

How to contact us

Website: www.kiwisaver.govt.nz

Phone: 0800 KIWISAVER (0800 549 472)

8am to 8pm Monday to Friday
9am to 1pm Saturday

Postal address: Inland Revenue
PO Box 1454
Hamilton 3240

Call recording: As part of our commitment to providing the best possible service to our customers, Inland Revenue records all phone calls answered in, and made by, our permanent call centres. For further information about our call recording policy and how you can access your recorded information, please go to www.kiwisaver.govt.nz or call us on 0800 KIWISAVER (0800 549 472).

Self-employed? Your guide to KiwiSaver

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New Zealand Government

The information in this leaflet is based on current law at the time of printing.
All details correct at time of printing, June 2007.



Introducing KiwiSaver

Most Kiwis believe it's important to save money for their long-term future, but, as many of us know, saving is often easier said than done.

KiwiSaver is a voluntary savings initiative. It's designed to make it easier for New Zealanders to save for their future, including self-employed people.

With KiwiSaver, you invest money in a savings fund which you can access when you're eligible for New Zealand Superannuation (NZ Super) which is currently 65 years of age, or after five years' membership, whichever is later.

Joining KiwiSaver is easy. As a self-employed person you just choose a KiwiSaver scheme provider and apply directly.

KiwiSaver benefits

The government will help you save for your future by providing a number of benefits to you as a KiwiSaver member.

Kick-start payment

To get your savings off to a good start, the government will kick-start your account with a tax-free contribution of \$1,000.

Member tax credit

If you're 18 or over, each year the government will pay into your account a member tax credit matching your contributions up to \$20 a week from the time you become a KiwiSaver member (up to \$1,042.86 per year). This will be paid until you're eligible to access your savings (when you're eligible for NZ Super or after five years' membership, whichever is later). To qualify for the member tax credit, your principal place of residence must be in New Zealand (there are some exceptions).

Fee subsidy

The government will subsidise the fees charged by your scheme provider by \$40 a year. The subsidy will be paid into your account until you're eligible to access your savings (when you're eligible for NZ Super or after five years' membership, whichever is later).

Buying your first home

After being a member of KiwiSaver for three years you may be able to withdraw all or part of your savings (except for the government's \$1,000 kick-start and the member tax credit) to put towards buying your first home.

If you've regularly been contributing around 4% of your income to KiwiSaver or an approved superannuation scheme, you may also be entitled to a first home deposit subsidy from the government through Housing New Zealand Corporation.

The subsidy is \$1,000 per year of membership in the scheme, up to a maximum of \$5,000 for five years for each member. The eligibility criteria are set by Housing New Zealand and include household income and regional house price caps. For more information go to www.hnzc.co.nz

Using KiwiSaver to help pay your mortgage

After being a member of KiwiSaver for 12 months you may be able to have some of your contributions put towards repaying the mortgage on your own home (but not an investment property) with the rest going into your KiwiSaver account. This is called 'mortgage diversion.'

Your member tax credit cannot be diverted to your mortgage. Any contributions you divert to your mortgage do not qualify for the member tax credit.

Not all KiwiSaver scheme providers and mortgage providers will offer this, so if this option is important to you, check it out before you join.

Who can join KiwiSaver?

To be eligible to join KiwiSaver you must be:

- a New Zealand citizen, or entitled to live in New Zealand indefinitely, and
- personally present or normally personally present in New Zealand, and
- under the age of eligibility for NZ Super (currently 65).

If you hold a temporary, visitor or student permit you can't join KiwiSaver.

How to join KiwiSaver

As a self-employed person you need to choose a scheme provider and apply directly to them. They'll advise Inland Revenue that you've joined.

You'll need to agree with your scheme provider how much you will contribute.

KiwiSaver scheme providers

Your savings will be invested in a KiwiSaver scheme by your scheme provider. There is a wide range of schemes for you to choose from and different investment funds, from conservative to higher risk.

All KiwiSaver schemes are run by the private sector, regulated in a similar way to other registered superannuation schemes and governed by trust deeds.

Before making a choice, find out about your scheme provider and how they plan to invest your money. Your scheme provider's investment statement will explain these things. This is an important document that also sets out the specific rules, fees, terms and conditions of the scheme.

You can get a full list of scheme providers from www.kiwisaver.govt.nz/interact/services/kiwisaver/locateprovider or call by calling us on 0800 KIWISAVER (0800 549 472).

KiwiSaver is not guaranteed by the government. This means that you invest in a KiwiSaver scheme at your own risk, as with any other superannuation scheme.

Changing schemes

If you want to change your scheme you must apply to the provider of the new scheme you want to join. You can only belong to one KiwiSaver scheme at any time.

Your contributions

You'll need to agree with your scheme provider how much you're going to contribute. The contract you have with your scheme provider will probably set out a minimum annual sum and the payment periods that apply, such as monthly or quarterly. You'll be able to make voluntary contributions in addition to the minimum as regularly as you like.

If you want to stop contributing for any period of time you'll need to agree this with your scheme provider.

If you're paying your contributions through Inland Revenue you can

- use the 'Pay Tax' option through your internet banking,
- set up an automatic payment or
- pay over the counter at any Westpac bank.

Until 1 October 2007 all contributions have to be paid through Inland Revenue. After this date your scheme provider may accept your contributions directly.

Getting your savings back

Your contributions are invested for you. Your scheme provider's investment statement will explain how they will invest your money and what returns you can expect.

You can withdraw your savings, including the government's kick-start and the member tax credit, as a lump sum when you qualify for NZ Super (currently 65 years of age) or after five years' membership, whichever is later:

You may be able to withdraw your savings earlier:

- after three years to buy your first home (excluding the government kick-start and member tax credit)
- if you experience significant financial hardship (excluding the government's \$1,000 kick-start and member tax credit)
- if you suffer serious illness (excluding the government's \$1,000 kick-start but including the member tax credit)
- if you emigrate permanently (including the government's \$1,000 kick-start but excluding the member tax credit which is paid back to the government).

In most cases, you apply to your KiwiSaver scheme provider if you want to withdraw your savings.

If you die, your savings will be paid to your estate.

Keeping in touch

Your scheme provider will give you statements showing how your investment is doing. As a member of KiwiSaver you'll also receive an annual summary of transactions from Inland Revenue showing any contributions received and passed on to your scheme provider.

In most cases, if you have questions about your KiwiSaver account you need to contact your scheme provider. However, it's important to tell both Inland Revenue and your scheme provider if you change your name or address.

More information is available at www.kiwisaver.govt.nz. You can also register here for online services and get a list of all KiwiSaver scheme providers.

Getting financial advice

KiwiSaver is not guaranteed by the government. This means that you invest in a KiwiSaver scheme at your own risk.

Inland Revenue cannot give you financial advice about whether KiwiSaver is the right choice for you.

For help deciding whether to join you can visit www.sorted.org.nz. The Retirement Commission's website provides free, independent information about money matters, including KiwiSaver. Or contact a financial advisor or your accountant for advice on:

- your personal financial circumstances
- whether or not KiwiSaver is right for you
- how to choose a scheme or investment product
- the overall KiwiSaver scheme or its financial concepts.