



Meeting the future needs of older New Zealanders

Trends, risks and opportunities

Summary Long-Term Insights Briefing
October 2025



**MINISTRY OF SOCIAL
DEVELOPMENT**
TE MANATŪ WHAKAHIATO ORA



Office for Seniors
Te Tari Kaumātua

We are seeking feedback on our 2025 Long-Term Insights Briefing

The Ministry of Social Development (MSD) is seeking feedback on its Long-Term Insights Briefing (LTIB). The topic is ‘current and future disadvantage for older New Zealanders’.

This document provides a summary for public consultation. You can find the full draft on the [Ministry of Social Development website](#).

This follows a first round of consultation on the proposed topic, which was done in October 2024. The discussion document used to inform the first phase of public consultation is available [here](#). A full summary of what we heard through the first phase can be found on the [Ministry of Social Development website](#).

You are welcome to provide comment on the draft by getting in touch with us. You can email any feedback to ofs@msd.govt.nz, or you can mail your submission to:

Long-Term Insights Briefing Consultation,
PO Box 1556
Wellington 6140

Once feedback has been considered, MSD will finalise the report and is aiming to publish a final version by early 2026.

Introduction

MSD's LTIB aims to understand current and future disadvantage for older people. We examine the data and evidence of emerging trends to unpack what this could mean for older people themselves, as well as for MSD's supports and services. The LTIB notes the complex ways in which poverty, material hardship and disadvantage intersect across the life course and through to later life. It identifies a range of considerations for Governments to prevent and mitigate disadvantage.

Older people in New Zealand

The New Zealand population is ageing rapidly

This is due to life expectancy gains and declines in fertility rates. The share of the population aged 65+ is projected to grow from around 18% now to 23% by 2050.

New Zealand's older population is also becoming more ethnically diverse. By 2043, Stats NZ projects that the proportion of those who are NZ European and aged 65+ will decrease from 83% to 75%. All other ethnicities will increase as a proportion of the older population.

In many ways an ageing population is a positive change. People are living longer and are in better health. Older people contribute to their whānau and community in many ways. With an increase in the number of older people, New Zealand stands to benefit even more from this range of contributions.

However, an ageing population will also have a significant impact on the make-up and size of New Zealand's labour force, as well as our fiscal position. Demographic change requires Governments to consider how best to meet the needs of an increasingly large and diverse population group.

Older New Zealanders experiences and expectations of later life vary

The older population is not a homogenous group and covers a range of people in diverse circumstances. While acknowledging this, the LTIB often uses the 65+ age range for practical reasons, as this is the most used grouping in data sets.

Different experiences in later life are driven by a range of factors, including ethnicity, gender and gender identity, sexuality, and ability, as well as experiences across the life course. For example:

- Women often spend more time supporting themselves in retirement and living alone, as well as providing care for other family members in later life. Women are more reliant on NZS, as they tend to have lower income throughout their working lives, resulting in less savings and less investments.
- Older Māori disproportionately experience poverty, hardship and wider disadvantage. This has historical roots, including the legacy of colonialism and land-loss. We have done specific analysis of issues related to older Māori, which you can read on the [Ministry of Social Development](#) website.
- Pacific older people are faring worse than other older people on most comparisons, including home ownership, savings and wealth and hardship. As with Māori, Pacific people's disadvantage is driven by historical and systemic factors. We have done specific analysis of issues related to Pacific older people, which you can read on the [Ministry of Social Development](#) website.
- Ethnic communities can face language and cultural barriers, have difficulty accessing support and may be more likely to experience social isolation. Some recent migrants do not qualify for NZS on residency grounds, which limits their income.
- People with long-term health conditions and disabled people are more likely to experience hardship in later life. Those who have experienced life-long disability are at higher risk of poverty and some groups of disabled people are known to have lower health expectancy.
- Rainbow older people have often had lifetime experiences of social exclusion, discrimination, victimisation, stigma and identity concealment. These experiences can have a range of impacts in later life, including diminished health, social isolation and reluctance to engage with services.

On average, older people report better wellbeing than other age groups

This is consistent across a range of domains, including income adequacy, subjective wellbeing, social contact and identity and belonging. In 2015, 86% of people aged 65+ reported themselves to be in good, very good or excellent health. This percentage is considerably higher than the OECD average of 44% and is the highest out of the 34 OECD countries that were surveyed.

However, many older people are doing poorly in a range of areas, even if the rate is generally lower than for other age groups. For example, 21% of older people have poor overall mental wellbeing and 12% report that their home is always or often colder than they would like.

Just as older people's overall experiences of later life varies, so does their wellbeing. The difference in life expectancy for Māori, Pacific people and total population has narrowed in recent years but persists. Māori and Pacific people are also more likely to experience higher rates of disability and long-term conditions and live fewer years in good health.

Many more older New Zealanders are choosing to work

The employment rate for those aged 65-69 has risen from around 10% in the mid-1990s to nearly 50%. For those aged 70+ in the same period, this has increased from around 3-4% to 15%. Increases have occurred for all ethnic groups. Stats NZ and the Treasury expect growth in workforce participation to “flatten off” but still increase.

Employment is spread evenly across the spectrum of material wellbeing and is not limited to those with low or high living standards. A Retirement Commission survey found that, for those aged 65-69 still in paid employment, 68% are working because they want to and 32% because they have to.

This increase in employment has significantly improved later life living standards of some. At the same time, there remains a significant proportion (40%) who rely mostly or entirely on NZS as their source of income.

Hardship and disadvantage in later life

A small group of older people experience material hardship

Around 3% of people age 65+ are experiencing material hardship. This group experiences 6 or more ‘deprivations’ – in areas like feeling very limited in buying clothes or shoes, putting up with feeling cold or having to postpone visits to the doctor or dentist.¹ A further 4% are in ‘near hardship’ (they experience 4 or more deprivations).

There are much higher hardship rates among Pacific people (14%) and Māori (8%) than for European (2%) and Asian (3%). There are higher rates for one-person households (4%) than for couples (1%) and much higher rates for multi-family/generational households, including those without children (5%) and those with children (11%). Our analysis also shows that, unsurprisingly, renters receiving the Accommodation Supplement (AS) experience notably worse material hardship (16%) than renters who are not receiving AS (5%), those with a mortgage (5%) or mortgage-free homeowners (1%).

Despite this, on material hardship rates older people in New Zealand are doing comparatively well. The rate for older people is lower than for the population as a whole (9%) and much lower than for households with children (13%). New Zealand also rates well compared with European Union countries on material hardship for older people – we are in the upper third of countries. It is worth noting that there has not been a significant increase in material hardship for older people over the past decade.

¹ The full list of material hardship deprivations can be found here [Measuring child poverty: material hardship](#).

Around 15% of older people experience multiple disadvantage

Research undertaken by MSD, the Social Investment Agency and the Ministry of Health examined vulnerability and disadvantage across five areas; health, housing, finance, social connection and access.² The most recent analysis found that 52% of older people are doing well (they are not experiencing vulnerability in any of the identified domains). However, 48% experience vulnerability in at least one area, 15% experience vulnerability across two or more areas and 4% experience this across three or more areas.

A higher proportion of women (16%) experience multiple disadvantage compared to men (13%). Pacific older people were most likely to experience multiple disadvantage in two or more areas (30% of Pacific older people, compared to 25% for older Māori, 22% for Middle Eastern, Latin American, and African, 19% for Asian and 13% for European).

Benefit receipt in the decade prior to turning 65 is associated with multiple disadvantage in later life

Nearly a quarter of people age 65+ spent at least some time on benefit between age 55 and 65. One in ten spent more than 40% of the period on benefit and one in 20 spent more than 80% of the period on benefit.

Benefit receipt during this period was associated with higher likelihood of experiencing multiple disadvantage³ in later life. This likelihood increased with the amount of time spent receiving a benefit. However, there is a significant group who experience disadvantage later in life but did not come into contact with the benefit system in the decade prior to reaching 65.

Trends in drivers of disadvantage

People aged 50-64 who are not in work are at increased risk of low income in later life

Employment patterns and pathways into retirement vary considerably. Workers who lose employment or leave the labour market before they are eligible for NZS are at increased risk of low income once they turn 65.

People aged 50-64 make up around a third of those on main benefits. Of the 390,000 people receiving a main benefit, 31% or 120,000 are aged 50+. Of this group, 30% are Māori, 43% are NZ European, 8% are Pacific people and 16% are other. Long-term benefit receipt is common – 63% have received a main benefit for two or more years and 22% for ten or more years.

² Access to the data used in this study was provided by Stats NZ under conditions designed to give effect to the security and confidentiality provisions of the Data and Statistics Act 2022. The results presented in this study are the work of the author, not Stats NZ or individual data suppliers. These results are not official statistics. They have been created for research purposes from the Integrated Data Infrastructure (IDI) which is carefully managed by Stats NZ. For more information about the IDI please visit <https://www.stats.govt.nz/integrated-data/>. The results are based in part on tax data supplied by Inland Revenue to Stats NZ under the Tax Administration Act 1994 for statistical purposes. Any discussion of data limitations or weaknesses is in the context of using the IDI for statistical purposes, and is not related to the data's ability to support Inland Revenue's core operational requirements.

³ Multiple disadvantage refers to vulnerability in two or more of the following areas; health, housing, finance, social connection and access.

People aged 50+ are most likely to be receiving Supported Living Payment – Health Condition and Disability (44%) or Jobseeker Support Health Conditions and Disability (31%) and they are more likely to receiving these benefits for physical health reasons.

Just 12% of MSD's employment assistance is invested in those aged 50-64 (and this drops to 0.3% of investment for those aged 65+).

Trends in supplementary assistance are driven by eligibility settings and awareness as well as need

Those receiving NZS or the Veterans Pension (VP) are eligible for supplementary assistance. Uptake of supplementary assistance varies considerably across products:

- Disability Allowance (DA) receipt has declined significantly since the mid-2000s. This is likely due to administrative complexity, accessibility and awareness, as well as the fact that income thresholds have not kept pace with wages.
- AS and Temporary Additional Support are received by a small but growing proportion of clients. AS receipt has likely been constrained by a low cash asset test which has not changed since AS commenced in 1993.
- Around 2% of people age 65+ receive the Income Related Rent Subsidy. This has remained steady since 2012.
- The number of one-off hardship grants received by NZS/VP clients has more than doubled since 2016. This mirrors trends for main benefit recipients and likely reflects increased accessibility, as well as financial pressures related to COVID-19 and the cost-of-living crisis.

More older people are renting and struggling to meet housing costs

The number of older people renting and paying off a mortgage is increasing. Around 16% of older people live in a house they do not own and around 15% are paying a mortgage (2023 Census). Home ownership for older Māori and Pacific people is notably lower than for the total older population.

Around one in ten older people are both primarily reliant on NZS for income and have ongoing housing costs in the form of rent or a mortgage. Because rental growth has increased more than wage growth (which NZS is indexed to), rent is becoming increasingly unaffordable for those who rely on NZS as their main or sole source of income.

Based on existing cohort home ownership rates and historic cohort trends, we estimate that around 26% of those aged 65+ will be non-homeowners by 2050, with most of these people renting in the private market. Based on current trends, rental affordability is unlikely to improve.

Without a significant shift in policy, social housing will support a small proportion of older non-homeowners unable to afford housing in the private rental market.

Other factors drive disadvantage in later life

Wealth inequality

NZS and other MSD financial supports play an important role in the material wellbeing of older people. But someone's financial position in older age often reflects a wider range of factors, including the impact of other government settings such as KiwiSaver or the Income Related Rent Subsidy, and their life circumstances, which influences their assets, savings, wealth and health.

There are significant disparities in the distribution of wealth in New Zealand. There are also systemically lower average levels of wealth for some ethnicities, for disabled people and women. For example, Stats NZ net worth data (2021) found that by ethnicity median household net worth is \$456,000 for a European household, \$350,000 for Asian, \$220,000 for Māori, and \$160,000 for Pacific.

KiwiSaver is an increasingly important part of the retirement income picture. The average KiwiSaver balance is currently \$37,079, but the full impact of KiwiSaver on the retirement income system is yet to be seen. We have not yet had generations who are reaching 65 and have contributed to the scheme for most of their working lives.

It is reasonable to assume that KiwiSaver will both support retirement savings and perpetuate differences in wealth, by playing a more limited role for those on lower incomes. Those earning less and/or working fewer paid hours will likely accrue a lower KiwiSaver balance than those earning more and/or working more paid hours. This particularly impacts women, Māori and Pacific people. In addition, those on lower incomes are more likely to opt out of the scheme, not contribute, contribute only the minimum amount and withdraw for hardship reasons. In these ways, KiwiSaver is likely to contribute to greater inequality of living standards in older age.

Wealth inequality is also likely to be exacerbated by 'the great wealth transfer' which will see around \$1.1 trillion transferred from people aged 55+ via inheritance over the next 20 years.

Health and wellbeing

Life expectancy at birth has continued to grow steadily to 81 for males and 84 for females in 2022. Health-adjusted life expectancy has grown, but more slowly. This means that New Zealanders are spending more time in later life living in both good and poor health. Māori and Pacific people have lower life expectancy, higher rates of disability and long-term conditions and live fewer years in good health. Women spend more time living in poor health compared to men.

Older people are high users of the health system and this will drive increased health spending by Governments in the future. Most older people would prefer to age in their own communities, but may need support to do this (from Home and Community Support Services or informal carers). Others will require Aged Residential Care. The aged care system is currently under stress, with a shortage of workers and forecast shortage of beds in Aged Residential Care.

The social and economic conditions in which people are born, grow, live, work and age significantly impact their health outcomes. Important determinants include housing, transportation, education, job opportunities, income and access to nutritious food and healthcare. In New Zealand there is a strong association between poverty and poor health outcomes, particularly where poverty is persistent. Poor health and social and economic determinants can also have an ongoing negative impact on each other.

Social isolation and loneliness

Most older people are socially connected and contribute actively to their communities. Older people experience less loneliness than other age groups. Despite this, there is a group of older people experiencing social isolation and loneliness. In some instances, this may be coupled with other forms of disadvantage, such as having a health condition, an unmet support need, experiencing caregiver burden or experiencing abuse and neglect.

Policy design, individual preferences and economic factors are likely to see older people ageing in place for longer and ultimately in poorer health. This could result in more people experiencing social isolation later in life, particularly for those living alone in poor health.

Abuse and neglect

Around one in ten older New Zealanders experience elder abuse. Abuse can be psychological, financial, physical, sexual and neglect. Abuse has wide ranging negative impacts on individuals and their families.

Experiences of elder abuse interact with other forms of disadvantage experienced both in later life and throughout the life course. Common risk factors include social isolation and poor health. There is also some evidence to suggest that Māori, Pacific, Asian and rainbow older people are more likely to experience elder abuse.

Preventing and responding to disadvantage and hardship

Preventing hardship and disadvantage

Disadvantage experienced across the life course drives inequality in later life. This could be prevented by:

- supporting children's development
- expanding whānau and community-based supports
- improving housing supply and affordability across the 'housing continuum'
- improving the accumulation of savings, assets, and wealth for those on lower incomes, including through KiwiSaver
- supporting lifetime employment, including for older people, by:
 - increasing employment assistance for the 50+ cohort
 - expanding availability of employment services to include those aged 65+
- considering targeted intervention for Māori and Pacific people.

Responding through income support

To reduce pressures on long-term fiscals, Governments may explore changes to reduce the overall cost of NZS. The available options that have the least impact on hardship and disadvantage are those that introduce some form of targeting so that support for those with the lowest incomes is maintained.

There are a range of income support options that Governments could explore to rebalance support towards those with higher needs. These include:

- **considering relativities between different NZS rates**, including how these support a variety of living arrangements in later life
- **providing targeted support to those with high housing costs**, for example through changes to AS (considerations include the cash asset test, payment rates and uptake)
- **providing targeted support to those with high costs associated with health, disability and caring responsibilities**, for example through changes to DA (considerations include abatement settings, targeting and streamlining administration).

These options involve consideration of specific design issues and trade-offs, but an overarching issue is the substantial fiscal implications of even minor changes to income support settings. Options for supplementary payments could be considered alongside cost-saving measures, although this would reduce the level of fiscal savings achieved.

Responding through service delivery

Independent of any policy changes discussed above, population ageing will grow and change MSD's client base. Considerations include:

- **planning for increased demand and ensuring access to services** (including both in-person, phone, and digital options)
- **integrating services** for example through co-location, individualised services plans and alternative approaches tailored to Māori and Pacific older people (see above for examples)
- **addressing potential gaps in services**, for example those related to 'self-neglect' or unmet support needs.

