

## Kiwisaver

KiwiSaver is a voluntary savings scheme set up by the government to help New Zealanders to save for their retirement. All New Zealand residents and people entitled to live here permanently are eligible to join. All new eligible employees must be automatically enrolled in KiwiSaver. However, there are some employees who are exempt from automatic enrolment. These include:

- Those under 18 years of age
- Casual agricultural workers (who are employed on a day-to-day basis for no more than 3 months) or Election Day workers
- Private domestic workers (if they pay their own PAYE)
- Casual and temporary employees employed under a contract of service that is 28 days or less

Employees who are automatically enrolled can opt out but must do so within a specified time (from the end of week 2 of their employment to the end of week 8) by filing the prescribed form ([KS10](#)).

All eligible existing employees can join the scheme at any time they wish by notifying their employer.

Employees can choose to contribute at the rate of 3%, 4%, 6%, 8% or 10% of their salary. If an employee does not elect a rate, then the default rate of 3% will be used by the employer for contribution deductions made.

### **Compulsory Employer Contributions**

It is compulsory for employers to contribute to their eligible employees' KiwiSaver scheme unless the employer is already paying into another registered superannuation scheme for the employee. The minimum compulsory employer contribution rate is 3%.

Employer contributions are subject to Employer Superannuation Contribution Tax (ESCT) on a progressive scale based on the employees' marginal tax rate.

## Government Assistance

The government also:

- Pays an annual member tax credit (for those 18 and over) of up to \$521.43
- Provides support to first home buyers if they meet the relevant criteria

Prior to 21 May 2015, the government made a \$1,000 'kick-start' contribution, however this has ceased.

Note: There is no Crown guarantee of KiwiSaver schemes or investment products of KiwiSaver schemes.

## Employers must:

- Give new employees and other existing staff who are interested an [Employee information pack \(KS3\)](#)
- Pass employees' details to Inland Revenue to enable them to be enrolled
- Deduct contributions from employees' gross salary and pay these to Inland Revenue through the PAYE system

A list of KiwiSaver providers is available at [www.ird.govt.nz/kiwisaver/](http://www.ird.govt.nz/kiwisaver/)

For more information on KiwiSaver and how this may apply to you give us a call or refer to the [KiwiSaver for Employers](#) information available on the Inland Revenue website.