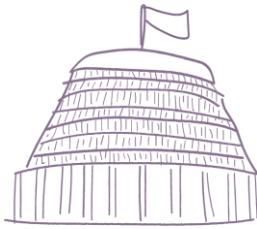


Understanding KiwiSaver

Some basic info

- Launched in July 2007.
- Main purpose is to help New Zealanders save for their retirement.
- Able to be used by first-home buyers towards their first home.
- Anyone aged 64 and under entitled to live in NZ and who does so normally is entitled to join.
- You can choose to contribute 3%, 4%, 6%, 8% or 10% of your gross wage or salary.
- Employers have to contribute 3% too.



How it works

- If automatically enrolled you can 'opt out' (leave KiwiSaver), but only between 2 and 8 weeks of starting the job.
- You can choose to 'opt in' (join KiwiSaver) at any time - although once you do, you can't then opt out.
- As an employee, you can change your contribution rate (3%, 4%, 6%, 8% or 10%) at any time.
- After 12 months in KiwiSaver you can take a break from saving if you wish (called a 'savings suspension').
- Once you've joined, you can make voluntary contributions (lump sums or regular automatic payments) at any time, either directly to your KiwiSaver provider or through Inland Revenue.

What are member tax credits?

- **What?** The maximum annual entitlement is \$521.43.
- **Who's entitled?** Any contributing member aged 18 or over who's living in NZ. Member tax credits cease when the member reaches the age of eligibility for NZ Super (currently 65) or has been a member for 5 years, whichever is later.
- **How do I get them?** To get the full \$521.43, you've got to make a minimum KiwiSaver contribution of \$1,042.86 per annum. If you contribute less, you're still entitled to \$0.50 for each dollar.
- **When do I get them?** The KiwiSaver year runs from 1st July to 30th June. Your KiwiSaver provider makes the claim on your behalf at the end of the year.

First home withdrawal

- Eligible after three years of **being a member** of KiwiSaver.
- Eligible members can withdraw their KiwiSaver savings including tax credits.
- At least \$1,000 must remain in the KiwiSaver account.
- Must intend to live in the property.

Second-chance

- Cannot have received the KiwiSaver first-home withdrawal before.
- You have previously owned a home, but at the time of your application **NO LONGER** have an interest in a property.
- Realisable assets have to be less than 20% of the **house price cap** for the area based on caps for existing properties.



PI...what?!

- Many investments in NZ (including KiwiSaver) are structured as PIE (Portfolio Investment Entity).
- In a PIE, you pay the same, or less tax than you would in a non-PIE investment.
- The tax rates for PIE, or PIR, are 0%, 10.5%, 17.5% and 28%.
- It's very important to choose the right PIR as you can't claim back if you overpay.



Home start grant

- Eligible after three years of **regularly contributing** to KiwiSaver (not just membership).
 - If you are purchasing an existing/older home, the grant is \$1,000 for each year of contribution to the scheme (up to 5 years, max \$5,000).
 - If you are purchasing a new home*, the grant is \$2,000 for each year of contribution to the scheme (up to 5 years, max \$10,000).
 - These amounts are PER PERSON.
 - Earned before tax income of \$85,000 or less in the last 12 months. If there are two or more buyers, the combined before tax income has to be \$130,000 or less.
- * a new home or property bought off the plans OR land to build a new home on.

House price caps

- \$600,000 in Auckland; \$500,000 in Wellington; \$400,000 in all other parts of the country (for new builds, these limits are \$50,000 higher).

Second-chance

- Realisable assets have to be less than 20% of the house price cap for the area for existing properties.

Pre-approval

- You can apply for pre-approval prior to finding a property. This can help speed up the process and is valid for 180 days once granted.

Do you know....

- If you have a KiwiSaver?
- What percentage contribution you are making?
- Who your KiwiSaver provider is?
- How their performance compares to alternatives?
- If you have the most appropriate KiwiSaver fund for your time frame and risk profile?
- What your prescribed investor rate is?



Get in touch to find out more

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A disclosure statement is available free of charge and on request

