

BRAMWELL BROWN LTD

INVESTMENT ADVISERS – SHAREBROKERS

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Bramwell Brown Limited – Newsletter – December 2025

Official Cash Rate

The Reserve Bank has lowered the Official Cash Rate (OCR) by 25 basis points to 2.25%. This is the lowest level since July 2022. Here are some key points from the recent announcement.

The Annual consumers price inflation increased to 3 percent in the September quarter, the top of the Monetary Policy Committee's 1 to 3 percent target band. Significant spare capacity remains in the economy and inflation is expected to fall to around 2 percent by mid-2026. The significant reduction in the OCR since August 2024 is expected to support a recovery in economic activity. Annual headline CPI inflation increased due to higher tradables inflation along with high inflation in household energy costs and local council rates. As these dissipate, this will support headline CPI inflation returning to near the 2 percent mid-point of the target range in mid-2026. Household inflation expectations have fallen but remain high relative to recent history. The inflation expectations of professional forecasters and business leaders have remained stable at slightly above the 2 percent target midpoint.

Members noted there are risks around the speed of the recovery. Some members highlighted the risk that continued caution on the part of households and businesses could further slow the recovery in domestic demand, which could see inflation fall below the target midpoint. Conversely, other members highlighted the possibility of a faster recovery if house prices and household spending increase more quickly than assumed given lower mortgage rates, leading to more persistence in medium-term inflation pressures. Members also discussed the possibility of a stronger increase in on-farm investment stemming from high export commodity prices and the expected return of capital to dairy farmers in 2026 from the sale of Fonterra's consumer brands business.

The Committee discussed risks to the global outlook. Investment in AI technologies has been a significant driver of global growth and equity returns over the past year. Uncertainty remains around the returns from AI adoption. There is a risk of a more significant correction in equity markets and reduced investment if heightened investor expectations are not met.

New Zealand Retirement Expenditure Guidelines

The Massey University Fin-Ed Centre aims to empower New Zealanders to make more financially savvy decisions, and to give people the tools they need for the life-long process of managing their finances. Part of their work includes the New Zealand Retirement Expenditure Report to establish guidelines for a "modest" and "comfortable" retirement. The 2025 Retirement Expenditure Guidelines are the fourteenth in a series that began in 2012, to assist New Zealanders in making financial plans for their retirement. Two levels of expenditure have been included in the guidelines. The No Frills guidelines reflect a basic standard of living that includes few, if any, luxuries. The Choices guidelines represent a more comfortable standard of living, which includes some luxuries, or treats. The report also distinguishes between one-person and two-person households, and city living versus living in the provinces. The table below shows some of the most recent findings.

| Weekly Income | One-Person Household | | Two-Person Household | |
|---------------------------|----------------------|------------|----------------------|------------|
| NZ Super (After Tax) | 538.42 | | 828.34 | |
| | | | | |
| Weekly Expenditure | | | | |
| | City | Provincial | City | Provincial |
| No-Frills Budget | 705.34 | 580.75 | 937.38 | 1,060.65 |
| Choices Budget | 790.62 | 771.89 | 1,780.32 | 1,243.41 |

As you can see, all groups are spending more than they are receiving in NZ Super, which means all groups must supplement their income somehow. The next table summarises income (NZ Super) versus expenditure, and shows the shortfall for each category.

| | | Weekly Expenditure | NZ Super | Deficit |
|------------------------------|------------------------|---------------------------|-----------------|----------------|
| One-Person Households | No Frills - City | 705.34 | 538.42 | 166.92 |
| | No Frills - Provincial | 580.75 | 538.42 | 42.33 |
| | Choices - City | 760.62 | 538.42 | 252.20 |
| | Choices - Provincial | 771.89 | 538.42 | 233.47 |
| Two-Person Households | No Frills - City | 937.38 | 828.34 | 109.04 |
| | No Frills - Provincial | 1,060.65 | 828.34 | 232.31 |
| | Choices - City | 1,780.32 | 828.34 | 951.98 |
| | Choices - Provincial | 1,243.41 | 828.34 | 415.07 |

The difference between income and expenditure varies between the groups surveyed. A single person living in provincial New Zealand must find an extra \$233.47 per week if they want a retirement with choices. How do you fund that difference? The following table shows the estimated lump sums required to fund the difference between NZ Superannuation and expenditure.

| | | Weekly Deficit | Lump Sum Required | Lump sum calculations assume retirement at 65, and life expectancy to 90. | |
|-----------------------|------------------------|----------------|-------------------|---|--|
| One-Person Households | No Frills - City | 166.92 | 181,000 | Investment is in a Balanced Fund. | |
| | No Frills - Provincial | 42.33 | 46,000 | | |
| Two-Person Households | Choices - City | 252.20 | 273,000 | | The full lump sum is expended in retirement. |
| | Choices - Provincial | 233.47 | 253,000 | | |
| | | | | | |
| | No Frills - City | 109.04 | 118,000 | | |
| Two-Person Households | No Frills - Provincial | 232.31 | 252,000 | | |
| | Choices - City | 951.98 | 1,033,000 | | |
| | Choices - Provincial | 415.07 | 450,000 | | |
| | | | | | |

Some of the figures here are fairly daunting. A couple living in the city need to have saved \$1,033,000 in order to enjoy a comfortable retirement. Even though the figures may appear out of reach to some, it's better to know what's required than not. Unfortunately, there is no easy fix to generating the sums required to meet our retirement goals. All solutions involve compromise of some description. If we must, where do we begin to compromise? For most investors the problem is that we simply don't have the amount of capital to achieve the dream retirement lifestyle.

The areas we can influence include:

- Retirement date – pushing it out allows more time to build capital, with less time to use it
- Spending – it might not be palatable but we do have the ability to curb our spending
- Leaving a legacy for children – think carefully about going without to benefit your children
- Risk – instead of investing in bank deposits, we have the ability to take on risky investments such as shares in an attempt to boost returns
- Income – taking on part-time work to boost your income

The hardest part of planning for retirement is the uncertainty around how long we will live. Will we outlast our savings? It's impossible to predict individual longevity with any accuracy, however we all have family history to guide us, and we know life-expectancy is gradually increasing. I saw a statistic

recently suggesting my grandchildren might live to one hundred. In general, this means our retirement savings will need to last longer. I think one mistake many retirees make is de-risking their portfolio as soon as they reach sixty-five. By all means take a more conservative stance as you age, however if you are potentially going to live for another thirty years, I would recommend you need to keep growth assets in your portfolio.

The full New Zealand Retirement Expenditure Guidelines can be read here:

<https://www.massey.ac.nz/documents/2292/new-zealand-retirement-expenditure-guidelines-2025.pdf>

JB Were/Jarden Merger

Jarden Wealth and JBWere NZ have now become one wealth management firm under the JBWere name.

In May 2024 both Jarden Wealth and JBWere NZ became part of FirstCape, a leading group of wealth management and asset management companies. As such, it was always the intention to bring FirstCape's two wealth management businesses together, combining the expertise and resources of both to deliver better services and outcomes for clients. The choice was made to move forward under the JBWere NZ name.

Kiwibank Capital Notes

Kiwibank Limited is considering making an offer of up to \$200 million (with the ability to accept oversubscriptions at Kiwibank's discretion) of unsecured subordinated notes. The Notes are expected to constitute Tier 2 Capital for Kiwibank's regulatory capital requirements. The offer will help Kiwibank manage its capital position, including following the planned repayment of Kiwibank's existing unsecured subordinated notes quoted on the NZX Debt Market under the ticker code KWB010. The Notes will have a term of 10 years and 3 months with a maturity date of 12 March 2036, but may be repaid early, if certain conditions are met, on the First Optional Redemption Date (12 March 2031) or on any Scheduled Interest Payment Date after that date. Past history tells us that repayment will be at the five-year anniversary, and my expectation would be an interest rate between 4.25% and 4.75%.

[Click here for a link to the Financial Markets Authority article on bank regulatory capital.](#)

[Bank regulatory capital | Financial Markets Authority](#)

PLEASE CONTACT THE OFFICE AS SOON AS POSSIBLE IF YOU WOULD LIKE US TO PLACE A BID FOR THESE

NOTES ON YOUR BEHALF

DISCLOSURE STATEMENT AVAILABLE ON REQUEST AND FREE OF CHARGE