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## Capture the \$1,000 Learn about investing Save for their future

KiwiSaver is for all New Zealanders under age 65. It lets you build up more retirement savings than you might not otherwise achieve.

While retirement for a child is a long way off, KiwiSaver helps them save to buy their first house, learn about investments and establish a savings habit.

### The \$1,000 kick-start

When a child joins and has been a member for 3 months, the government pays \$1,000 into their KiwiSaver Account. This is tax-free. The \$1,000 will be invested along with any savings the child makes. The \$1,000 does not depend on the level of savings. It is the same whether \$10 or \$100 a month is saved, or the child saves nothing (\$0). You will be surprised at the value the \$1,000 can grow to over the long-term, but it will go up and down along the way unless you choose a very conservative option.

### How much must a child save?

For most children, the answer is **nothing**, but it depends on whether they have a job and are an employee.

If they are **not an employee**, they do not have to save anything. However, they can save if they want to (e.g. \$10 a month). Others can also save for them e.g. grandparents. But, if you also want to save for the child before they are 18, check out [www.myFutureFund.co.nz](http://www.myFutureFund.co.nz).

If they **are employed** (e.g. they have an after-school, weekend or holiday job), they have to pay 2% of their before-tax pay i.e. \$2 for every \$100 gross they earn. They have to do this for the first year they are in KiwiSaver. After 1 year, they can choose to stop saving at any time by going on a contributions holiday. Getting the first year over before a child starts to work makes sense.

If they are employed and they are saving the 2% then, when they turn 18, their employer must also save 2% for them. The 2% employee and employer rates are expected to increase to 3% from 1 April 2013.

### Buying the first home

If they have been in KiwiSaver for 3 or more years, they can withdraw all of their personal savings, those of their employer (if any) and the investment earnings, to help them buy their first home. KiwiSaver is therefore a great way to save to buy a first home. Getting the 3 year minimum membership period over, when they are young, and starting a savings habit is a good idea.

Don't be put off by the jargon - KiwiSaver is a great savings vehicle and ideal for young children.

★ The government starts children off with

**\$1,000**  
- free money

★ Non-employees can choose to save nothing.



Also, check out [www.myFutureFund.co.nz](http://www.myFutureFund.co.nz) and save for your child's education.

★ Save for a deposit for a house

### How is the money invested?

Under SuperLife, you can decide how your KiwiSaver Account is invested. There is a range of options from cash to shares. The **SuperLife investment guide** and **SuperLife investment options** will help you decide.

### What about “member tax credits”?

Member tax credits are “free money” from the government. However, they do not apply to children until they turn 18.

For those 18 or older, the government pays a member tax credit to their KiwiSaver Account each year. The tax credit is \$1 for \$2 of savings made that year to a maximum of \$521.43 a year. As soon as you turn 18, you should look to contribute at least \$87 a month, to maximise the government tax credit you receive. To find out more go to [www.SuperLife.co.nz/kiwisaver-understanding-member-tax-credits.html](http://www.SuperLife.co.nz/kiwisaver-understanding-member-tax-credits.html). We will tell you more just before you are 18.

★ **\$521.43 a year**  
more free money

### First home subsidy

The first home subsidy is separate to your KiwiSaver savings. It is paid by the government and is subject to eligibility criteria. The subsidy is equal to \$1,000 for each year you have qualifying savings. The maximum subsidy is \$5,000 payable after 5 years' savings (\$10,000 for a couple where both qualify).

and may be

★ **\$5,000**  
- even more free money

### Where do I get more information

More information is available on the web site [www.SuperLife.co.nz/KiwiSaver.html](http://www.SuperLife.co.nz/KiwiSaver.html). If you need investment advice, you should consult an appropriately experienced Authorised Financial Adviser (AFA).

### How do I join?

Read the investment statement available on the Web site and complete the **membership form** attached to the investment statement.

### What about my brothers and sisters?

KiwiSaver is great for all children and good for most people under age 65 - the earlier you start, the better. There is no minimum age to join.

### What about my parents?

KiwiSaver is good for kids - it is also good for parents. KiwiSaver is ideal for everyone who wishes to save for their retirement.

### Suggestions for young children

To maximise the benefits of KiwiSaver:

1. **Join** to get the \$1,000. Then think about saving.
2. When you are ready to save, start low and increase it when you can. If you are 18 or older, the target should be the equivalent of \$20 a week to maximise the government's member tax credit. Parents and grandparents can also save for you. For example, each could save \$5 a week for you.

#### The legal stuff

This is not an investment statement for the purpose of the Securities Act 1978. An investment statement and a disclosure statement are available from SuperLife free of charge.

Before making a decision to join a KiwiSaver scheme, you should consider whether you need to seek financial advice. If you wish to have personalised financial advice, you should talk to an appropriately experienced Authorised Financial Adviser.

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