

Understanding what you gain from KiwiSaver

March 2016

Most New Zealanders get within 10 to 20 years of retirement and realise they have not saved enough, to give them a lifestyle better than what NZ Super will just provide. Without saving for ourselves, we become solely reliant on New Zealand Super and for most people, that is not enough.

When it comes to saving for retirement, the earlier you start the better off you are and KiwiSaver makes it a whole lot easier than it used to be. Why? The combination of government tax credits, employer contributions, and the impact of compound interest on your savings, means you don't have to save as much as you would have had to, without KiwiSaver.

The issue to join or not to join KiwiSaver, is one of "when and how" rather than "if".

To understand the value of KiwiSaver an example helps.

If an employee who earns \$40,000 a year (\$769.23 a week), joined KiwiSaver on 1 July 2016 and invests in an investment option that produces a return after-tax of 2.5% a year, the accumulated value in today's money, works as follows:

Year	Personal savings (3%)	Employer savings	Government payments Member tax credit	Admin fees	Real return	Total savings
	\$	\$	\$	\$	\$	\$
1	1,200	990	521	-33	27	2,705
2	1,200	990	521	-33	95	5,478
3	1,200	990	521	-33	164	8,320
4	1,200	990	521	-33	235	11,233
5	1,200	990	521	-33	308	14,219
etc.						

- Most New Zealanders who are eligible should join KiwiSaver.
- KiwiSaver is one of the better ways to save for part of your retirement needs.
- For a SuperLife investment statement phone 0800 27 87 37.

- After 5 years \$6,000 is saved and the accumulated balance is \$14,219 in today's money.

Note: 2.5% was chosen to reflect tax and inflation and therefore the numbers can be considered to be in "today's dollars."

At age 65, in today's dollars, the accumulated value is:

Age when joined	Accumulated value at age 65 in today's dollars				Total
	Personal savings	Employer savings	Government payments	Net investment returns ¹	
60	6,000	4,950	2,605	664	14,219
55	12,000	9,900	3,210	3,195	30,305
50	18,000	14,850	7,815	7,841	48,506
40	30,000	24,750	13,025	24,622	92,397
30	42,000	34,650	18,235	53,695	148,580
20	54,000	44,550	23,445	98,504	220,499

Post Tax NZ Super rates from 1 April 2016

Married couple
\$30,781 p.a.

Single living alone
\$20,008 p.a.

Single (sharing)
\$18,468 p.a.

1. Less admin fees

The legal stuff

This is not an investment statement for the purpose of the Securities Act 1978. An investment statement is available from SuperLife free of charge. Before making a decision to join KiwiSaver, 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.

When added to the benefits of NZ Super, KiwiSaver gives New Zealanders the opportunity to accumulate the additional wealth required to enjoy a super life in retirement.

Examples of employees who earn \$26,000 and \$60,000 are:

If the employee earns \$26,000

Year	Personal savings (3%)	Employer savings	Government payments	Admin fees	Investment return	Total savings
			Member tax credits			
	\$	\$	\$	\$	\$	\$
1	780	644	390	-33	17	1,798
2	780	644	390	-33	62	3,641
3	780	644	390	-33	108	5,530
4	780	644	390	-33	156	7,467
5	780	644	390	-33	204	9,452
etc.						

Age when joined	Accumulated value at age 65 in today's dollars				Total
	Personal savings	Employer savings	Government payments	Net investment returns ¹	
60	3,900	3,220	1,950	382	9,452
55	7,800	6,440	3,900	2,008	20,148
50	11,700	9,660	5,850	5,034	32,249
40	19,500	16,100	9,750	16,080	61,430
30	27,300	22,540	13,650	35,292	98,782
20	35,100	28,980	17,550	64,968	146,598

1. Less admin fees

If the employee earns \$60,000

Year	Personal savings (3%)	Employer savings	Government payments	Admin fees	Investment return	Total savings
			Tax credits			
	\$	\$	\$	\$	\$	\$
1	1,800	1,485	521	-33	41	3,814
2	1,800	1,485	521	-33	136	7,723
3	1,800	1,485	521	-33	234	11,730
4	1,800	1,485	521	-33	334	15,837
5	1,800	1,485	521	-33	437	20,047
etc.						

Age when joined	Accumulated value at age 65 in today's dollars				Total
	Personal savings	Employer savings	Government payments	Net investment returns ¹	
60	9,000	7,425	2,605	1,017	20,047
55	18,000	14,850	5,210	4,668	42,728
50	27,000	22,275	7,815	11,299	68,389
40	45,000	37,125	13,025	35,119	130,269
30	63,000	51,975	18,235	76,269	209,479
20	81,000	66,825	23,445	139,607	310,877

1. Less admin fees