

KiwiSaver

Increasing private savings



BUILDING OUR FUTURE

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KiwiSaver is a good way to encourage New Zealanders to save.

But at the moment it isn't financially sustainable. It costs the Government \$1.2 billion a year – and rising – in subsidies and tax breaks, and we have to borrow that money from overseas.

That's why we're proposing a few changes. It's about seeing a larger share of contributions coming from KiwiSaver members and employers, and a lower share from the Government. The \$1000 kick-start payment from the Government is unchanged.

These changes will increase overall national savings.

OUR POLICY

FROM YEAR ENDING 30 JUNE 2012

Halving the tax credit

The tax credit will be halved to 50c for every \$1 contributed by members, up to a maximum of \$521 a year.

FROM 1 APRIL 2012

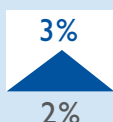
Ending tax-free employer contributions

The tax-free status of employer contributions will end. Employer contributions will be taxed at an employee's marginal tax rate.

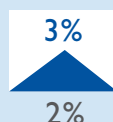
FROM 1 APRIL 2013

Increasing employee and employer contributions

Minimum employee contribution



Compulsory employer contribution



Benefits of our changes

✓ Making sure KiwiSaver thrives

We're giving Kiwis confidence that future governments can afford to keep KiwiSaver.

✓ Reducing government debt

Our changes mean we won't have to borrow as much. The amount the country owes to foreign lenders will drop by about 2% of GDP over 10 years.

✓ Boosting national savings

The Government will borrow \$2.6 billion less over four years.

✓ Encouraging private savings

The employer and Government contributions, including the \$1000 kick-start, will continue to offer an attractive savings option.

KiwiSaver: By the numbers

1.68 MILLION KiwiSaver members in May 2011.

20,000 new members each month.

KIWI SAVER funds will be worth **\$60 billion** by 2022.

Our changes to KiwiSaver will help us boost national savings and build the foundations for a stronger economy.



Letting you decide

The changes will not affect anyone before the election. We're giving voters the information they need to make a choice.