KiwiSaver overview

June 2015

KiwiSaver helps employees, the self-employed, beneficiaries, stay-home parents and children, save for their retirement. The government makes payments to encourage people to join and to save.

All savings, including those by your employer and the government payments, accumulate with investment earnings in your KiwiSaver Account for your retirement. These savings can also be used to help buy a house, if it's your "first home", and to provide financial security in cases of death, significant financial hardship and serious illness.

The investment earnings depend on the investment options you choose and the performance of your KiwiSaver provider.

SuperLife
SuperLife is a KiwiSaver scheme. If you join **SuperLife**, you can choose which investment options your money is invested in and you can change your options as you wish. The options let you set your investment strategy i.e. mix of cash, bonds, property and shares.
To join SuperLife, complete a **SuperLife membership form** at the back of the investment statement.

Government incentive payments

For everyone who is a member, if you are 18 or older and under your KiwiSaver Retirement Age, you can receive an annual MTC subsidy ("member tax credit"). The annual MTC is $1 for each $2 you save, to a maximum of $521 a year ($10 a week). The MTC payments stop at your KiwiSaver retirement age. In some cases, a separate first home HomeStart Grant of up to $10,000 is also available.

Eligibility & joining

You are eligible if you are under age 65, entitled to live in New Zealand indefinitely and you normally live in New Zealand. Those over age 65 can't join, but can continue as members (and continue to save) if they joined before age 65. There is no minimum age of eligibility.

To join you need an IRD number. If you are eligible, you can choose to join KiwiSaver (i.e. opt-in) at anytime. However, some employees will be auto-enrolled and if they do not want to be in KiwiSaver, they have to choose to opt-out.

Auto-enrolment - new employees

If you are not in KiwiSaver and you start a new job, even if you have previously opted out, you will be auto enrolled. This applies to all employees (aged 18 to 64) who start a new job, unless their employer has an exempt scheme, or where they will be employed for less than 28 days, or are a "casual" employee.

Once auto-enrolled, your savings start from your first pay. If you don't want to stay a member and save, you have to "opt-out". The ability to opt-out applies from day 14 of employment (and must generally be exercised on or before day 56 i.e. within 8 weeks). Auto-enrolled employees, as a minimum, must save between days 1-13 which are then refunded if they choose to opt-out.

If you are auto-enrolled and you do not opt-out, you must save for at least the first year's membership, if you are an employee.

Savings

If you are **not an employee** you save the amount you choose. There are no minimum requirements and you can choose to save nothing. Saving $20 a week ($87 a month, $1,043 a year) maximises the government MTC payment.

If you are **an employee** you save, through the PAYE tax system for a minimum of 1 year, 3% of your gross total taxable pay. Employees can increase the 3% to 4%, or 8%. After 1 year, you can stop saving through the PAYE system at any time (i.e. go on what is called a contributions holiday). Also, you can make additional savings direct to your KiwiSaver Account at any time including while on a contributions holiday.

Employees who save through the PAYE system and are not receiving an employer subsidy to an alternative scheme, receive an employer subsidy to KiwiSaver. The minimum subsidy is 3% of gross taxable pay. Employers can choose to pay more than the minimum.

Benefits

Benefits are payable from the age of NZ Super (currently age 65), if you joined before age 60. If you joined after age 60, the benefit becomes payable after 5 years' membership. Benefits can be only paid before age 65 under the first home withdrawal option and in cases of serious illness, significant financial hardship, death and permanent emigration.

The main benefit before age 65 is the first home withdrawal option. If you have been in KiwiSaver for at least 3 years, you can withdraw your savings, your employer's savings, the government's MTCs and the investment earnings provided you leave a balance of $1,000 in your KiwiSaver Account, to help buy a house, if it's your first home. Details of the first home withdrawal option are on the SuperLife website.