PEAK LIVING

THE FINAL THIRD: WHY NEW ZEALANDERS ARE NOT PLANNING FOR OLD AGE

New Zealand's "She'll be right" attitude measurably weakens many Kiwis' ability to plan effectively for retirement. The core issue is simple: a cultural bias toward optimism, low stress thinking and gut instinct decision making delays or replaces the structured, forward looking financial planning that retirement actually requires. This article challenges this mindset and considers Peak Living's new wholesale investment model helping New Zealanders rethink their future.

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The Final Third: Why New Zealanders Are Not Planning for Old Age

New Zealanders are planners by nature. We plan our OE, our careers, our homes, our children's schooling and our summer holidays with almost ritualistic precision. Yet when it comes to the final third of life which is the 20 to 30 years after retirement most of us simply hope for the best.

It is a paradox that sits at the heart of New Zealand culture. We are optimistic, practical, and famously relaxed. "She'll be right" has carried us through earthquakes, recessions and rugby heartbreaks. But when applied to ageing that same optimism becomes a quiet liability.

As one article puts it, *"New Zealand's 'She'll be right' attitude measurably weakens many Kiwis' ability to plan effectively for retirement."* Another adds that *"most individuals plan for retirement income but not retirement living which is the physical, social and care environment they will actually inhabit."*

Together they reveal a national blind spot where we prepare for everything except the part of life we are highly likely to reach.

The Numbers Behind the Blind Spot

Recent research from the Commission for Financial Capability (CFFC) and the Financial Markets Authority (FMA) paints a stark picture:

- Only 10% of New Zealanders over 50 are certain they have enough money saved for retirement.
- Almost half have not worked out how they will reach their retirement goals.
- 40% of retirees stopped working without any financial plan.
- Many rely on “gut instinct” rather than structured tools or professional advice.

These are not fringe statistics and they describe what is considered the majority of the population. And they also reflect a cultural pattern of confidence without preparation.

Why We Avoid Planning for Old Age

1. Ageing Feels Distant, Until It Is Not

Psychologists call this “future discounting.” A 30-year-old sees age 80 as abstract. Even at 50 frailty feels far away. We underestimate how quickly the later decades arrive and, importantly, how long they last.

2. It is Emotionally Uncomfortable

Planning for retirement income is easy. Planning for dependency, declining mobility or the possibility of needing care is confronting. Many people simply avoid it.

3. It is Financially Complex

Retirement villages, ORAs, care levels, capital gains models and longevity risk are unfamiliar concepts. Most people don’t know where to start.

4. It is Uncertain

No one knows exactly what care they will need, when they’ll need it or how long they will live. The uncertainty itself becomes a barrier.

5. Property Dominates Our Thinking

For decades residential property has been the default wealth strategy. Many assume the family home will “sort things out” and that they’ll downsize or sell when needed. But this depends on health, market conditions and retirement village availability. Sector analysis shows rising costs and constrained supply making property-centric strategies increasingly fragile.

The Cultural Layer: “She’ll Be Right” Meets Modern Retirement

New Zealand’s optimism bias is not just a personality trait as it shapes behaviour.

We underestimate future costs

Many assume NZ Super will be enough. It isn’t. NZ Super is already insufficient for even a ‘no-frills’ lifestyle.

We procrastinate

If you believe things will work out then urgency disappears. People delay adjusting KiwiSaver, increasing contributions or planning for long-term care.

We rely on DIY thinking

The Number-8-wire mentality encourages people to “sort it themselves,” even though retirement planning involves complex decisions about investment strategy, tax, longevity risk and healthcare.

We over rely on property

We assume the house will “sort things out.” But this strategy is increasingly fragile as retirement village capacity tightens and entry prices rise. In the past new retirement village development feasibility rule of thumb was that villas should sell for approximately 80% of the average residential property house price in the local community. This is no longer the case.

The System Under Strain

New Zealand’s retirement system is often described as a three-cable suspension bridge:

1. **NZ Super**
2. **KiwiSaver**
3. **Housing wealth**

All three are under pressure from rising living costs, inadequate savings and housing affordability challenges. When individuals adopt a “She’ll be right” approach they fail to reinforce any of these cables which increases long-term vulnerability.

A Generational Shift Is Underway

Interestingly, younger New Zealanders are breaking from tradition. Those aged 18–35 expect:

- KiwiSaver to be their main retirement income
- Less reliance on home ownership
- Recognise higher retirement costs
- And more need for advice and digital tools

This marks a cultural pivot away from complacency and toward proactive planning.

The New Investment Models Helping Them Rethink the Future

> Life after retirement starts with the promise of freedom from time constraints and ends with the inescapable reality that we all have a finite amount of time.
>
> Many people understandably do not want to think about the last decades of their lives, but that will not stop them happening. Facing the future head on and planning and actively preparing for this time improves the comfort, enjoyment, and health you can expect.

The New Approach: Investing in the Life You Want Later

A new class of investment structure is emerging to help New Zealanders plan for ageing in a more proactive and financially aligned way. The Peak Living Retirement Village PIE Fund is specifically designed to link investment returns to the future cost of retirement living.

This is not a product pitch rather it is a structural shift in how people think about ageing.

1. Linking investment returns to future living costs

Retirement village entry prices rise over time. A fund tied to village unit values helps investors hedge the future cost of entering a village.

2. Turning retirement living into an asset class

Instead of engaging with retirement villages only in crisis, people can invest early in the ecosystem they may one day live in.

3. Reducing fear and uncertainty

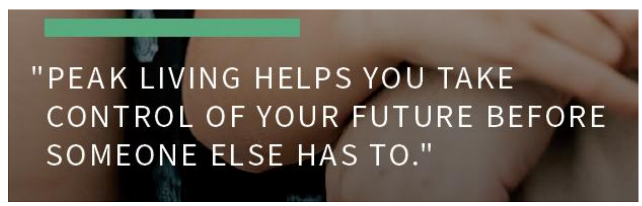
One of the biggest anxieties about old age is affordability. Property-backed returns help reduce that fear. And if an investment is aligned to a retirement village rather than residential property, even in the same community, any future gaps on entry are minimised.

4. Making planning easier

A professionally governed PIE fund removes complexity, making long-term planning feel manageable. In Peak Living's case, while they are the Fund's manager, administration is outsourced to wealth management experts, Bancorp and independent oversight with crown-owned Public Trust.

5. Supporting intergenerational planning

And critically, families can align investment decisions with future care pathways, reducing stress later in life.



A Shift From Reaction to Preparation

Funds like Peak Living encourage a new mindset:

"*I'll deal with retirement when I get there.***"** becomes *"I can invest today in the environment I'll want to live in tomorrow."*

This is a profound behavioural change. It helps people:

- Plan their ageing journey, not just their retirement income
- Think about care needs earlier
- Align financial strategy with lifestyle strategy
- Reduce the burden on family
- Approach old age with agency rather than fear

The Human Story Behind the Numbers

Every New Zealander will eventually face decisions about where they will live, how they will access care and how they will afford the lifestyle they want in later life. These decisions are easier when made early and harder when made in crisis.

The final third of life is not something to fear. It is something to prepare for.

And New Zealand, slowly but surely, is beginning to realise that "She'll be right" is not a retirement plan.

The Bottom Line

New Zealanders avoid planning for the final third of life because of cultural optimism, emotional discomfort and financial complexity. But new investment structures, including retirement-linked PIE funds, are helping shift behaviour from complacency to proactive planning.

The final decades of life are not an afterthought. They are a stage worth planning for, investing in and looking forward to.

About the Author

Stuart Bilbrough is the CEO at Peak Living Limited. He is a registered financial advisor (FSP1013288). He is also a NZ Chartered accountant and has nearly two decades experience in the New Zealand retirement industry. He was the CFO and then CEO at NZX listed Radius Residential Care and CEO at NZX listed Promisia Healthcare. Subsidiary, Peak Living Funds Management Limited (FSP1013335) is the Fund Manager for the Peak Living Blenheim Retirement Village PIE Fund.