthly bills of all types will bleed you dry.

Some thoughts as you approach pension age

In the twelve months leading up to your retirement: If you are not wealthy and do not have a large pool of cash – not counting your home (freehold) you need to take these steps to protect you retirement such as they are.

Firstly, cut all current costs and convert everything you aren't going to use into cash, then save that extra. Dump unnecessary insurances and sell off second cars and other trinkets and toys! Work towards living on no more than five hundred dollars per week, including all standard costs, no exceptions! If you are in a private rental, seek out social housing from your council, housing corp etc. Private rentals will crush your finances.

What about the cats?

The cats all live in the house instead of the cattery now (7 remain plus 2 ferals who I feed nightly) and because of their excellent care are mostly still alive and all are healthy. Several have reached their twenties. They all get regular nutrition, vet care and cuddles. After all this, thankfully, the cats keep me well grounded. I guess all's well that ends well.

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Summary of "Kiwi Pension Shock" by Tony Foote

- **Financial Struggles in Retirement**
 - Many New Zealanders face hardship if they retire without owning their home outright.
 - Living costs (mortgage, bills, food, car expenses, etc.) quickly exceed the basic pension (\$606/week before tax).
 - Without significant savings, old age security is unlikely.
- **Personal Story**

- In the 1990s, the author moved in with his elderly parents.
- After his father's death, he helped care for his mother and her 17 rescued cats.
- Over the years, he stopped working due to caregiving responsibilities and his own health issues (heart condition requiring a stent).
- His mother later developed dementia, requiring costly nursing home care.
- Despite owning a freehold home, savings were drained to cover nursing costs, household bills, and care for the cats.
- The author was left nearly broke.
- **Retirement Shock**
 - When his mother died, he inherited the house but also faced ongoing property expenses (rates, insurance, maintenance, legal fees, and debts to WINZ).
 - Retired at 65 with just \$51 in hand and minimal lifestyle—no car, relying on Uber occasionally, but still prioritizing care for the cats.
 - Applied for the accommodation supplement but was denied since he paid no rent, despite heavy housing-related expenses.
 - Left with only the basic pension and no appeal rights.
- **Final Note**
 - Despite hardships, the cats survived into old age, still healthy.
 - The story serves as a cautionary tale: even with preparation, unexpected costs in retirement can wipe out security.