

## Other Material Information – Contributions and Transfers

This document relates to the Kiwi Wealth KiwiSaver Scheme ('Scheme') and should be read in conjunction with the Scheme's Product Disclosure Statement.

In this document Kiwi Wealth Limited ('we', 'our', or 'us') provides a general overview of how contributions are made to the Scheme. Contributions are also covered in the Scheme's Product Disclosure Statement.

The information in this document could change in the future. Please check the offer register at <http://www.disclose-register.companiesoffice.govt.nz> for any updates.

### Contents

|   |   |
|---|---|
| Other Material Information – Contributions and Transfers                    | 1 |
| What you pay  | 1 |
| Taking a savings suspension   | 2 |
| Making voluntary contributions  | 2 |
| Making voluntary contributions through Inland Revenue                       | 2 |
| Making voluntary contributions directly to the Kiwi Wealth KiwiSaver Scheme | 3 |
| Making voluntary contributions through Kiwibank                             | 3 |
| What happens if I don't pay anything?                                       | 3 |
| Do I have to make a payment to open an account?                             | 4 |
| What your employer pays   | 4 |
| What the Government pays  | 5 |
| Other ways to contribute  | 5 |

### What you pay

If you are an employee you contribute either 3%, 4%, 6%, 8% or 10% of your pre-tax (gross) salary or wages to your KiwiSaver Scheme. These are called employee contributions. You are considered an employee if PAYE is deducted from your salary or wages. Your gross salary or wages includes overtime and bonuses but doesn't include accident compensation earnings-related payments, paid parental leave payments or redundancy payments.

You tell your employer which contribution rate you want. If you don't tell your employer your chosen contribution rate, you'll pay the lowest rate – which is currently 3%.

You can change your contribution rate by telling your employer what rate you want to change to. Your new rate will apply to the next payment of salary or wages that is calculated after your employer receives your instruction. You can't make more than one change every three months, unless your employer agrees.

Your employer takes your contributions from your after-tax salary or wages each pay period, and pays them to Inland Revenue, who then pass them on to us.

Contribution rates are set by legislation so the Government could change them at any time.

### **Taking a savings suspension**

You don't have to make employee contributions if you have a savings suspension granted by Inland Revenue.

Employees can stop contributing through their jobs, for a minimum period of three months and up to a maximum of one year, if they are granted a savings suspension by the Commissioner of Inland Revenue.

You can still make voluntary contributions to the Scheme if you are on a savings suspension.

Information about applying for a savings suspension, and the conditions that apply, is available on Inland Revenue's website [www.ird.govt.nz](http://www.ird.govt.nz) and the Scheme's website [www.kiwiwealth.co.nz](http://www.kiwiwealth.co.nz).

### **Making voluntary contributions**

If you are self-employed, not working, or under 18 you can make your own contributions. These are called voluntary contributions, and you can make them through the Scheme, Inland Revenue, or Kiwibank if you are a Kiwibank customer. You can make regular contributions or lump sum contributions whenever you want to.

Employees can also make voluntary contributions at any time if they want to.

Voluntary contributions made directly to the Scheme or through Kiwibank must be at least \$20 (New Zealand dollars only) other than for payments made by internet banking. We may change this minimum contribution amount at any time, and will notify you in writing one month prior to changing any minimum contribution amount.

If you are entitled to it, and if the equivalent of approximately \$20 per week is received into your member account for the full year, this would qualify you for the full Government contribution. See page 5 for further information on the Government contribution.

We do not require members to make any voluntary contributions. There is no maximum, you can contribute as much as you want.

### **Making voluntary contributions through Inland Revenue**

Contributions through Inland Revenue can be made in the following ways:

- using the "Pay Tax" option on your bank's internet banking facility (you need to include your IRD number, the tax type KSS and period "0" (zero));
- sending a cheque to Inland Revenue at the address set out below along with your IRD number and a clear indication it is for KiwiSaver:

Inland Revenue  
PO Box 39050  
Wellington Mail Centre  
Lower Hutt 5045

## **Making voluntary contributions directly to the Kiwi Wealth KiwiSaver Scheme**

Contributions can be made directly to the Scheme in the following ways:

- by direct debit payment to the Scheme's bank account which can be set up online through the member's secure portal;
- lump sum contribution by cheque; or
- by using the Bill Payments facility in your bank's internet banking facility

Your contributions must be at least \$20, other than for payments made by internet banking (New Zealand dollars only) and accompanied by your IRD number. If you do not include your IRD number, we may not be able to process your payment and credit your member account.

We may increase or reduce the minimum contribution amount (which, at the date of this register entry, is \$20), and will notify you of any such change at least one month before the new minimum contribution amount becomes effective.

## **Making voluntary contributions through Kiwibank**

If you join the Scheme through Kiwibank or are a Kiwibank customer you will be able to make voluntary contributions to the Scheme in the following ways:

- by deposit at your local Kiwibank;
- through Kiwibank internet banking.

Contributions by deposit must be at least \$20 (New Zealand dollars only) other than for payments made by internet banking and must be accompanied by your Kiwibank Access Number (your unique Kiwibank customer number) otherwise Kiwibank may not be able to accept your contribution and pass it to the Scheme.

These services are automatically available to members who sign up to the Scheme through Kiwibank.

If you are a member who did not join through Kiwibank and are a Kiwibank customer, you can choose to use Kiwibank's internet banking services. To arrange this you can contact Kiwibank or the Kiwi Wealth KiwiSaver Scheme's Customer Services team. If you choose to use Kiwibank's internet banking services, you will be bound by Kiwibank's General Terms and Conditions which are available on Kiwibank's website [www.kiwibank.co.nz](http://www.kiwibank.co.nz).

If you make contributions through Kiwibank, Kiwibank will reconcile them before passing them on to us. Until those contributions are passed on to us, Kiwibank will hold them in a non-interest bearing account and so you will not earn interest on them. In normal circumstances, Kiwibank will transfer your contribution to us within two business days of receiving it. You should note that any contributions made through Kiwibank that are not paid to the Scheme by 30 June in each year may not count towards your eligibility for a Government contribution. If you have any concerns about contributions being made close to the end of June please contact us about making the contribution directly to the Scheme instead.

## **What happens if I don't pay anything?**

If you are not an employee, or if you are on a savings suspension, you don't have to make any contributions to the Scheme. But we may terminate your membership of the Scheme if your member account balance is zero or negative.

If you pay yourself a salary or wage, you may be treated as an employee and an employer for the purposes of KiwiSaver contributions. If this is the case, the requirements described earlier under the heading “What you pay” and below under the heading “What your employer pays” apply.

### **Do I have to make a payment to open an account?**

No, you do not need to make a payment to join the Scheme.

### **What your employer pays**

Your employer must make contributions to your KiwiSaver scheme, except as detailed below. The compulsory employer contribution rate is 3% of your gross salary or wages. Employer contributions are subject to Employer Superannuation Contribution Tax (ESCT), which may be deducted from those contributions meaning you may not get the full amount of the contribution in your account.

Your gross salary or wages, on which employer contributions are calculated includes overtime and bonuses but doesn't include accident compensation earnings-related payments, paid parental leave payments or redundancy payments.

Your employer can contribute at a higher rate if they wish.

The employer contribution rate is set by legislation so the Government could change it at any time.

#### *If you are aged 65 or over or under 18*

If you are aged 65 or over and eligible to withdraw from KiwiSaver, or if you are under 18, your employer doesn't have to make contributions to your KiwiSaver account – but they can if they wish.

If you first joined KiwiSaver (or a complying superannuation fund) before 1 July 2019 and were over the age of 60 when you joined, a five-year membership requirement (also called a five-year lock-in period) also applies before you are eligible to withdraw from KiwiSaver. Your employer must continue to make contributions to your KiwiSaver scheme while you are locked-in. You can opt out of the five-year lock-in period by notifying us. If you opt out, once you turn 65 your employer can stop their contributions.

#### *If you have made a withdrawal for a life-shortening congenital condition*

If you have made a withdrawal for a life-shortening congenital condition, your employer doesn't have to make contributions to your KiwiSaver account – but they can if they wish.

#### *If you are on a savings suspension*

If you have been granted a savings suspension then your employer will also cease to make contributions to your KiwiSaver account.

#### *If you are a member of another superannuation scheme*

Employer contributions to a registered superannuation scheme for your benefit will count towards compulsory employer contribution entitlements if your employer provided eligible employees with access to that scheme before 17 May 2007 and:

- the employer employed you before 1 April 2008, and before then made or agreed to make contributions to that scheme for your benefit; or
- you are covered by a collective agreement that was in force before 17 May 2007 and remains in force, under which the employer is required to contribute to that scheme for your benefit,

and to the extent that the employer's contributions to the superannuation scheme 'vest' (i.e. are completely allocated to you) no more than five years after they are paid.

Subject to certain conditions, compulsory employer contributions may be split between the Scheme and a complying superannuation fund (as defined in the KiwiSaver Act) if you agree that with your employer. If you do not agree the proportion in which your employer's compulsory contributions will be split, they will be allocated to your KiwiSaver scheme balance first, up to the minimum requirement under the KiwiSaver Act with the remainder then allocated to your complying superannuation fund.

### **What the Government pays**

The Government will pay a Government contribution of up to a maximum of \$521.43 per year (the equivalent of approximately \$10 per week) if you are over 18, living in New Zealand (subject to certain limited exceptions), and you have not yet reached your KiwiSaver end payment date. This is paid at 50 cents for each dollar you contribute, up to a maximum of \$521.43 per year i.e. from 1 July to 30 June. This means you need to contribute \$1,042.86 per year (the equivalent of approximately \$20 per week) to receive the maximum Government contribution. In the first year of membership, or the year you turn 18, or the year you reach your KiwiSaver end payment date, the amount of Government contribution paid will be in proportion to how much of the year you were eligible to receive the Government contribution.

Your KiwiSaver end payment date will usually be when you qualify for New Zealand Superannuation (currently age 65). However, if you first joined KiwiSaver (or a complying superannuation fund) before 1 July 2019 and were over the age of 60 when you joined, a five-year membership requirement (also called a five-year lock-in period) also applies before you reach your end payment date. You will remain eligible to receive Government contributions while you are locked in. You can opt out of the five-year lock-in period by notifying us. If you opt out, once you turn 65 you will no longer be eligible to receive Government contributions. If you make a withdrawal because you are suffering from a life-shortening congenital condition, you will also be treated as having reached your KiwiSaver end payment date.

The amount of the Government contribution is prescribed by legislation and may change in the future or be abolished completely. If your investment direction contains two or more investment funds then the Government contribution must be credited proportionately across those investment funds.

If you are a member of one or more complying superannuation funds as well as a KiwiSaver scheme, the Government contribution will be paid by the New Zealand Government to the relevant scheme provider in accordance with relevant legislation.

Any Government contribution paid to your member account is not taxable to you.

### **Other ways to contribute**

We may, at our discretion, accept money transferred from an Australian complying superannuation fund scheme, KiwiSaver scheme, or another NZ superannuation scheme that you are entitled to receive a benefit from. Any such amount you transfer to the Scheme will be paid to your member account.

#### *Transferring from a KiwiSaver scheme or a New Zealand superannuation scheme to the Kiwi Wealth KiwiSaver Scheme*

You can apply to transfer any amount from another KiwiSaver scheme to the Scheme by filling in an application to join the Scheme. We will contact Inland Revenue and your old provider to arrange a

transfer of funds. We will let you know when the transfer has been completed. We do not charge a fee for transfers.

You cannot belong to two KiwiSaver schemes at the same time.

You may also be able to transfer funds from New Zealand superannuation schemes to your Kiwi Wealth KiwiSaver Scheme account. Please contact us on 0800 427 384 or [questions@kiwiwealth.co.nz](mailto:questions@kiwiwealth.co.nz) with details about the other superannuation scheme, and we will advise you if a transfer is possible, and if so, how to arrange it. A transfer from another superannuation scheme will be subject to the other scheme's approval.

#### *Transferring United Kingdom Pension plan funds to the Kiwi Wealth KiwiSaver Scheme*

A legislation change in the United Kingdom (UK) means that as at the date of this register entry the Scheme is not recognised as a qualifying recognised overseas pension scheme (QROPS) and is not accepting pension transfers from the UK.

**If you have previously transferred funds from your UK pension plan, any withdrawals or transfers you make may also be subject to a UK unauthorised transfer tax of up to 55% on your UK pension scheme amount. Please refer to our website for further information on how this may impact upon your investment.**

Neither we, the Supervisor nor any other person involved in providing the Scheme to you takes any responsibility for any tax or other charges that may arise as a result of you having transferred your UK pension scheme savings to the Scheme, or withdrawing or transferring those savings to another KiwiSaver scheme

#### *You can transfer retirement savings from Australia to the Kiwi Wealth KiwiSaver Scheme*

If you have contributed to any Australian complying superannuation funds, and now live permanently in New Zealand, you can apply to transfer your Australian superannuation savings to the Scheme.

Generally the rules for KiwiSaver schemes will apply to money transferred from Australia, with the following differences:

- You cannot make a withdrawal before your retirement age of the money transferred from Australia for the purchase of a first home.
- You will be permitted to withdraw money transferred from Australia from age 60 provided that you have retired (for the purposes of the relevant Australian regulations).
- You cannot transfer the money moved from Australia to a third country.
- Amounts transferred from Australian complying superannuation funds will not count towards your eligibility for Government contribution.

In addition to the above, there are other differences between Australian complying superannuation funds and KiwiSaver schemes which may affect the amount you can get when you can withdraw your savings.

For these reasons, transferring your savings from your Australian complying superannuation fund to the Scheme is an important decision. We recommend that you discuss proposed transfers with your Australian and New Zealand tax and financial advisers as well as your Australian complying superannuation fund provider.

Neither we, the Supervisor nor any other person involved in providing the Scheme to you take any responsibility for any tax or other charges that may arise as a result of you transferring your Australian superannuation savings to the Scheme.

### **How are contributions processed?**

A 'valuation day' is a day on which we value the relevant investment fund, and currently occurs generally weekly on a Friday. We also value each investment fund on the last day of every calendar month. We may change the valuation day, or the frequency of valuation days, by giving written notice to Public Trust.

Contributions will generally be processed as follows:

- contributions we receive before 5pm on a valuation day will be processed based on the value of the relevant investment fund's assets on that valuation day; and
- otherwise, your contributions will generally be processed using the value of the relevant investment fund applicable to the next valuation day.

In practice, contributions will generally be invested on the Tuesday following the relevant valuation day. Before processing a contribution, your money will be held on trust for you in a non-interest bearing bank account.

#### *You can transfer savings from the Kiwi Wealth KiwiSaver Scheme to Australia*

You can only transfer your savings if you have permanently emigrated to Australia.

Once a transfer is approved by us, all the money in your member account including the Government Kick-Start and any Government contribution will be transferred, and your KiwiSaver account will be closed.

You can only transfer to an Australian complying superannuation fund that will accept the transfer.

Transferring is voluntary. You can keep your savings in your KiwiSaver account if you want to.

Generally, the rules of the Australian superannuation scheme you transfer to will apply, but there are some differences to be aware of:

- The age of eligibility for New Zealand Superannuation applies to withdrawals of KiwiSaver transfers. At the date of this register entry it is 65.
- You can't withdraw your KiwiSaver savings before your retirement age to purchase a first home in Australia.
- You can't transfer your KiwiSaver savings to a third country.

#### *You can transfer savings from the Kiwi Wealth KiwiSaver Scheme to another KiwiSaver scheme*

If you join a different KiwiSaver scheme we will transfer an amount equal to the value of your member account to your new KiwiSaver Scheme, subject to the requirements of the KiwiSaver Act 2006. Once we have transferred that amount to your new KiwiSaver Scheme, you will not be entitled to any benefits under the Scheme and we will have no further obligations to you in respect of the Scheme. We are under no obligation to ensure the allocation of any funds transferred to another KiwiSaver Scheme on your behalf has been made in accordance with your instructions to the other KiwiSaver Scheme.