

# Kiwisaver Changes

## Kiwisaver changes effective 1 April 2019

The changes that have taken effect on 1 April 2019:

### You have more options around the amount that you can pay into your KiwiSaver

At present, if you are a salary or wage earner, you have been able to contribute 3%, 4% or 8% of your salary into your KiwiSaver.

From 1 April, you also have options to contribute 6% and 10%.

This is great!

I have found that the difference between 4% and 8% was just too much for some clients.

The 10% option is great for the late starters, who need to make a strong run to get some money set aside for their retirement years.

I would strongly encourage you to sit down and work out if you can afford to pay **MORE** into your KiwiSaver in 2019.

You can change your contribution amount once every three months, unless your employer has a restriction in place around this so do enquire.

If you decide to go for a larger amount and can't quite keep it going, you can change it back.

Download the [KS2](#) form to change your contribution rate from the IRD website – this has to be given to your payroll person.

## **Contributions holidays are being changed**

The current law refers to a break in KiwiSaver payments as a “contributions holiday” and this name is being changed to a “savings suspension”. Whereas you previously could apply for a break of up to 5 years, this has been reduced to 12 months to encourage people to restart their savings.

## **Member tax credits are being renamed as “government contribution”**

This is a much clearer reference to what this payment actually is!



There are also other changes in the pipeline.....

## **More options for people over the age of 60 from 1 July 2019**

It is proposed that people over the age of 65 will be able to open a KiwiSaver after 1 July.

Currently people over the age of 65 cannot open a KiwiSaver.

Investors over the age of 65 will not qualify for a Government contribution and there will still be no legal requirement for an employer to contribute once an employee is over the age of 65.

Currently, there is a minimum 5 year contribution period before you can withdraw your funds.

If you were to open a KiwiSaver at age 62 and start contributing, you would not be able to access your funds until you had reached the age of 67.

Government contributions will be paid for 5 years from the opening of a KiwiSaver account, no matter how old you are.

The proposal is that the minimum contribution period before withdrawal is going to be removed for KiwiSavers which are opened after 1 July 2019. The locked in period will be removed for all existing KiwiSavers from 1 April 2020.

This makes KiwiSaver an attractive offer for older people who have not opened a KiwiSaver to date.

The funds will not be locked in, but investors can get the Government contributions for 5 years or up to the day that they withdraw – whichever comes first.



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