



**Inland Revenue**  
Te Tari Taake



# KiwiSaver employer guide

What employers need to know about KiwiSaver

## What is KiwiSaver?

KiwiSaver is a voluntary, work-based savings initiative starting from 1 July 2007 which aims to make regular saving for retirement easier for New Zealanders

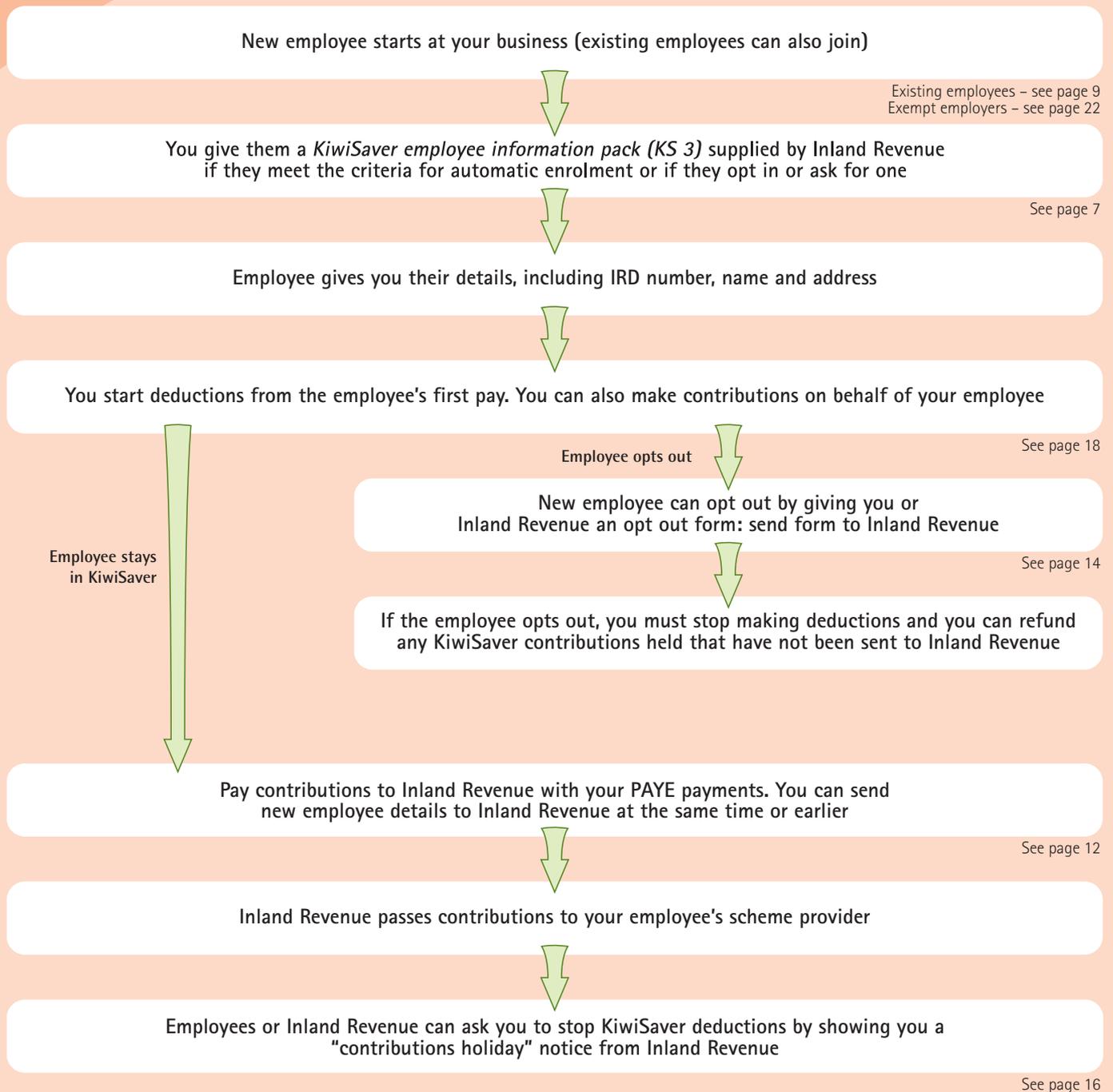
## About this guide

This guide focuses on your KiwiSaver obligations as an employer. Please also see the *KiwiSaver employee information pack (KS 3)* for more general information about KiwiSaver.

For more detailed information for employers go to [www.ird.govt.nz/kiwisaver](http://www.ird.govt.nz/kiwisaver)



## An overview of your KiwiSaver responsibilities as an employer



You can view copies of all the forms and guides mentioned in this guide by going to [www.ird.govt.nz](http://www.ird.govt.nz) and selecting "Forms and Guides" or you can order copies by calling our automated telephone service INFOexpress on 0800 257 777 (see page 23).

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# How KiwiSaver works



## Inland Revenue administers KiwiSaver

### Key features

KiwiSaver is a voluntary savings initiative designed to help make it easier for New Zealanders to save for their future. For most people, KiwiSaver is work-based. This means they receive information about KiwiSaver from you as their employer, and their KiwiSaver contributions come straight out of their pay.

There are a number of membership benefits to encourage employees to save. These include a \$1,000 tax-free kick-start, a member tax credit of up to \$1,042.86 a year and subsidised scheme fees. KiwiSaver members who have been contributing for three years can make a one-off withdrawal towards a deposit on their first home. Some people may also be eligible for help with the deposit on their first home.

Savings are locked in until employees reach the age of eligibility for New Zealand Superannuation (currently 65), or for five years, whichever is later. There are exceptions – withdrawals may be made for significant financial hardship, serious illness, death or permanent emigration.

After one year of membership, members are able to apply to Inland Revenue to take a break from saving called a ‘contributions holiday’. Generally a contributions holiday is for a period between three months and five years.

### Eligibility

KiwiSaver is open to all New Zealand citizens and people entitled to be in New Zealand indefinitely who are under the age of eligibility for New Zealand Superannuation (currently 65). To join KiwiSaver a person must be normally present in New Zealand.

### Your role as an employer

You don't have to promote KiwiSaver among your employees, but there are some things you need to do as a minimum. These are summarised on page 4. They include such things as distributing information to employees about KiwiSaver, deducting contributions from KiwiSaver members' salaries or wages and acting on KiwiSaver notices.

There are a number of options available if you would like to be more involved in encouraging retirement saving among your employees. These include providing your own employer-based KiwiSaver scheme. You can also nominate a KiwiSaver scheme for your employees to join if they make no choice of their own. This is called an employer-chosen scheme.

You should not provide financial advice to employees. Instead, you should refer them to the Retirement Commission's website [www.sorted.org.nz](http://www.sorted.org.nz) or encourage them to talk to an independent advisor. You do not have any liability under the securities legislation if you just provide general savings or KiwiSaver information or select an employer-chosen scheme.

### New employees

You must enrol eligible people aged 18 and over and under 65 who start a new job, unless you are an exempt employer who provides access to another registered superannuation scheme that meets certain criteria (see page 21). Casual agricultural workers or people on a temporary employment contract for 28 continuous days or less are exempt from being automatically enrolled (see page 5). You start making KiwiSaver deductions from the employee's first pay and continue unless they opt out. New employees who have been automatically enrolled in KiwiSaver can opt out any time from the end of week two to

week eight (ie on or after day 14 and on or before day 56) after starting their employment and can have all their contributions refunded.

### Existing employees

Existing employees are not subject to automatic enrolment, but if eligible they can choose to join KiwiSaver. They simply sign up directly with the KiwiSaver scheme provider of their choice, or tell you they want to opt in and give you a *KiwiSaver deduction form (KS 2)* which is in the *KiwiSaver employee information pack (KS 3)*.

### How much people contribute

Employees can choose a contribution rate of either 4% or 8% of their gross salary or wages. These are the only contribution rates allowable. Additional payments can be made as voluntary contributions by the employee direct to their scheme provider.

### How it's collected

You deduct KiwiSaver contributions from your employees' salary or wages and pay them to us with your PAYE payments. You keep making deductions until your employee gives you a *New employee opt out request (KS10)* form or contributions holiday notice (see page 11).

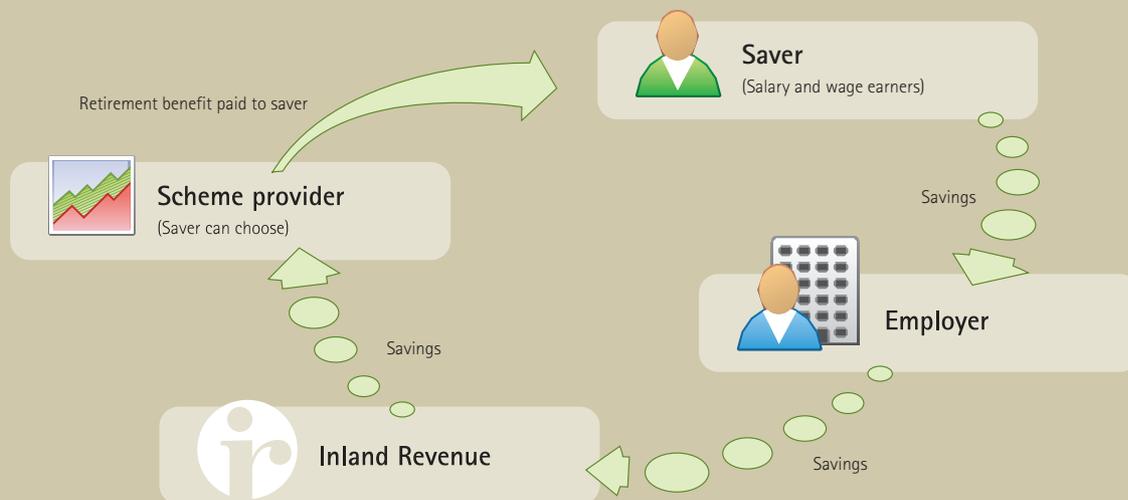
### Where it's invested

Scheme providers registered by the Government Actuary invest the contributions. A range of KiwiSaver scheme providers and several investment profiles are available, from conservative to growth funds. Employees can choose from these KiwiSaver schemes or use your chosen KiwiSaver scheme, if you have one (see page 20). If neither of these apply, the savings will be invested in a default KiwiSaver scheme.

### Keeping KiwiSaver members in touch

All scheme providers are required to provide an initial investment statement and then regular updates on how individuals' savings are progressing.

## How savings are invested



# Your responsibilities as an employer

# 1



## What's important

### You are required to:

- check whether a new employee is eligible to be a KiwiSaver member (see below)
- check whether they should be automatically enrolled (see page 7)
- distribute the *KiwiSaver employee information pack (KS 3)* to new employees who qualify for automatic enrolment, and to existing employees who want to opt in or ask for one
- provide new employees with an investment statement if you have an approved, alternative scheme (see page 21)
- send us the details of new employees who are enrolled automatically in KiwiSaver, including name, address and IRD number
- deduct KiwiSaver contributions and forward them to Inland Revenue along with your PAYE payments
- accept opt out requests from your employees within the 2–8 week opt out period and notify Inland Revenue (see page 14)
- act on an employee's contributions holiday notice (see page 16)
- stop or start deductions when Inland Revenue advises you to.

You should not give financial advice to your employees. Refer them instead to the Retirement Commission's website [www.sorted.org.nz](http://www.sorted.org.nz) for independent financial information or direct them to an independent advisor.

An employer is a person who pays, or who is liable to pay, salary or wages. The KiwiSaver Act 2006 covers employers who are New Zealand residents or who carry on business from a fixed establishment in New Zealand.

## Who can join KiwiSaver?

KiwiSaver is open to all New Zealand citizens and people entitled to live here permanently who are under the age of eligibility for New Zealand Superannuation (currently 65). This includes workers on a part-time or temporary contract, self-employed people and beneficiaries.

### **Citizenship and residency**

To join KiwiSaver, a person must be normally present in New Zealand, and a New Zealand citizen or entitled, under the Immigration Act 1987, to be in New Zealand indefinitely. New Zealand citizens, Australian citizens and anyone who holds either a New Zealand or Australian residence permit can become KiwiSaver members. State services employees serving outside New Zealand can also join. People who hold temporary, visitor or student permits can't be KiwiSaver members.

### **Employees under 18**

New and existing employees under 18 can join KiwiSaver but only by choosing and contracting with a KiwiSaver scheme provider directly. Once an employee under 18 is accepted by the scheme provider, we will write to you and ask you to start making their deductions. We will provide you with the contribution rate for that employee and their name and IRD number.

### **Temporary and casual employees**

Temporary employees employed for 28 continuous days or less are not enrolled automatically, but can opt in to KiwiSaver. They can either give you a *KiwiSaver deduction form (KS 2)* (see page 12) or contract with a KiwiSaver scheme provider directly.

An employee who is employed to work 'as and when required', without a specific end date, starts their period of employment each time they are engaged to work and ceases each time that engagement ends. If an employee is engaged for future work before the previous engagement has ended, the combined engagements are considered as one period of employment. As long as each period of employment remains 28 continuous days or less, these employees are not subject to automatic enrolment. The automatic enrolment rules apply to temporary employees if their employment is extended beyond 28 continuous days.

### **Casual agricultural workers**

Casual agricultural workers who are employed for less than three months are not enrolled automatically, but can opt in. They can either give you a *KiwiSaver deduction form (KS 2)* (see page 12) or contract with a KiwiSaver scheme provider direct. The automatic enrolment rules apply to casual agricultural workers if their employment is extended beyond three months. You must then give them a *KiwiSaver employee information pack (KS 3)* and deduct contributions from their next pay. The normal opt out rules apply once automatic enrolment occurs in these situations.

### **Private domestic workers**

The automatic enrolment rules don't apply to private domestic workers who pay their own PAYE. They can opt in to KiwiSaver only by contracting with a KiwiSaver scheme provider directly, but they may deduct contributions from their salary or wages and pay them to Inland Revenue in the same way as PAYE.

### **Changing jobs but not changing payroll**

Situations where an employee changes jobs but remains on the same payroll do not count as "new employment", so automatic enrolment rules do not apply. This includes company amalgamations and the purchase and subsequent operation of a going concern. Examples include an employee who transfers between two company branches where the company has a single centralised payroll, or a business bought as a going concern and retaining existing staff but using a different company IRD number. (See also employment in schools below.)

### **Employment in schools**

Under KiwiSaver, the Board of Trustees is the employer for state or integrated school employees. If an employee changes schools, they are treated as starting new employment and should be enrolled automatically even though they stay on the same payroll.

### **Contractors and the self-employed**

Contractors who appear on the employer monthly schedule (WT tax code etc) are not employees and are treated as self-employed people under KiwiSaver. This means they are not automatically enrolled and can only join by contracting directly with a scheme provider. Do not make deductions from their pay or include payments (employee deductions or employer contributions) on the employer monthly schedule.

### **State services employees**

State services employees who are serving overseas can join KiwiSaver if they are serving in a jurisdiction where offers of KiwiSaver scheme membership are lawful.

# New employees



## What's important

### Your responsibilities are to:

- check whether a new employee is eligible to be a KiwiSaver member, and
- whether they should be automatically enrolled.

### If they meet both these conditions:

- give your new employees a *KiwiSaver employee information pack (KS 3)*. If you already have a KiwiSaver scheme in place, give them the investment statement for that scheme and a statement advising the employee that you have chosen a scheme they will be allocated to unless they choose their own KiwiSaver scheme (see page 20)
- deduct KiwiSaver contributions from their first pay
- give us their details using the *KiwiSaver employee details (KS 1)* form or through ir-File<sup>1</sup>
- pay the contributions to us with your next PAYE payment.

A new employee may give you a *New employee opt out request (KS 10)* form (see page 14). You can only stop deductions when they have been employed for two weeks and up to eight weeks ie on or after day 14 and on or before day 56 of starting employment. You can then refund any KiwiSaver contributions you haven't already sent us.

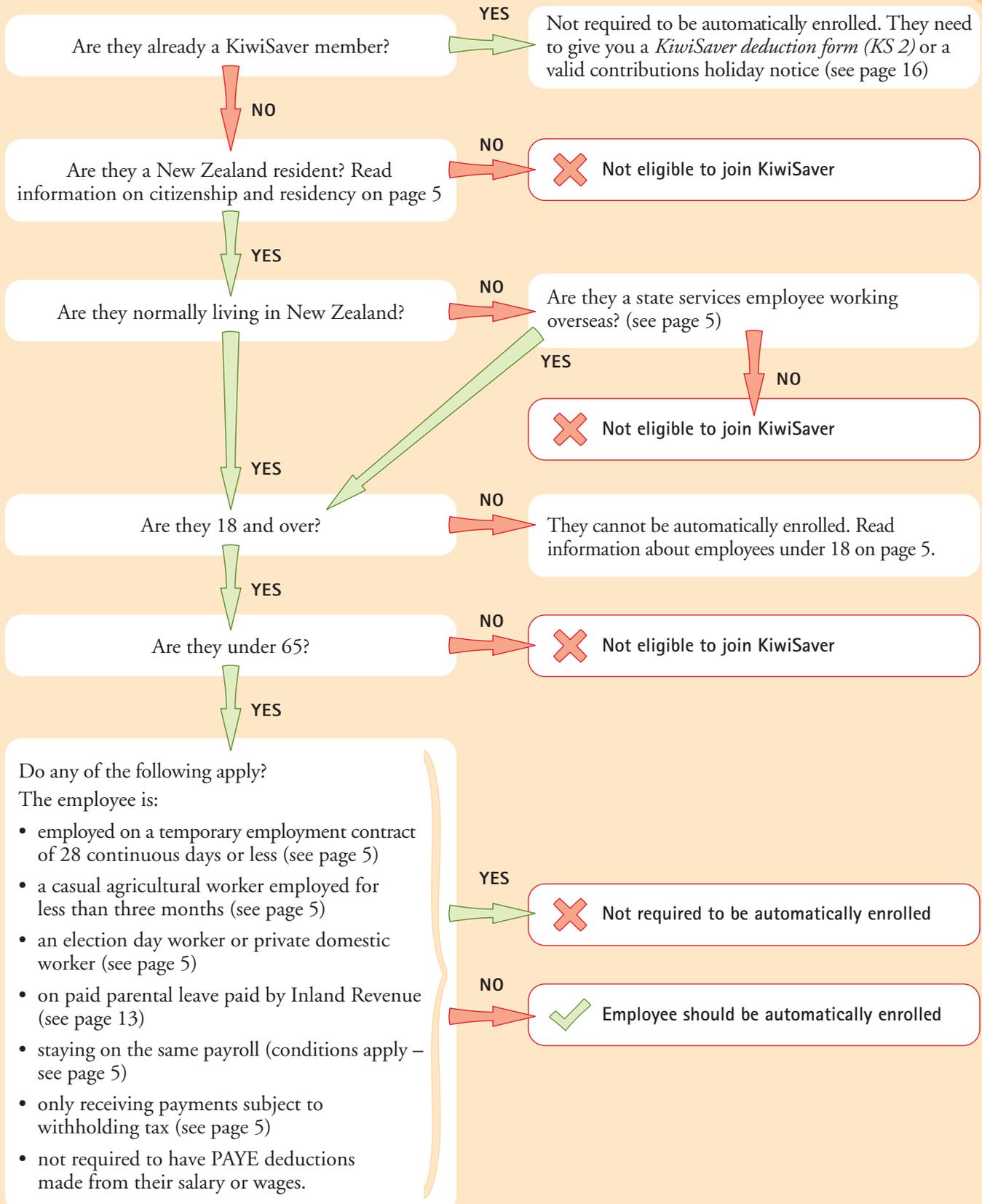
### <sup>1</sup> Why not get it done online?

You can file your employer monthly schedule (EMS) electronically using Inland Revenue's ir-File service. To register and for more information go to [www.ird.govt.nz/online-services](http://www.ird.govt.nz/online-services). ir-File is being updated for 1 July 2007 to include the ability to file *Employer deductions (IR 345/IR 346)* form and other KiwiSaver forms such as the *New employee opt out request (KS 10)* form.



# Are they eligible?

Use this chart to help work out whether a new employee should be automatically enrolled unless you are an employer exempt from automatic enrolment (see page 22)



## New employees who meet the criteria for automatic enrolment

### What to do if your new employee meets the eligibility criteria for automatic enrolment

#### Within 7 days of starting employment

Start the automatic enrolment process by giving the new employee a *KiwiSaver employee information pack (KS 3)*. The information pack includes a *KiwiSaver deduction form (KS 2)* which the employee can use to let you know whether they want 4% or 8% of their gross salary or wages deducted. If they don't complete the KS 2, make deductions at the default rate of 4%.

If you have a chosen KiwiSaver scheme in place you must tell your new employee and give them that scheme's investment statement and a statement advising the employee that you have chosen a scheme they will be allocated to unless they choose their own KiwiSaver scheme (see page 20).

#### From their first pay

You must make KiwiSaver deductions from all payments of salary or wages after the employee starts work unless:

- an opt out notice takes effect
- a contributions holiday is granted
- the employee no longer receives salary or wages
- you are notified by Inland Revenue
- the employee becomes entitled to and withdraws their savings.

#### With your next employer monthly schedule (EMS) or earlier

If they should be automatically enrolled, give Inland Revenue the names, IRD numbers and addresses of new employees using the *KiwiSaver employee details (KS 1)* form. You can also supply this information online if you are registered for our ir-File service.

You are only required to give us the information the employee gives you. It is not your responsibility if an employee chooses not to provide information for privacy or other reasons.

You must provide enrolment information supplied no later than the date your next EMS is due.

You don't have to let us know us if an employee is not eligible for automatic enrolment.

## New employees who are existing members

A new employee who is an existing KiwiSaver member must give you one of the following:

- A *KiwiSaver deduction form (KS 2)*  
This form lets you know whether the employee wants deductions made at the rate of 4% or 8%. Start deductions at the default rate of 4% if they don't complete a form, or
- A valid *contributions holiday notice* (see page 16)

You do not need to send Inland Revenue a *KiwiSaver employee details (KS 1)* form for new employees who are existing KiwiSaver members.

Unless you receive a valid contributions holiday notice, you must make deductions from their first pay. If they don't specify a contribution rate, use the default rate of 4% for each pay. You don't have to backdate contributions, but a penalty may be applied if you don't start making deductions after you've been advised to.

# Existing employees



## What's important

### **For existing employees who request to join KiwiSaver your responsibilities are to:**

- within 7 days give your existing employees a *KiwiSaver employee information pack (KS 3)*. If you already have a KiwiSaver scheme in place, give them that scheme's investment statement and a statement advising the employee that you have chosen a scheme they will be allocated to unless they choose their own KiwiSaver scheme (see page 20)
- check whether they are eligible to join KiwiSaver (see page 7)
- start making deductions from their pay if they give you a *KiwiSaver deduction form (KS 2)* or we advise you to
- give us their details using the *KiwiSaver employee details (KS 1)* form or ir-File.

### **For existing employees who are considering joining KiwiSaver your responsibilities are to:**

- give your existing employees a *KiwiSaver employee information pack (KS 3)* if they request it.

Existing employees are not enrolled automatically but they can join KiwiSaver, as long as they meet the eligibility criteria (see page 7).

They can contract with their chosen KiwiSaver scheme provider or, if they are 18 or over and under 65, give you a *KiwiSaver deduction form (KS 2)*, which is included in the *KiwiSaver employee information pack (KS 3)*.

## What to do if an existing employee asks to join KiwiSaver

### Within 7 days

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Within 7 days you must give your existing employees a *KiwiSaver employee information pack (KS 3)* if they ask to join KiwiSaver. If you already have a KiwiSaver scheme in place, give them that scheme's investment statement and a statement advising the employee that you have chosen a scheme they will be allocated to unless they choose their own KiwiSaver scheme (see page 20).

The information pack includes a *KiwiSaver deduction form (KS 2)* which the employee can use to let you know whether they want 4% or 8% of their gross salary or wages deducted. If they don't nominate a contribution rate, make deductions at the default rate of 4%.

If an employee gives you a deduction notice, and you are satisfied they are eligible to join KiwiSaver you must pass this information on to us.

### From their next pay

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Start deductions at the employee's nominated rate or the default rate of 4% from the next pay date. You must make KiwiSaver deductions from all payments of salary and wages after the employee joins KiwiSaver unless:

- a contributions holiday is granted
- the employee no longer receives salary or wages
- you are notified by Inland Revenue
- the employee becomes entitled to and withdraws their savings

You must provide enrolment information no later than the date your next EMS is due.

We may write to you asking you to start making deductions from an employee's pay eg, after they join by contracting directly with a scheme provider, or when a contributions holiday expires.

### With your next employer monthly schedule (EMS) or earlier

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Advise us of the details of the employee using the *KiwiSaver employee details (KS 1)* form. You can supply this information online if you are registered for our ir-File service.

You are only required to give us the information the employee gives you. It is not your responsibility if an employee chooses not to provide information for privacy or other reasons.

You must provide enrolment information no later than the date your next EMS is due.

# Administration



## What's important

### Making deductions from employees' pay

You need to:

- make sure new employees' KiwiSaver contributions start from their first pay.
- make deductions at the rate they choose (4% or 8% of their gross salary or wages) or at the default rate of 4%. These are the only rates they can choose.
- send deductions to us together with your *Employer deductions (IR 345)/(IR 346)* form and PAYE payments. You can file these forms online if you are registered for our ir-File service.
- keep a record of employees who are KiwiSaver members, their contribution rate, the amounts you've deducted and any notification of contributions holidays or opt outs.

### Opt outs and contributions holidays

- if a new employee gives you a *New employee opt out request (KS 10)* form, you can only act on it when they have been employed for two weeks and up to eight weeks (ie on or after day 14 and on or before day 56 of starting employment). You can then stop deductions from their next pay and send us the opt out form no later than when your next employer monthly schedule is required. You can file this form online if you are registered for our ir-File service.
- if an employee gives you an opt out form after this timeframe, send it directly to us and continue to make deductions until we advise you otherwise.
- employees can also opt out online at [www.kiwisaver.govt.nz](http://www.kiwisaver.govt.nz) or by sending a *New employee opt out request (KS 10)* form to Inland Revenue. *New employee opt out request (KS 10)* forms will be received faster if filed electronically. We'll let you know in all cases if this happens.
- we'll also let you know when to stop and when to restart contributions if an employee takes a contributions holiday (see page 16).

### Non-compliance

- penalties may apply if you don't comply with KiwiSaver processes (see page 17).

## Forms and *KiwiSaver employee information packs (KS 3)*

This is the *KiwiSaver employee details (KS 1)* form. Use it to let us know the details of employees who join KiwiSaver. You can also supply this information online if you are registered for our ir-File service.

You must give a *KiwiSaver employee information pack (KS 3)* to all new employees who are eligible to be automatically enrolled and to existing employees who opt in or ask for one. It includes two forms:

- the *KiwiSaver deduction form (KS 2)* which an employee uses to let you know their details and whether they want deductions made at 4% or 8%.
- the *New employee opt out request (KS 10)* form which new employees can use to opt out of KiwiSaver.

See page 23 for information on ordering forms and *KiwiSaver employee information packs (KS 3)*.

## Making deductions from employees' pay

### Contribution rates

Employees can choose one of only two contribution rates – 4% or 8% of their gross salary or wages. Gross salary or wages means total salary, including bonuses, commission, extra salary, gratuity and overtime and other remuneration of any kind before tax. See the definition of deductions, salary and wages in Inland Revenue's *Employer's guide (IR 335)*.

If an employee elects any other rate on their *KiwiSaver deduction form (KS 2)*, or does not select a rate, make deductions at the default rate of 4%.

### Calculating deductions

KiwiSaver calculation tables are included in the *PAYE deductions tables (IR 340)* and *(IR 341)* to help make it easier for you to work out how much to deduct.

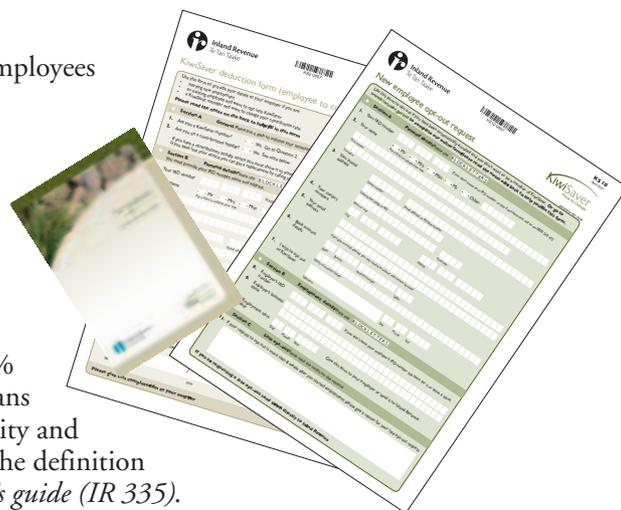
#### Here's an example:

An employee earns \$600.00 a week and contributes 4% to KiwiSaver.	
Gross pay	\$600.00
Less PAYE	-\$122.83
Less KiwiSaver contribution	-\$24.00 (4% of \$600.00)
Net pay	\$453.17

You need to make sure new employees' KiwiSaver contributions start from their first pay.

### Forwarding deductions

Forward deductions to us with your PAYE payments. The *Employer monthly schedule (IR 348)* and *Employer deductions (IR 345)/(IR 346)* form include fields for KiwiSaver employee deductions and employer contributions. You can file these forms online if you're registered for our ir-File service.



### Contributions that can't be made through Inland Revenue

If an employee wants to contribute more than 8%, the additional contributions should not be made via the PAYE system, but paid directly to Inland Revenue or to the scheme provider.

Providers may offer other services for members (eg, life insurance). You can't pay for these through Inland Revenue and they don't count towards the contribution rate.

### Inland Revenue payments to scheme providers

Inland Revenue is required to pass on KiwiSaver deductions from the employee's gross salary or wages received or which should be received from an employer to the employee's scheme provider.

Inland Revenue is required to pay to the scheme provider KiwiSaver deductions made from an employee's gross salary or wages. We will make the payment to the employee's scheme provider regardless of whether or not the deduction has been received by Inland Revenue from the employer.

If the deduction is not received by Inland Revenue, we will seek to recover the arrears from the employer in the same way we would recover unpaid PAYE tax debts.

### Deductions from accident compensation payments

If you take part in ACC's partnership programme or have an ACC employer reimbursement agreement, you continue paying an employee after an accident. Similarly, you must continue to deduct any KiwiSaver contributions that were in place before the employee's accident. To stop any KiwiSaver deductions, the employee must apply to Inland Revenue for a contributions holiday.

When ACC (and not the employer) pays the employee weekly compensation, KiwiSaver deductions don't need to be made from those payments unless the employee requests ACC to make them.

You'll find more information about this at [www.ird.govt.nz/kiwisaver](http://www.ird.govt.nz/kiwisaver)

### Parental leave payments

Contributions don't need to be made if the employee is receiving parental leave payments from Inland Revenue, but if you continue to pay your employee a salary or wage, keep making KiwiSaver deductions unless they take a contributions holiday.

### Contributions made in error

Please let us know if you make an error in deducting contributions from an employee's pay. If necessary, we'll refund any contributions made in error. If employer contributions are included, we'll repay you.

You can amend KiwiSaver information, the same way you make employer monthly schedule amendments, by completing an *Employer monthly schedule amendment (IR 344)* form. If you have a small number of amendments, call Inland Revenue on 0800 377 772 and we'll update them over the phone.

Amendments to KiwiSaver information and resulting refunds will take longer to process if we have to request the refund from the member's scheme.

e.g.

#### Contributions made in error – Example one

Shayne is a member of KiwiSaver. You accidentally deduct contributions of 8% of his wages when Shayne was on a contribution rate of 4%. \$200 has been deducted from his wages to date, which has not yet been paid by Inland Revenue to the KiwiSaver scheme provider. Shayne contacts Inland Revenue and is refunded his \$100.

## Resignation and retirement benefits

Make deductions as normal from the final payment of salary or wages made up for the employee. You must make deductions from any salary, wages or allowances you intend to pay, including all sums received or receivable by way of bonus, commission, extra salary, gratuity, overtime pay, extra pay, or other remuneration of any kind.

KiwiSaver has some specific exclusions to the term “salary and wages” where you intend to make ongoing payment to the employee after their retirement. One of these relates to periodic payments such as pensions, retiring allowances, superannuation or other allowances or annuities relating to a person’s past employment. Check our website or contact us for more information.

## Record keeping

You need to record which employees are KiwiSaver members, their contribution rate, and any notification of contributions holidays or opt outs. Your PAYE records should show the KiwiSaver amounts you’ve deducted and passed on to us.

Employee payslips should show KiwiSaver deductions and/or KiwiSaver employer contributions.

You must keep records for seven years after the person leaves employment.

Any scheme you choose must be open to all new permanent employees who meet the eligibility criteria for KiwiSaver. Once an employee is enrolled in the scheme and becomes a member, you, or the scheme provider, must advise us if the person ceases to be eligible to be a member of your chosen KiwiSaver scheme.

## Requests to opt out

Only new employees who meet the criteria for automatic enrolment can opt out of KiwiSaver. They must do this within 2–8 weeks of starting work. Employees cannot opt out outside the opt out timeframe through their employer. If you receive a *New employee opt out request (KS 10)* form from an employee that is outside the allowed timeframe, send the form direct to us. Continue to make KiwiSaver deductions until we advise you otherwise. Employees suffering from or likely to suffer from financial hardship can apply to Inland Revenue for a contributions holiday within the first 12 months of Inland Revenue receiving a contribution (see page 16).

Here’s what to do if a new employee gives you a *New employee opt out request (KS 10)* form:

- Make sure they are within the 2–8 week opt out period (ie on or after day 14 and on or before day 56)
- Stop making KiwiSaver deductions from their next pay
- Refund any deductions you have made but not yet sent us, or send them with your PAYE payments and we will refund the employee direct
- Send the opt out form to us no later than the date your next employer monthly schedule is due.

We will refund to you any employer contributions you have made.

**e.g.****Requests to opt out – Example one**

On 1 April 2008, Mike starts work with you and the automatic enrolment rules apply. On 15 May 2008, Mike opts out of KiwiSaver by giving you an opt out form. You must stop making deductions from the next pay calculated after receiving his opt out form. If you are still holding his deductions, you can refund him directly.

**e.g.****Requests to opt out – Example two**

On 9 October 2009, Tracey starts work with you and the automatic enrolment rules apply. Tracey wants to opt out that day. However, the earliest she can opt out is in two weeks' time on 22 October 2009.

**e.g.****Requests to opt out – Example three**

Carol works part-time and gets a second part-time job with you. She was automatically enrolled in KiwiSaver for her first job, but is not a member because she opted out. She is automatically enrolled again for the second job. She must opt out again for the second job if she doesn't want to be a KiwiSaver member.

**e.g.****Requests to opt out – Example four**

Mere starts work with you on 15 December 2007 and the automatic enrolment rules apply. On 3 March 2008, Mere gives you an opt out form. Mere's opt out period begins on 28 December 2007 and ends on 8 February 2008. Because her opt out form is late she must send it directly to Inland Revenue with her reasons for opting out late. You must continue to make KiwiSaver deductions unless you receive a letter from us advising otherwise.

## Contributions holidays

KiwiSaver members can take a break from saving after they have been a member for 12 months. This is called a contributions holiday. It can be for a minimum of three months, up to a maximum of five years. There is no limit to the number of contributions holidays a member can take.

If a member is suffering from or likely to suffer from financial hardship during the first 12 months of Inland Revenue receiving a contribution, the member can apply for a financial hardship contributions holiday.

To request a contributions holiday, an employee completes a *Contributions holiday request (KS 6)* form and sends it to Inland Revenue. If they approve the request, they'll ask you to stop making deductions for that employee. You can also stop making deductions if the employee shows you a valid contributions holiday notice.

An employee can change their mind and restart their contributions holiday by giving you notice to start or stop making deductions from their salary or wages. Any notice you receive takes effect from the next payment of salary or wages you calculate for the employee.

An employee cannot, however, ask you to start and stop deductions too often. The minimum period before requesting a change, unless you agree otherwise, is three months.

If your new employee is on a contributions holiday but can't show you a valid contributions holiday notice from Inland Revenue, you still need to deduct contributions from their salary or wages.

As soon as your new employee shows you a current contributions holiday notice, you may refund them any contributions you have deducted which you have not passed to Inland Revenue. Where you've passed the contributions on to Inland Revenue, the employee should contact us to request their refund.

We'll write again asking you to restart contributions when the contributions holiday finishes.

e.g.

### Contributions holidays – Example one

Joyce has been a KiwiSaver member for two years. She applies to Inland Revenue for a contributions holiday. She wants the holiday to apply to both her employers and she wants to take a contributions holiday for one year. Inland Revenue accepts Joyce's application and gives notice to you and her other employer to stop making deductions of contributions from her wages. Three months later, Joyce decides that she wants contributions to begin from the wages she receives from her job with you. She gives you notice to restart deductions from her wages, and you do this. Close to the expiry of her one-year contributions holiday, Inland Revenue writes to Joyce stating that it is about to end. Joyce doesn't apply for another contributions holiday and Inland Revenue writes to both employers stating that deductions of contributions must restart.

e.g.

### Contributions holidays – Example two

Hiroshi is taking a contributions holiday and starts new employment with you. He has lost his contributions holiday notice so you begin deducting contributions from his first pay. He has had \$300 deducted from his salary before he finds the notice from Inland Revenue granting the contributions holiday. Hiroshi shows you his notice and you stop making deductions. Because you have already paid the contributions to Inland Revenue, Hiroshi applies to Inland Revenue for a refund.

## Your obligations

Your obligations are to:

- Provide a *KiwiSaver employee information pack (KS 3)* to your employees as follows:
  - To a new employee within seven days of starting new employment with you who is eligible for automatic enrolment
  - To an existing employee within seven days of opting in
  - To an existing employee who requests one
- Provide information to Inland Revenue about all new employees who are eligible for automatic enrolment and employees who opt into KiwiSaver no later than the date you are required to file your next employer monthly schedule.
- If you already have a KiwiSaver scheme in place, give them that scheme's investment statement and a statement advising the employee that you have chosen a scheme they will be allocated to unless they choose their own KiwiSaver scheme (see page 20).
- Make sure KiwiSaver deductions are made and paid to Inland Revenue by the due date along with your PAYE payments.
- Make deductions at the correct rate.

Please contact Inland Revenue when you require further *KiwiSaver employee information packs (KS 3)* (See page 23).

## Compliance

We'll work with you to help you meet your KiwiSaver obligations. Where an error does occur, (eg not deducting KiwiSaver contributions) we will issue a reminder and then a notice warning you that we may charge you a KiwiSaver penalty if you do not meet your obligations in the future.

There are KiwiSaver penalties for:

- Failure to provide information – where you do not provide KiwiSaver information to your employees or to Inland Revenue
- Failure to deduct – where you do not make a correct KiwiSaver deduction when required to do so.

The penalties are:

- \$50 per month for small employers, and
- \$250 per month for large employers.

### Note:

- You will not be penalised if an employee refuses to supply information or supplies false information
- You will not be penalised for failure to provide a *KiwiSaver employee information pack (KS 3)* when required if Inland Revenue does not provide employee information packs to you on time provided that you have notified us that further packs are required immediately after realising you didn't have enough.

In addition, standard tax penalties and knowledge offences apply where either a KiwiSaver employee deduction is not paid to Inland Revenue or is paid late. This is exactly the same as occurs with PAYE deductions (see Inland Revenue's *Employer's Guide (IR 335)*).

## Right of review

Within 20 working days of Inland Revenue giving you notice of a decision that affects your KiwiSaver obligations, you can request that it be reconsidered. You may have to provide further information to Inland Revenue.

## Disputes resolution process

Not all decisions discussed in "Right of review" above can be reconsidered under the KiwiSaver review process. Some of these other decisions can be disputed under Inland Revenue's disputes resolution process.

You can find out more about these processes and which one relates to a particular decision at

[www.ird.govt.nz/kiwisaver](http://www.ird.govt.nz/kiwisaver)

# Your options as an employer

## 2

### Budget 2007 – KiwiSaver enhancements

In Budget 2007 the government announced significant enhancements to KiwiSaver, including a proposal that from **1 April 2008** employers will match employee contributions for KiwiSaver (phased in over four years) and will receive a tax credit for up to \$20 a week per employee. Legislation giving effect to those changes is currently before Parliament, and is expected to be passed later this year.

The employer contribution information on the next two pages is therefore applicable to the period from 1 July 2007 to 31 March 2008 – and we will provide new information as soon as the legislation is passed.

Please see page 22 for more details.



### What's important

**As an employer, KiwiSaver gives you a number of options:**

- You can choose to make contributions to employees' KiwiSaver accounts. These contributions – and contributions to other complying registered superannuation schemes – are exempt from specified superannuation contribution withholding tax (SSCWT), subject to some limits.
- You can have a KiwiSaver employer-chosen scheme.
- You can apply to the Government Actuary to be exempt from having new employees enrolled automatically in KiwiSaver if you have a registered superannuation scheme that meets certain criteria.
- If you already offer a superannuation scheme, your options include converting it to a KiwiSaver scheme or complying superannuation fund, establishing a KiwiSaver scheme as part of your existing scheme or continue to operate independently of KiwiSaver. The SSCWT exemption, \$1,000 government kick-start and fee subsidy apply if you add KiwiSaver to an existing scheme or convert it to a KiwiSaver scheme.
- You can do none of these things.

### Employer contributions

You can choose to make contributions to your employees' KiwiSaver accounts. You decide whether to contribute and at what rate. You can also place terms and conditions on employer contributions. For example, you may include conditions which set out a period of time employees must stay with your organisation before they can keep some or all of the contributions you make for them

If you do contribute, an employee may choose for those contributions to count towards their 4% contribution rate only, provided they “vest” in the employee immediately. Alternatively, the employer contribution can be on top of the 4% or 8% that the employee contributes. All employer contributions must be made through Inland Revenue, not direct to the scheme provider.

Employers who select a KiwiSaver scheme for their employees as an employer-chosen scheme will not be liable if the scheme fails.

### Paying employer contributions

Employer contributions must be accompanied by an *Employer deductions (IR 345)/(IR 346)* form and you must include payment details on your employer monthly schedule (EMS). You can file these forms online if you are registered for our ir-File service. We hold employer contributions until payment is cleared by your bank and then pass them on to the provider.

Employer contributions may be required under contracts between employer/providers, employers/employees, or may be entirely voluntary (not subject to a contract). We do not hold records and are not responsible for enforcing any employer/provider or employer/employee contracts, including following up on non payment of employer contributions.

If a new employee opts out of KiwiSaver, we'll refund any employer contributions to you.

### Short-paid employer contributions

If you make employer contributions and short-pay them, Inland Revenue will allocate them on a pro-rata basis as equally as possible based on the percentage of the total each employee was entitled to receive.

e.g.

#### Short-paid employer contributions – Example one

Wages & Co. files an EMS with employer contributions for three employees: John \$40, Jim \$40, and Jack \$80. The total employer contribution shown on the EMS is \$160. If Wages & Co. short pays their employer contributions by \$80, Inland Revenue will apportion the amount paid as follows:

	Shown on EMS	On paid to scheme
John	\$40 (25% of \$160)	\$20 (25% of \$80)
Jim	\$40 (25% of \$160)	\$20 (25% of \$80)
Jack	\$80 (50% of \$160)	\$40 (50% of \$80)
Total	\$160 (100% of \$160)	\$80 (100% of \$80)

### Employer contributions exempt from SSCWT

Certain employer contributions to KiwiSaver schemes and complying registered superannuation schemes are exempt from specified superannuation contribution withholding tax (SSCWT). For more information about SSCWT go to [www.ird.govt.nz](http://www.ird.govt.nz)

The exemption applies to the lesser of:

- an amount equal to the employee's contribution, or
- 4% of the employee's gross salary or wages.

Any employer contributions over the exemption are subject to SSCWT.

e.g.

### Employer contributions – Example one

Kerryanne is a member of KiwiSaver and her employer contributes on her behalf.

She contributes 2% of her gross pay and her employer matches that contribution to make up Kerryanne's 4% minimum contribution rate. The 2% employer contribution is not subject to specified superannuation contribution withholding tax (SSCWT) but must vest immediately in Kerryanne's name.

e.g.

### Employer contributions – Example two

Under her employment agreement, Chloe is entitled to a matching employer contribution for every dollar she puts into her KiwiSaver scheme subject to a 10% cap. You decide to pay your employer contributions via the EMS. If Chloe pays in 4% employee contributions you can pay in 4% employer contribution with no SSCWT liability. However if Chloe pays in 8% employee contributions you can only pay 4% SSCWT free and the other 4% must be paid net of any SSCWT liability. If Chloe pays in 10% employee contributions then only 8% can be paid via the EMS and the remaining 2% must be paid directly to Inland Revenue or to Chloe's KiwiSaver scheme provider.

## Employer-chosen schemes

You can nominate a KiwiSaver scheme for your employees to join if they don't choose one of their own. This is an employer-chosen scheme. If you don't have an employer-chosen scheme and your employee does not choose a scheme of their own, Inland Revenue will allocate the employee to a default scheme.

### Here's what you need to do

#### When you choose a scheme

- Tell us the details of your chosen scheme. You must advise us in writing.
- You'll need to arrange for the scheme provider to give you a supply of investment statements to distribute to your employees.

Within 7 days of a new employee joining or an existing employee (who meets the eligibility criteria) opting in or when an existing employee requests a *KiwiSaver employee information pack (KS 3)*

When you give your employee a *KiwiSaver employee information pack (KS 3)*, you must also give them:

- a copy of the investment statement for your chosen scheme
- a statement advising them they will be allocated to that scheme unless they make an active choice and choose their own scheme.

e.g.

### Employer-chosen schemes – Example one

Stanley & Sons has chosen KAB Ltd scheme for its employees. When a new staff member meets the criteria for automatic enrolment they are given an employee information pack, they must also be given an investment statement for the KAB Ltd scheme and a statement that they will be allocated to that scheme if they don't choose their own one.

**Note:**

You need to let Inland Revenue know if you choose another scheme or decide not to offer a chosen scheme any more.

### Existing workplace schemes

KiwiSaver is intended to complement, rather than replace, existing registered superannuation schemes. It creates a number of options for existing registered superannuation schemes, including:

- converting your current scheme into a KiwiSaver scheme
- establishing a KiwiSaver scheme as part of your existing scheme
- continuing to operate independently of KiwiSaver
- converting your current scheme to a complying superannuation fund to take advantage of the SSCWT exemption.

**Find out more**

For more information about the options for existing schemes, talk to your scheme trustees, scheme provider, industry advisor or contact the Office of the Government Actuary website [www.isu.govt.nz](http://www.isu.govt.nz)

**Employer exemption from KiwiSaver automatic enrolment**

If you have an existing registered superannuation scheme, you can apply to the Government Actuary for an exemption from having to enrol new employees automatically in KiwiSaver. Employees of an exempt employer can still opt in to KiwiSaver in the same way as other employees. If a new employee is already a KiwiSaver member, you must make deductions for them.

e.g.

### Exempt employer

Widgets Ltd applies to the Government Actuary for approval as an exempt employer because it offers its employees access to a registered superannuation scheme. On 16 July 2007, the Government Actuary approves Widgets Ltd as an exempt employer from that date. On 17 July, Jeff is employed on a permanent, part-time basis. Due to his employer's exemption, Jeff does not need to be enrolled automatically in KiwiSaver. If Jeff opted into KiwiSaver or was already a KiwiSaver member when he started employment, Widgets Ltd have to make KiwiSaver deductions from his salary.

# Budget 2007

## KiwiSaver enhancements passed by Parliament

A new tax credit for KiwiSaver members of up to \$1,042.86 a year (\$20 a week) has been passed into law and will be effective from **1 July 2007**. This change is referred to in this Guide.

From **1 July 2007** all KiwiSaver employer contributions must be made through Inland Revenue and cannot be made direct to KiwiSaver scheme providers.

## Proposed KiwiSaver enhancements

**In Budget 2007 on 17 May the government announced significant enhancements to the KiwiSaver initiative.**

These include: - compulsory matching employer contributions  
- an employer tax credit.

These measures are government policy and will proceed through the normal legislative process, with Parliament expected to pass the legislation later this year.

These initiatives build on the existing KiwiSaver benefits and aim to give further incentives for New Zealanders to save and lift the saving performance of New Zealand.

Key features of the current proposals before Parliament are:

### **Compulsory employer contributions proposal (subject to legislation being passed)**

From **1 April 2008** the proposal requires all employers to match the contributions of their employees to KiwiSaver schemes and complying superannuation funds. The level of contribution would be phased in over four years, starting at 1% in 2008/09. These contributions would be partially offset by the employer tax credit.

From	Compulsory employer contribution (% of employee's gross salary or wages)
1 April 2008	1%
1 April 2009	2%
1 April 2010	3%
1 April 2011	4%

### **Employer tax credits (subject to legislation being passed)**

The proposals also include a reimbursement for employers from **1 April 2008** for the cost of making contributions for their employees by a new tax credit which will be capped at \$20 a week per employee. This would apply to contributions to both KiwiSaver and complying superannuation funds.\* It is proposed that the tax credit will be reimbursed through the PAYE process to help employers' cash flow and to minimise compliance costs. Employer contributions continue to be exempt from specified superannuation contribution with holding tax (SSCWT), subject to the limits explained in this Guide.

### **Contributions made to an existing scheme**

Contributions made to an existing registered superannuation scheme may count towards the compulsory employer matching contributions, and will be eligible for the Employer Tax Credit if they are made to a complying fund.

Visit [www.treasury.govt.nz](http://www.treasury.govt.nz) for more information about the changes.

### **What happens next?**

The (Taxation [Annual Rates, Business Taxation, KiwiSaver, and Remedial Matters] Bill) has been referred to Parliament's Finance and Expenditure Committee. It is expected to be enacted later this year. You can view the Bill and commentary by going to [www.taxpolicy.ird.govt.nz](http://www.taxpolicy.ird.govt.nz).

Visit [www.parliament.nz](http://www.parliament.nz) to find out how to make a submission to the select committee.

\* A complying superannuation fund is a section within a registered superannuation scheme that has been approved by the Government actuary as having met certain criteria similar to KiwiSaver (eg, KiwiSaver lock in rules and portability).

# For more help

# 4



## Ordering additional forms and information packs

You can view copies of the forms and guides mentioned in this guide by going to [www.ird.govt.nz](http://www.ird.govt.nz) and selecting “Forms and Guides” or you can order copies by calling our automated telephone service INFOexpress on 0800 257 777.

To use INFOexpress you’ll need a touch tone phone and your IRD number. It’s also helpful if you know the number of any forms or booklets you’re ordering.

INFOexpress is available between 6am and 12 midnight, seven days a week.

### Websites

Go to any of these websites for more information:

- [www.ird.govt.nz/kiwisaver](http://www.ird.govt.nz/kiwisaver)
- [www.kiwisaver.govt.nz](http://www.kiwisaver.govt.nz)
- [www.isu.govt.nz](http://www.isu.govt.nz) (Government Actuary)
- [www.sorted.org.nz](http://www.sorted.org.nz)

### Call Inland Revenue

Please call 0800 377 772 if you’d like to talk to someone about your KiwiSaver obligations as an employer. Or, you can ask to talk to one of our advisors.

### Call recording

As part of our commitment to providing the best possible service to our customers, Inland Revenue records all phone calls answered in, and made by, our permanent call centres. For further information about our call recording policy and how you can access your recorded information, please go to [www.ird.govt.nz](http://www.ird.govt.nz) or call us on 0800 227 773 or 0800 377 774 (if you or your partner are in business).

### Publications

#### *ir-File – Electronic filing for employers (IR 317)*

This introduction to electronic filing explains how the ir-File system works, what choices you have, what equipment you need and how to get started. To register and for more information, visit our website [www.ird.govt.nz/online-services](http://www.ird.govt.nz/online-services)

#### *Payroll News*

We send this newsletter to you with your *Employer monthly schedule (IR 348)*. It covers tax changes, due dates and topical issues relating to employers, including information about KiwiSaver.

#### *Tax Information Bulletin (TIB)*

The TIB is our monthly publication containing detailed technical information about all tax changes. You can find it on [www.ird.govt.nz](http://www.ird.govt.nz) under “Newsletters and bulletins”, and you can subscribe to receive email notification when each issue is published on our website.

# Frequently asked questions

1. *I know I shouldn't provide financial advice to employees. What information can I provide?*

You shouldn't give your employees investment advice. The KiwiSaver Act 2006 [section 206] makes it clear you will not be giving investment advice (for the purposes of the Investment Advisors (Disclosures) Act 1996) if you limit this to:

- supplying an information pack
- giving a factual description of the features of a KiwiSaver scheme, or
- promoting the benefits of retirement saving in general.

2. *Can KiwiSaver employee information packs be downloaded from the web?*

Yes from June 2007. Go to [www.ird.govt.nz/kiwisaver](http://www.ird.govt.nz/kiwisaver) or [www.kiwisaver.govt.nz](http://www.kiwisaver.govt.nz)

3. *How are KiwiSaver contributions paid to the scheme provider?*

Make KiwiSaver deductions to Inland Revenue with your PAYE payments. There will be a new EMS with two extra columns – one for employee deductions and one for any employer contributions. We will on-pay the KiwiSaver contributions to each employee's scheme provider.

4. *What payments count as salary or wages?*

Any salary, wages, allowances, bonuses, commission, extra salary, gratuities, overtime pay or other remuneration relating to a person's employment. For details, see our *Employer's guide (IR 335)*.

5. *Do I make deductions from redundancy or lump sum payments?*

Yes.

6. *When is the \$1,000 kick-start paid?*

For employees, Inland Revenue makes the \$1,000 kick-start payment when we send their first contributions across to the scheme provider, three months after we receive the first contribution. For everyone else (eg self-employed), we pay the kick-start payment three months after the scheme provider tells us the person is a KiwiSaver member.

7. *When and how are contributions refunded when an employee opts out or is granted a "late opt out"?*

We'll refund any deductions we hold direct to an employee's bank account when we receive their *New employee opt out request (KS 10)* form. We'll refund employer's contributions by crediting their KiwiSaver account. Employers may refund any contributions they hold.

8. *Can Inland Revenue use KiwiSaver funds to clear arrears (eg tax and student loans) if a person opts out?*

Only if the employee requests this.

9. *Do I continue to make employer contributions when an employee takes a contributions holiday?*

This depends on the contract you have with the employee and the scheme provider.

10. *Do contributions continue when an employee is on parental leave?*

Contributions don't need to be made if the employee is receiving parental leave payments from Inland Revenue, but if you continue to pay your employee a salary or wage, keep making KiwiSaver deductions unless they take a contributions holiday.

11. *If KiwiSaver deductions are made from an employee's main job, are deductions made from their secondary employment?*

Yes. If an employee is a KiwiSaver member, KiwiSaver deductions should be made from any secondary employment, unless they take a contributions holiday.

12. *What happens when someone is already a KiwiSaver member and they start working for you?*

You must start making KiwiSaver deductions from their salary or wages, unless they show you a valid contribution holiday notice.

13. *Does KiwiSaver affect an employee's taxable income for child support purposes?*

No.

14. *What criteria were used for selecting the default scheme providers?*

The Crown looked at their market reputation for:

- security and organisational credibility
- organisational capability
- proposed design of their KiwiSaver scheme
- administration capability
- competitive fee levels, and
- investment capacity/capability.

15. *Will my eligible employees be allocated to the same default provider?*

No. There are six default providers and employees will be allocated to these in sequence. Employees are free to change their scheme provider at any time.

16. *Do employees have to join a default scheme?*

No. There are three ways employees can be allocated to a KiwiSaver scheme:

- they can actively choose a KiwiSaver scheme
- if they don't choose one, they'll be allocated to their employer's KiwiSaver scheme if the employer has one
- if the employer doesn't have a KiwiSaver scheme, Inland Revenue will allocate the employee to a default KiwiSaver scheme.

All KiwiSaver schemes are run by the private sector under regulations similar to other registered superannuation schemes and governed by trust deeds. Any approved provider, not just default providers, will be able to offer KiwiSaver schemes that meet the KiwiSaver Act requirements.

17. *Is there a subsidy available to help cover employer administration costs?*

Yes. There is a payroll subsidy of \$2 an employee each payday. It is payable to listed payroll intermediaries that carry out PAYE and related payroll functions for small employers with up to five employees.

18. *Do "exempt employers" need to give information packs to new employees?*

No, but it's a good idea to keep some stocks on hand for people who opt in to KiwiSaver or who specifically ask for a pack.

19. *How long do I keep my KiwiSaver records for?*

You must keep KiwiSaver records for at least seven years after the person leaves your employment.

20. *How important is it for the employer to use the correct employee IRD number?*

It's essential. The employee IRD number is used by Inland Revenue and the scheme provider to identify KiwiSaver members. This ensures that contributions go to the right KiwiSaver scheme and the correct member's account. Using an incorrect IRD number could mean a member's KiwiSaver contributions are credited to another person's account, go into "unexplained remittances" and eventually, into unclaimed money.

# Glossary

Automatic enrolment	If a new employee is 18 and over and under 65 they will be automatically enrolled into KiwiSaver unless: <ul style="list-style-type: none"> <li>• they don't meet the criteria</li> <li>• their employer is exempt.</li> </ul>
Complying superannuation fund	A registered scheme, approved by the Government Actuary, as a complying superannuation fund.
Contribution rate	An employee can choose a contribution rate of either 4% or 8% of their gross salary or wages into their KiwiSaver account. If they don't choose a contribution rate the default rate is 4%.
Contributions	Payments made to a KiwiSaver account by an employer and/or employee and/or other person.
Contributions holiday	A member can apply to Inland Revenue to take a break from making contributions to KiwiSaver. Breaks can be from three months to five years.
Default schemes	If someone joins KiwiSaver without selecting a scheme provider, or if their employer doesn't have a preferred scheme they will be allocated one to a default scheme provided by: <ul style="list-style-type: none"> <li>• AMP</li> <li>• AXA</li> <li>• Mercer</li> <li>• ASB</li> <li>• ING</li> <li>• Tower.</li> </ul>
Employer contribution	An additional contribution to an employee's superannuation scheme made by an employer over and above the employee's own contributions must be paid through Inland Revenue.
Employer-chosen scheme	An employer can choose the scheme their employee will become a member of if they don't select their own scheme when they join KiwiSaver.
Employer tax credit	A reimbursement for employers from 1 April 2008 for the cost of making contributions for their employees' KiwiSaver or complying superannuation funds.
Exempt employer	An employer can apply to the Government Actuary to be an exempt employer if they provide access to a Government Actuary approved superannuation scheme. If the employer has received an exemption they will not have to automatically enrol new employees into KiwiSaver.
Financial advisor	A financial advisor provides advice to assist financial planning and decisions. This does not include an employer who only gives their employees information about KiwiSaver or selecting an employer-chosen scheme.
Financial hardship contributions holiday	If a member is suffering or likely to suffer from financial hardship during the first 12 months of Inland Revenue receiving a contribution, they may be granted a financial hardship contributions holiday.
Government Actuary	The Government Actuary is part of the Ministry of Economic Development's Insurance and Superannuation Unit and is responsible for registering and regulating KiwiSaver schemes.
Gross salary or wages	An employee's salary or wages before the deduction of tax. Includes: <ul style="list-style-type: none"> <li>• bonuses</li> <li>• commission</li> <li>• extra salary</li> <li>• gratuity</li> <li>• overtime pay</li> <li>• other remuneration of any kind.</li> </ul>

<i>KiwiSaver employee information pack (KS 3)</i>	Inland Revenue provides a <i>KiwiSaver employee information pack (KS 3)</i> for employers to give to all new employees or for those existing employees who opt in or ask for one.
KiwiSaver member or member	Someone who joins a KiwiSaver scheme and is entitled to benefits under the scheme.
KiwiSaver scheme	A registered superannuation scheme that meets prescribed requirements can be registered as a KiwiSaver scheme with the Government Actuary.
Large employer	Gross annual PAYE and SSCWT deductions are more than \$100,000 annually.
Member tax credit	KiwiSaver members will receive a tax credit of up to \$1,042.86 a year (equivalent to \$20 a week).
New employee	An employee starting a new job from 1 July 2007 is considered to be a new employee for the purposes of KiwiSaver.
New employment	This is any job started on or after the 1 July 2007. It does not apply to someone who: <ul style="list-style-type: none"> <li>• stays on the same payroll, eg, an employee is transferred between branches or divisions of related companies</li> <li>• is an employee of an amalgamating company</li> <li>• is an employee of a partnership that has been dissolved and reconstituted</li> <li>• is employed by a business purchased as a going concern.</li> </ul>
New Zealand Superannuation	The state funded pension paid to eligible New Zealand residents currently from age 65.
Non-employee	Someone who does not work for salary or wages such as a self-employed person or a contractor/withholding payment earner. Non-employees may still be eligible to join KiwiSaver.
Opt in	Where an employee or other eligible person, who has not previously been automatically enrolled, decides to join a KiwiSaver scheme.
Opt out	A new employee who is automatically enrolled can choose not to become a KiwiSaver member when they start new employment. This choice must be made during the opt-out period.
Opt-out period	The period in which a person who is automatically enrolled may choose to opt out of KiwiSaver. This is from two weeks and up to eight weeks (ie, on or after day 14 and on or before day 56) of the person starting employment.
Retirement Commission	A government-funded body to help New Zealanders prepare financially for their retirement. It's responsible for: <ul style="list-style-type: none"> <li>• raising awareness of the need to plan for retirement</li> <li>• providing education on financial management and planning tools</li> <li>• collecting research on retirement planning behaviour and attitudes</li> <li>• providing information that aids development of national policies impacting on retirement.</li> </ul>
Scheme provider	A superannuation provider registered by the Government Actuary for KiwiSaver.
Small employer	Gross annual PAYE and SSCWT deductions are less than \$100,000 annually.
Vest/vesting	It means "keep" in this context. For example, an employer may choose the length of time a member needs to work for them before they can keep all their employer's contributions. Some employers may use a sliding scale, eg, 1 year = 10%, 5 years = 50%, 10 years = 100%, others may let the contributions "vest" immediately.

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# Answering employees' questions



The Retirement Commission is an excellent source of information for employees. The Retirement Commission's role is to help New Zealanders prepare financially for retirement through education, information and promotion. It offers free, independent and impartial resources through the Sorted website at [www.sorted.org.nz](http://www.sorted.org.nz)

A range of Sorted resources are available, so you can help your employees make decisions about KiwiSaver and increase their financial knowledge in the process.

Go to [www.sorted.org.nz](http://www.sorted.org.nz) to order or download:

- Intranet access to all Sorted resources.
- The Sorted KiwiSaver Decision Guide, available in various formats:
  - Online, featuring various calculators to help make an informed KiwiSaver decision
  - Brochures, available in various languages
  - Posters, featuring a summary of the Sorted KiwiSaver Decision Guide
  - KiwiSaver decision-making seminar content (including facilitators guide and participants handbook), designed for all literacy levels
- 'Sort Me', an online personal financial check-up, which employees can use to assess their financial situation by answering simple multi-choice questions. It's a good idea for your staff to complete Sort Me when considering whether KiwiSaver is right for them.
- Calculators and general information on a range of financial topics including debt management, saving and investments.