GOVERNMENT SUPERANNUATION FUND KIWISAVER -

FREQUENTLY ASKED QUESTIONS

This summary is correct as at 1 December 2024.

HOW KIWISAVER WORKS

Membership
Membership of KiwiSaver is voluntary and open to all New Zealand residents. However, if you are 18 years or over and start a new job you will be automatically enrolled into KiwiSaver (with some exceptions) and unless you opt out you will become a member of a KiwiSaver scheme. Other people can choose to opt in.

Role of employers
Employers play an important role in KiwiSaver. If you start a new job your new employer is required to give you a KiwiSaver information pack (supplied by Inland Revenue) or if you are an existing employee, upon request, your employer must give you a KiwiSaver information pack. Additionally, if you have been automatically enrolled into KiwiSaver (and have not opted out), or you have opted into KiwiSaver, your employer must deduct KiwiSaver contributions from your pay and pass them on to Inland Revenue.

Unless your employer was making contributions to your account (or amounts are credited on behalf of your employer for your benefit) within an existing registered superannuation scheme (which meets certain criteria, or where you are a member of Parliament, a judicial officer, or a sworn member of the police before 1 April 2008), your employer is required to make contributions to your KiwiSaver account should you join a KiwiSaver scheme. The compulsory employer contribution rate is currently 3% of your salary or wages.

Your pay
The amount you contribute each pay is based on your before-tax pay. If you are employed, you can choose to contribute either 3%, 4%, 6%, 8% or 10% of your gross salary or wages to KiwiSaver. At any time after your first contribution, you are suffering, or likely to suffer, financial hardship or after a year in KiwiSaver you can apply to the Inland Revenue to take a break from saving, called a ‘savings suspension’. Employers can help their employees to save, with compulsory tax-free employer contributions to their KiwiSaver accounts (limits apply).

The Government will match your contributions at 50 cents for each dollar you contribute to your KiwiSaver scheme up to a maximum Government contribution of $521.43 per year. This Government contribution is known as a 'member tax credit' and is paid into your KiwiSaver account once a year.

IN OR OUT?

KiwiSaver suits different people at different times in their lives. It can be a good option if you're just getting into your career or are older and want an easy way to save.

KiwiSaver may not be right for you if:

- you would be better off repaying debt; or
- you are sure your retirement income from NZ Super and other savings plans will be enough.

If you already have a retirement savings scheme

If you already have a retirement savings scheme, you have several options including:

- contribute to your existing scheme but not into KiwiSaver (if you are automatically enrolled into KiwiSaver you can opt out); or
- contribute to both your existing scheme and to KiwiSaver.

Before making any decision, we recommend you seek financial advice from an independent financial adviser.

Information on choosing a financial adviser, and a list of Authorised Financial Advisers can be found on the Financial Markets Authority website, www.fma.govt.nz

Answers to further questions are detailed below. For more detailed information on KiwiSaver, please refer to, www.kiwisaver.govt.nz.

Q 1	**Why would I join a KiwiSaver scheme?**
A 1	That depends on your current situation. If you already have a superannuation scheme, and you are contributing to it on a regular basis, then you may decide that there's no reason for you to join a KiwiSaver scheme. However, if you aren't currently saving for your retirement, then a KiwiSaver scheme will provide you with a savings vehicle into which both you and your employer can contribute. Other benefits of KiwiSaver include: • **Member tax credit.** In effect, the Government will match your contributions to a KiwiSaver scheme each year, up to a maximum of $10 per week ($521.43 per year), subject to certain exceptions. • **Compulsory employer contributions.** If you're a KiwiSaver member making contributions from your pay, your employer also has to contribute. The employer contribution will be equal to 3% of your pay, and is subject to certain exemptions. See question 10 below for more details. • **First home withdrawal.** After being a member of KiwiSaver for 3 years you can withdraw all or part of your savings (except for any government contribution and member tax credits) to put towards buying your first home (in certain circumstances you may be eligible for the first home withdrawal even if you have previously owned your own home, this is known as the 'second chance' first home withdrawal).

Q 2	**Is GSF a complying superannuation fund under KiwiSaver?**
A 2	No. A fundamental requirement of becoming a complying superannuation fund under KiwiSaver is that the scheme must be available to new members. The GSF schemes have been closed to new members since 1 July 1992 and therefore cannot meet this requirement.
Q 3	**In my existing employment, do I have to join a KiwiSaver scheme if I am already a GSF member?**
A 3	No, you do not have to join a KiwiSaver scheme. However, you can choose to remain in GSF and join a KiwiSaver scheme. Your employer would not be required to contribute to KiwiSaver while you are contributing to GSF.
Q 4	**What are the benefits of remaining with my GSF scheme?**
A 4	Ultimately the decision on whether to remain with GSF or join a KiwiSaver scheme rests with you. The GSF Authority recommends that before making this decision you carefully weigh up the benefits of both schemes. Some of the advantages of staying with GSF are: • The GSF schemes are defined benefit schemes and so your entitlement is determined by reference to your age, length of Government service and salary at retirement, rather than by your account balance. • The Crown underwrites the benefits payable by the GSF schemes. • Retiring allowances paid to members are adjusted each year to reflect the increase, if any, in the cost of living. • You can continue your membership of a GSF scheme and still become a member of a KiwiSaver scheme, although your employer would not be required to contribute to the KiwiSaver scheme if you are contributing to GSF. We recommend you seek independent financial advice before pursuing this option.
Q 5	**If I change employment in the future and remain in Government service, do I have to join a KiwiSaver scheme if I am still a GSF member?**
A 5	When you change employment, you will be automatically enrolled in KiwiSaver, unless your new employer has an exemption because they already offer a superannuation scheme that meets certain criteria. If you do not want to be a KiwiSaver scheme member, and you are automatically enrolled into KiwiSaver when you commence new employment, you should opt out using the forms provided in the Inland Revenue information pack, and also confirm this with your new employer.

Q 6	**Can I transfer my GSF contributions to a KiwiSaver scheme?**
A 6	You may only transfer your GSF contributions to a KiwiSaver scheme nominated by you if you cease Government service and you have not less than 10 years' contributory service. The KiwiSaver scheme you elect to transfer to must be approved by the Authority and be registered under the KiwiSaver Act 2006.
Q 7	**Can I continue contributing to GSF and at the same time contribute to a KiwiSaver scheme?**
A 7	Yes, you can contribute to both GSF and a KiwiSaver scheme at the same time. Your employer will, however, not be required to contribute to a KiwiSaver if you are contributing to GSF. You will be bound by the conditions of both schemes until their respective retirement or withdrawal conditions have been met.
Q 8	**If I join a KiwiSaver scheme, can I stop contributing to GSF?**
A 8	Yes, if you are under age 50 you can stop contributing to GSF and contribute to a KiwiSaver scheme. Please refer to the answer to question 9 below for more information. Before making any decision to stop contributing to GSF we recommend you seek financial advice from an independent financial adviser. Information on choosing a financial adviser, and a list of Authorised Financial Advisers can be found on the Financial Markets Authority website, www.fma.govt.nz
Q 9	**Can I stop contributing to GSF, and leave my contributions in GSF, while I contribute to KiwiSaver and then later recommence my GSF contributions?**
A 9	Yes, if you are under 50 years of age you may suspend (stop) your contributions to GSF for any period of time. You may recommence contributions to GSF if you are deemed to be in Government service and under 50 years of age. You cannot resume contributions to GSF if you are over 50 years of age. Stopping contributions to GSF will impact on the length of your service, which is a factor used to calculate your pension entitlement. We recommend that before making any decision to suspend GSF contributions you seek financial advice from an independent financial adviser. See question 8 for information about how to find an Authorised Financial Adviser.

Q 10 If I wish to contribute to a KiwiSaver scheme does my employer have to contribute as well?

A 10 Unless your employer is paying contributions into another eligible registered superannuation scheme for you, if you are a KiwiSaver member making contributions from your pay, then your employer will also have to make contributions into your KiwiSaver Account or complying superannuation fund (subject to a few exceptions). Employers must currently contribute at least 3% of employees' salary or wages.

Q 11 When can I withdraw my balance and exit from a KiwiSaver scheme?

A 11 The main circumstance in which you can withdraw your balance from a KiwiSaver scheme and exit the scheme is referred to as the **end payment date.** This is where you reach the age of entitlement to New Zealand superannuation (currently age 65) or have been a member of a KiwiSaver scheme for five years, whichever is the latest. However, reaching the end payment date does not mean that you have to withdraw your balance.

You are also permitted to withdraw all or part of your balance in a KiwiSaver scheme prior to the end payment date in the following circumstances (certain conditions will apply), including:

- First home or second chance first home withdrawal (as described above).
- Serious illness or financial hardship.
- Permanent emigration from New Zealand.

If you die while you are a member of a KiwiSaver scheme, your personal representatives can withdraw your balance and pay it into your estate. The trustee(s) of a KiwiSaver scheme will be required to release all or part of your balance where required under any enactment or order of a court under any enactment, for example, pursuant to a relationship property sharing order made under the Property (Relationships) Act 1976.

Q 12 If I join KiwiSaver how much do I have to contribute?

A 12 If you are an employee and a KiwiSaver member, your employer is required to deduct contributions from your pay. You can contribute at either 3%, 4%, 6%, 8% or 10% of your gross salary or wages. You must elect at which rate to contribute. If you do not elect, the default rate is 3% of your gross salary or wages.

Note, if you commenced contributing to a KiwiSaver scheme before 1 April 2009, you may reduce your contributions to 3% by giving notice to your employer. Reducing your contribution rate to 3% may affect the amount of member tax credits you receive and your overall savings.

An employee may also make additional contributions, over and above the 3%, 4%, 6%, 8% or 10%, at any time to Inland Revenue or directly to the scheme provider.

After one year in KiwiSaver, you may take a savings suspension. If you are or likely to experience financial hardship, Inland Revenue may permit an early savings suspension where you have been a KiwiSaver member for less than a year.

Q 13	**How long can I take a savings suspension from a KiwiSaver scheme?**
A 13	You can take savings suspension of between 3 months and 1 year. However, you may apply for a further contributions holiday as a previous savings suspension expires. In some cases, Inland Revenue may agree to a savings suspension of less than 3 months.