

Media Fact Sheet

New Zealand Superannuation Fund

April 2025

Who we are

- The New Zealand Superannuation Fund (the Fund) is a Sovereign Wealth Fund (a pool of assets owned by the Government).
- The Fund is managed by the Guardians of New Zealand Superannuation (the Guardians), an Autonomous Crown Entity established by the [New Zealand Superannuation and Retirement Act 2001](#)
- The Fund's purpose is to partially pre-fund the cost of national superannuation in order to reduce the burden on future taxpayers. It is not being drawn on to pay for current pension payments – these are funded out of current taxes.
- The future capital withdrawals from the Fund cannot be used for other purposes (such as economic development or fiscal stabilisation). However, taxes paid by the Fund to the Government go back into general Government revenue.

How the Super Fund will fulfil its role

- Treasury's current modelling expects drawdowns to commence in 2031, at which point it forecasts the Fund's year-end balance will be \$118 billion, or 21 percent of GDP. Substantial draw-downs are forecast to begin during the 2050s and the Fund is expected to peak as a proportion of GDP in the 2070s.
- The Fund also pays tax to the New Zealand government (one of only a few Sovereign Wealth Funds in the world that pay tax in their home jurisdiction).
- On current Treasury forecasts, capital withdrawals and tax payments combined will equal 12.7 percent of the total annual net cost of superannuation for the year ending 30 June 2040, rising to 16 percent in 2060.

Government contributions

- The [New Zealand Superannuation and Retirement Act 2001](#) sets out the legal requirements for capital contributions and withdrawals by the Government. The funding formula is set out in the Act ([Sections 42 to 44](#)).
- The legislation provides for an annual savings commitment to meet future Superannuation costs.
- Sections 42 and 43 of the Act set out the process by which the Treasury calculates the amount of the annual capital contribution to the Fund.
- The Treasury is responsible for maintaining the funding model, calculating the Government's legislated capital contributions, and managing withdrawals and any related disclosures.
- The Treasury's funding model is based on the Government's fiscal forecasts and is updated every six months. The model is set out on its web site www.treasury.govt.nz, under the section on [Government assets](#). The Treasury publishes its [contribution models](#) twice yearly.
- Section 44 of the Act provides that the Government may pay lesser amounts into the Fund in any financial year than the annual capital contribution calculated under the Act. The Government, using section 44 of the Act, suspended capital contributions between

July 2009 and December 2017.

Fund performance

- Current performance figures are posted [on our website](#) (these figures are provisional and unaudited).
- The Fund uses two benchmarks to assess performance: the 90-day Treasury Bill return (a measure of the cost of [Government debt-servicing](#)) and a [Reference Portfolio](#), a notional portfolio of passive, low-cost, listed investments suited to the Fund's long-term investment horizon and risk profile.
- Over the 20 years to 30 June 2024, the Fund generated \$49.86 million more than returns on the Treasury Bill for the same period, and \$17.28 million more than the Reference Portfolio benchmark (after costs, before NZ tax). This out-performance shows wealth has been created relative to the opportunity cost of lowering debt, and relative to managing the Fund passively.
- Active investments allow the Fund to take advantages of its endowments, or competitive advantages, and harvest value-adding returns over and above the equity risk premium¹¹ available. See <https://www.nzsuperfund.co.nz/how-we-invest/actual-portfolio> for information.
- Markets are volatile. Short-term returns go up and down, and not every investment has been or will be a success. However, the Fund's long horizon means it can invest in illiquid assets, ride out short-term market movements, and take counter-cyclical positions based on [our investment beliefs](#).

Investing in New Zealand

- Over the life of the Fund to date, the dollar value of our domestic investments has increased in line with the growth in New Zealand's nominal GDP – it's now more than \$8 billion. As a proportion of the Fund our NZ investments have declined over time, however, from 21% in 2009 to 11% at the end of the 2024 financial year. This is a function of the relative growth rates and market size of NZ in comparison with the global asset classes in which we are invested.
- NZX-listed stocks currently make up about four percent of the Fund's net total exposure – the NZX accounts for about 0.12 percent of global equities.
- We are very interested in large-scale opportunities to invest in New Zealand infrastructure. Our preferred investment approach is a partnership model that involves us being an equity investor, typically alongside another investor with specific sector expertise. This is what we are doing with Copenhagen Infrastructure Partners in Taranaki in investigating the feasibility of establishing an offshore windfarm and in our land development projects around the country.

Sustainable Investing

- The Guardians' organisational purpose is Sustainable Investment Delivering Strong Returns to all New Zealanders.
- We believe an entity's environmental sustainability, its social licence, and its governance policies and practices are fundamental to its long-term risk-adjusted return.
- Our governing legislation requires us to avoid prejudice to New Zealand's reputation in the world community. ESG considerations are therefore integrated into all aspects of the Fund's investment activities, from investment selection and due diligence to ownership activities such as monitoring our external investment managers, exercising our voting rights and engaging with companies to improve their ESG policies and practices.

Further reading

- [Smoothing the future cost increases of providing universal superannuation to New Zealanders](#) (Produced by the Guardians of New Zealand Superannuation for the Commission for Financial Capability's 2019 Review of Review of Retirement Income Policies)
- [Golden Years – Understanding the New Zealand Superannuation Fund](#) (New Zealand Treasury Working Paper 21/01)

For more information: www.nzsuperfund.nz

^[1] Treasury's 2005 paper on the [equity risk premium](#) is a helpful resource on this topic.