

KiwiSaver and the Fund – Frequently Asked Questions

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1. What is KiwiSaver?

KiwiSaver is a voluntary savings initiative designed to help set New Zealanders up for retirement. Most KiwiSaver members will build up their savings through regular contributions from their pay. KiwiSaver started on 1 July 2007 and now over 2.9 million New Zealanders are enrolled as members.

2. What is the Fund and are there benefits for joining?

The NZAS Retirement Fund (the Fund) is a managed investment scheme where your money is pooled and invested in various assets. NZAS Retirement Fund Trustee Limited (the Trustee) manages the Fund and invests all Fund assets on the members' behalf.

The significant benefits of investing in the Fund include employer contributions significantly above compulsory KiwiSaver contribution levels and your employer meeting all administration costs other than investment-related and insurance costs (more information is available in the Product Disclosure Statement).

3. How do KiwiSaver and the Fund work together?

Auto-enrolment with employment

Generally, anyone starting a new job is automatically enrolled in KiwiSaver if they are not already a KiwiSaver member. However, both employers in the Fund are '*exempt employers*' for KiwiSaver purposes. This means that new employees are not automatically enrolled in KiwiSaver, but instead are enrolled in the Fund (even if they are already in KiwiSaver).

Contributions

The Fund operates in a similar way to KiwiSaver as your savings are a collection of contributions from your salary, your employer, and (if you choose to make KiwiSaver-like 'locked-in' contributions) the Government. Because the Fund is a *complying superannuation fund* under KiwiSaver legislation, it means members who choose to pay some or all of their contributions to a locked-in account are eligible for government contributions.

Currently, if you choose to contribute to a locked-in account then at least the first 3% of your 4% contribution must be paid into that account.

You can otherwise choose what percentage of your contributions you want to allocate to:

- your **standard account**: this includes contributions from you (member account) and employer contributions (company account), and offers you more flexibility for withdrawing your funds; and
- your **locked-in account**: this entitles you to government contributions, though withdrawals are more restricted than for the standard account.

4. What does 'locked-in' mean?

Contributions which you 'lock in' are treated in much the same way as KiwiSaver contributions. This means that generally they cannot be withdrawn except in the following circumstances: reaching NZ Super age (currently 65), death, serious illness (as defined for KiwiSaver purposes), to buy a first home or to alleviate significant financial hardship. More information about each withdrawal category is available in the Product Disclosure Statement.

5. How much do I have to contribute from my pay?

As a Fund member, you will be required to contribute to the Fund a **minimum of 4%** (maximum 20%) of your before-tax base salary. This percentage can be split between your standard account and locked-in account or paid entirely to your standard account. If you choose to make locked-in contributions then, just like KiwiSaver, the minimum locked-in contribution rate is currently set at 3%. The current options for the first 4% of your contributions are as shown in the table below:

	<i>Standard account</i>	<i>Locked-in account</i>	<i>Total</i>
<i>Your contributions</i>	4%	0%	4%
	1%	3%	4%
	0%	4%	4%

You can choose to contribute more than the required 4% (minimum) total contribution. However your contributions cannot exceed 20% of your base salary.

6. Do I have to make locked-in contributions?

No, as a Fund member you can choose whether

your contributions go into the standard account or a locked-in account so long as you contribute the minimum 4% of your base salary. It's your choice!

7. If I lock in some or all of my own contributions, are any of my employer's contributions also locked-in?

Yes. If you choose to lock in some of your own contributions, then the portion of your employer's contributions equal to 3% of your base salary will be paid to your locked-in account, regardless of whether you're a Subsidised Member or an Unsubsidised Member.

The total employer contribution rates for the Fund are:

- **Subsidised Member** (continuous permanent employment) - 10% of your base salary plus 5% of any lump sum bonus.
- **Unsubsidised Member** (fixed and casual employment) – nil unless you choose to make locked-in contributions, and in that case 3% of your base salary.

If you are a Subsidised Member and you do *not* contribute to a locked-in account, then your employer's contributions will all be paid to your standard account and available to you when you leave service. If you *do* contribute to a locked-in account, then the first 3% of your employer's contributions will be paid to your locked-in account and the other 7% will be paid to your standard account.

8. Can I stop making contributions?

Standard account

While you remain in service, you can only stop contributing to the Fund if you are on temporary absence without pay or have reached NZ Super age.

Locked-in account

If you are contributing to a locked-in account, you may stop making locked-in contributions if (and for as long as) you wish. While you do so:

- you must resume making contributions at the rate of at least 4% to your member account (standard account); and,
- your employer's contributions will also resume being paid entirely to your standard (i.e. non-locked-in) company account, unless you are an Unsubsidised Member.

9. Can I make withdrawals from my locked-in account before my lock-in date?

Your '**lock-in date**' is NZ Super age (currently 65) unless you first joined KiwiSaver or made locked-in contributions before 1 July 2019, in which case it is the **later** of:

- when you reach NZ Super age; and
- when you complete a total of five years' locked-in membership (which includes any KiwiSaver scheme membership);

though from 1 April 2020 you can choose NZ Super age as your lock-in date.

You may make early withdrawals from your locked-in account in certain limited circumstances, including buying your first home, permanent emigration, and/or significant financial hardship.

10. What are government contributions?

Under current legislation, your locked-in member contributions to the Fund attract government contributions (formerly known as member tax credits). These are contributions from the Government at the rate of 50 cents for each dollar of your own locked-in contributions, up to a maximum government contribution of \$521.43 a year (which equals \$10 a week) paid after 30 June each year.

This means that you can maximize your savings each year by making locked-in member contributions during that year of at least \$1,042 (which equals \$20 per week).

11. What happens to my locked-in savings and government contributions if I leave service?

If you leave service you must transfer your locked-in balance to a KiwiSaver scheme, unless:

- you are permitted, and you choose, to leave your standard balance in the Fund (in which case you can also choose to leave your locked-in balance in the Fund), or
- you are otherwise permitted to withdraw your locked-in balance (e.g. due to having reached NZ Super age).

12. What will happen to my locked-in savings if I emigrate overseas?

One year after you permanently emigrate, if you have left your locked-in balance in the Fund then you can withdraw that balance (excluding government contributions) from the Fund. We must in that case repay your government

contributions to the Government, though you can withdraw the investment earnings on them.

If you intend emigrating to Australia and wish to transfer your locked-in balance to an Australian scheme, you must transfer from the Fund to a KiwiSaver scheme *before* emigrating (as transfers direct from the Fund to an Australian scheme are not legally permitted).

Your standard (i.e. non-locked-in) account balance will be payable to you in full.

13. Can I nominate who receives the balances in my locked-in accounts if I die?

All members' death benefits will be paid automatically to their estates.

14. If I'm a Fund member and choose to contribute to a KiwiSaver scheme, will I be required to contribute to the Fund?

If you choose to contribute to KiwiSaver, you are still required to contribute at least 4% of your base salary to the Fund, in addition to the minimum KiwiSaver contribution rate of 3%.

In that case the portion of your employer's Fund contributions which equals 3% of your base salary will be paid to your locked-in account in the Fund (to meet your employer's KiwiSaver contribution obligations) and your employer will not contribute to your KiwiSaver scheme.

15. What are the incentives to join KiwiSaver?

The incentives to join KiwiSaver are:

- government contributions matching your own contributions at the rate of 50c in the dollar up to a maximum government contribution of \$521.43 a year;
- compulsory employer contributions of 3% of gross salary; and
- for people who qualify, a KiwiSaver First Home Grant for purchasing:
 - an existing home (\$1,000 for each year of KiwiSaver scheme contributions, with a minimum of \$3,000 and a maximum of \$5,000)
 - a new home, a property brought off the plans, or land to build a new home on (\$2,000 for each year of KiwiSaver scheme contributions, with a minimum of \$6,000 and maximum of \$10,000).

Eligibility for the KiwiSaver First Home Grant is subject to income and regional house price caps and other criteria (for further details visit the Kāinga Ora website www.kaingaora.govt.nz).

Each of these incentives is available through the Fund, and those being received through the Fund are not also payable through KiwiSaver.

All Fund members are potentially eligible for the KiwiSaver First Home Grant (whether they have elected a lock-in or not). Members with locked-in accounts also benefit from government contributions.

16. If I join KiwiSaver, when can I withdraw my KiwiSaver savings?

You generally cannot withdraw your KiwiSaver savings until your lock-in date (see question 9). The Fund's lock-in facility is KiwiSaver-equivalent in this respect.

17. Are there any circumstances in which I can make an earlier withdrawal from my KiwiSaver scheme?

You may apply to your KiwiSaver provider to make an early withdrawal if you are:

- buying your first home; or
- suffering serious illness (as defined for KiwiSaver purposes); or
- suffering, or likely to suffer, from significant financial hardship; or
- permanently emigrating (see question 12) other than to Australia, in which case your KiwiSaver scheme balance cannot be withdrawn unless you have reached NZ Super age (though it can be transferred to an Australian scheme).

In each case, members must supply the KiwiSaver scheme manager with supporting evidence so it (or the scheme's supervisor) may consider this request.

18. What happens if I am already a KiwiSaver member when I join the Fund?

If you are a KiwiSaver member prior to joining the Fund, you can choose to start contributing to the Fund instead of KiwiSaver (though you cannot transfer your existing KiwiSaver balance into the Fund).

If you wish to contribute to both KiwiSaver *and* the Fund, then you will be required to contribute at least 3% of your salary to KiwiSaver and 4% to the Fund, totaling 7% of your salary.

If you wish to start contributing to the Fund rather than KiwiSaver, you need to check whether you have been a KiwiSaver member for over a year.

- **Less than 1 year:** you can delay commencing your Fund contributions until you have been a member of KiwiSaver for a year (as you can then take a KiwiSaver 'savings suspension'). If you are a Subsidised Member (i.e. a permanent employee) then during this delay period you will receive the employer contribution of 10% of your base salary (and 5% of any bonus) less the compulsory employer contributions being paid to your KiwiSaver scheme.
- **More than 1 year:** you can take a 'savings suspension' from KiwiSaver of between 3 months and 1 year. There's no limit to the number of times you can take a saving suspension and you can renew it at any time. For more information, visit www.ird.govt.nz/kiwisaver.

You may transfer some or all of your locked-in balance from the Fund to your KiwiSaver scheme at any time (including if you leave service).

19. Where can I find more information about KiwiSaver and the Fund?

Information about the Fund is available from the Fund Helpline on 0508 266 787 and on the Fund website www.nzsuperfund.com.

For further information about KiwiSaver, visit the Inland Revenue website www.ird.govt.nz/kiwisaver. The Sorted website www.sorted.org.nz is also a useful source of information about KiwiSaver.

The information about KiwiSaver and the Fund set out in this document is current as at July 2021. Legislation and government policies relating to KiwiSaver and workplace savings schemes, and the superannuation policy of your employer, are subject to change.