

# Staples Rodway KiwiSaver Scheme

## Changes to KiwiSaver from 1 April 2009

### Introduction

The Taxation (Urgent Measures and Annual Rates) Act 2008 granted assent on 15 December 2008 includes several changes to KiwiSaver legislation which took effect from 1 April 2009.

### 2% Contribution rate option for employees

From 1 April 2009 the minimum employee contribution has reduced to 2% of gross pay. Existing Members may retain their current contribution rate of 4% or 8%, or elect to reduce contributions to the new rate. The default rate for new Members who have not specified a rate will be 2%.

If you wish to reduce your contribution to 2%, you will need to let your employer know in writing. You should be aware that reducing your contribution to 2% may affect the amount of Member Tax Credit that you receive (depending on your income), and it may also affect the amount available for mortgage diversion.

### Higher employer compulsory contribution rate

The compulsory employer contribution increased to 2% from 1 April 2009 (previously 1%), and will not be further increased. However your employer can still chose to contribute more than 2%. The transitional rules have been repealed with effect from 1 April 2009.

### Employer superannuation contribution tax exemption

The employer superannuation contribution tax (ESCT) exemption will be capped at the compulsory employer contribution of 2% from 1 April 2009. If your employer contributes more than 2% to your KiwiSaver account, they will have to pay tax on the portion of the contributions above 2%.

### Fee subsidy

The \$40 annual Government fee subsidy has been removed from 1 April 2009.

### Employer tax credit

The employer tax credit has been removed from 1 April 2009.

### Employment law

The employer and employee may agree to enter total remuneration and reverse offset arrangements, effective 15 December 2008. If there is no express agreement with regard to the amount of compulsory employer contributions, then these must be paid in addition to the employee's gross pay.

### Non-employee members

If you are not receiving an employer contribution because you are self-employed, a non-earner or under 18 years of age, then the only change that will effect you is the removal of the \$40 annual Government fee subsidy.

### Further Information

If you have any questions about these changes, or the Scheme, you may contact:

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