

A RELEASE FROM THE FMA



The Financial Markets Authority (FMA) has released the following comments for KiwiSaver members. The FMA is the NZ government agency responsible for financial regulation, including products like KiwiSaver.

“The FMA is closely monitoring the impact of the coronavirus situation on New Zealand’s financial markets and considering all available options to ensure markets continue to function well and to support participants, customers and investors. FMA Chief Executive Mr Everett said it was an uncertain time for KiwiSaver members and other investors, with many seeing a significant drop in their balances.

At this point, we have not found any inappropriate behaviour by KiwiSaver providers and many KiwiSaver members are taking heed of the advice to stick with their long-term investment strategy. However, many providers are reporting significantly increased switching activity – mostly from growth or high-growth funds into conservative funds. The FMA urges KiwiSaver investors to consider carefully before switching funds, as they will, on occasion, see major ups and downs in balances.

Recognising that some people might need the money immediately for a first home, switching funds during market turbulence forces the sale of investments at lower prices and gives up the prospect of gains when those investments start to recover.

The FMA had published warnings to consumers about investment scams exploiting market conditions and uncertainty due to the COVID-19 pandemic. A number of other agencies and overseas regulators are concerned that the anxieties caused by the virus pandemic and related market disruption may make some investors particularly vulnerable to scam artists. Do not invest or make purchases following cold calls or online adverts from outfits you cannot verify, said Mr Everett. Times like this are ripe for criminals and sophisticated fraudsters to trick people into parting with money or handing over passwords or other identity information.”

For a read of the full media release click into [fma/media-releases](https://www.fma.govt.nz/media-releases).

WHAT ABOUT MY INVESTMENTS?

The advice of the FMA mirrors the stance of Funds Administration New Zealand as it is our view that, for the average investor, switching funds at this time may be a detriment to long-term saving and retirement goals.

For personal advice on your circumstances, talk to your financial adviser.

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