

## KiwiSaver Enhancements

KiwiSaver has now been in place for 11 years. There are 2.87 million members with KiwiSaver investments totalling \$46 billion. The scheme has been a major success and is clearly here to stay. It is efficient, cost-effective, simple to understand and there is some flexibility to cater for different needs. It is also a great way of helping young investors save for a first home and to learn some good financial literacy at the same time.

The Government recently announced some proposed changes to KiwiSaver. These changes, which are due to come into effect next year once the draft Bill goes through Parliament, are:

1. Adding 6% and 10% contribution rates for employees (in addition to the current 3%, 4% and 8% options).
2. Allowing those over 65 years of age to join KiwiSaver. This reflects that KiwiSaver has become a key retirement savings option for all New Zealanders and that many people continue working after 65.
3. Removing the requirement to be a member for at least five years before making a retirement withdrawal.
4. Changing the name of the 'contributions holiday' to 'savings suspension' and reducing the maximum term from 5 years to 1 year. This removed the positive connotations with the word 'holiday'. It is hoped that this will encourage members to restart contributions sooner.



We are pleased that the proposals enhance KiwiSaver and do not remove any benefits or features.

## MTCs – well done!

Every year, the Government contributes up to \$521.43 to all qualifying KiwiSaver members. This Member Tax Credit (or MTC) is calculated by your KiwiSaver provider and then claimed from the Government.

We are pleased to confirm that Booster have again been very efficient on your behalf. MTCs were deposited to KiwiSaver accounts on 10<sup>th</sup> July – just 7 working days after the end of the KiwiSaver year ended on 30 June.

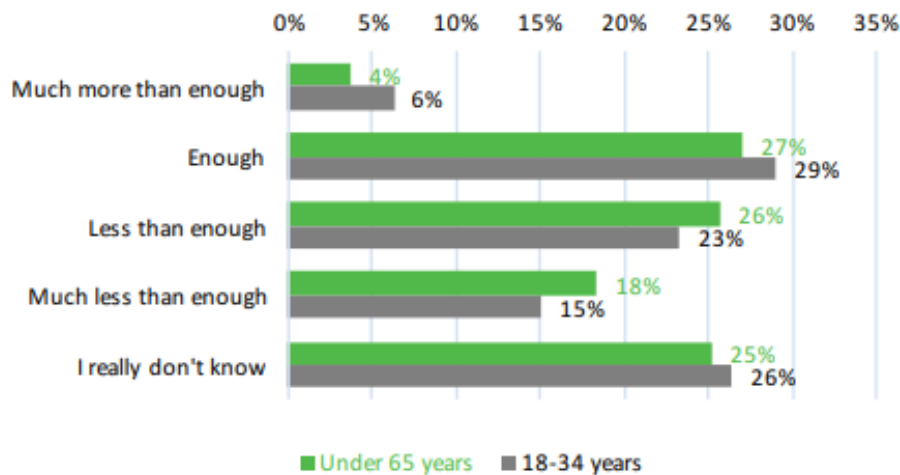
## How Much Do You Need to Retire?

We are often asked this question, and while there are various so-called experts who may suggest what is required, there is no simple answer .... it depends.

How much we all need is different as we each have different plans and goals in life. The answer therefore depends on what your personal 'retirement' looks like.

A recent online survey by the Financial Services Council asked the following question:

### Will you have enough to live comfortably when you retire?



Source: Financial Services Council

Of concern is that only 31% of those under 65 expect that they will have enough. A quarter of respondents have no idea; adopting the “wait and see” approach, maybe hoping that “she’ll be right”. While worrying, this is not surprising given that the future is uncertain and each one of us is unique.

How many of the following questions have you asked yourself?

- *When do you plan to retire?*
- *Will you stop work fully then, or continue working?*
- *Will there be NZ Superannuation when you retire?*
- *What is on your bucket list and do you want to travel, and if so how often?*
- *How much do you wish to spend in retirement?*
- *What one-off expenses (eg. car replacement, holidays) do you anticipate?*
- *Will you have financial dependents in retirement?*
- *Do you want to leave money for family or charities?*
- *... and a major factor ... how long will you live?*



Our role as financial planners is to ask these questions and, using our experience and expertise, recommend a course of action to get you on the right track for the future.

## Who to Contact?

Our specialist KiwiSaver and retirement planning advisers are:

### Michael Borthwick

Phone : (03) 964 4207

Email: michael\_borthwick@rede.co.nz

### Michael Shears

Direct Dial: (03) 964 4222

Email: michael\_shears@rede.co.nz

We are here to help, so please feel free to get in touch with any questions or to arrange a review of your plans for retirement including how KiwiSaver fits into that.



**CALL US**  
(03) 964 4207



**EMAIL US**  
office@rede.co.nz



**POSTAL ADDRESS**  
PO Box 4160  
CHRISTCHURCH 8140



**STREET ADDRESS**  
Level 4, 123 Victoria Street  
CHRISTCHURCH 8013