

A photograph of a man and a woman standing on a sandy beach, holding hands and looking out at the ocean during a golden sunset. The sky is filled with soft, glowing clouds, and the water reflects the warm light. The couple is positioned on the left side of the frame, with the man in a light blue shirt and the woman in a grey top. The foreground is dominated by tall, dry grasses growing on a sand dune.

Superannuation in New Zealand

2021

Superannuation in New Zealand



2 partners
8 professionals

Specialists in:

KiwiSaver
Superannuation Schemes
Workplace Savings Schemes

Ranked with:



"Highly recommended team with expertise in managed funds, superannuation and advising offshore funds in relation to New Zealand investments."

Chambers Asia Pacific 2021



Key points about superannuation in New Zealand



A government-funded superannuation entitlement is available to most persons living in New Zealand provided they meet the eligibility requirements below.



Individuals can choose to supplement their entitlement through private superannuation schemes and/or voluntary retirement savings scheme KiwiSaver





If an employee is contributing to their KiwiSaver scheme, their employer is required to contribute at least 3% of the employee's gross salary or wages.



The detail

Government-funded superannuation

To meet the main requirements to receive a government-funded superannuation entitlement, an applicant must:

- 65** be 65 years of age or over
-  be a New Zealand citizen, permanent resident or hold a residence class visa
-  be ordinarily a resident in New Zealand at the time of the application
- 10** have resided in New Zealand for 10 years or more (subject to offset against any foreign pension entitlements) since attaining the age of 20 years¹
- 5** have resided in New Zealand, the Cook Islands, Niue or Tokelau for 5 years or more since attaining the age of 50 years.

A separate fund, the New Zealand Superannuation Fund, assists funding the pension obligation through Government contributions. The fund is managed and administered by a Crown entity known as the Guardians of New Zealand Superannuation.

Private superannuation

At present, there is no compulsory scheme for retirement savings in New Zealand.

Some employers establish or support staff superannuation schemes to provide retirement benefits to their employees. Employees who are not members of such schemes are able to make their own provision for retirement through a myriad of private savings products and retail superannuation schemes.

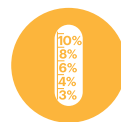
To offer a private scheme to retail clients the scheme must be registered with the Financial Markets Authority.

KiwiSaver

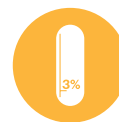
KiwiSaver is a voluntary retirement savings regime.

The scheme involves the automatic enrolment of new employees in one of a limited number of approved schemes (called 'default schemes'), with an ability for those employees to 'opt out' within a limited period following commencement of their new employment, and the ability for existing employees and others to 'opt in'.

Anyone eligible to join KiwiSaver is entitled to join any one of a number of KiwiSaver schemes by making an active choice of scheme, including a default scheme.



Employees who are KiwiSaver members currently have to contribute at least 3% of gross salary or wages, but may contribute more at 4%, 6%, 8%, or 10% levels.



Employers are currently required to make a minimum contribution of 3% of gross salary or wages for each of their employees who are KiwiSaver members.

KiwiSaver members who are not employees do not have any fixed level of required contribution.

Savings are generally locked in to KiwiSaver until the member reaches 65 years of age. KiwiSaver members are generally free to move their savings from one KiwiSaver scheme to another at any time, but may only be a member of one scheme at a time.

Contributions and investment returns are taxed but retirement income is not.

¹The New Zealand Superannuation and Retirement Income (Fair Residency) Amendment Bill 2018 is currently in the process of Select Committee. If passed into law, this will raise the residency requirement from 10 years to 20 years.



For more
information contact



Catriona Grover

Partner

D +64 4 498 0816

M +64 21 775 330

E catriona.grover@dentons.com

How we can help you



Dentons Kensington Swan's Banking and Financial Markets team has extensive experience in all aspects concerning superannuation and KiwiSaver schemes in New Zealand. We are committed to providing practical advice to assist your business in relation to any of the above schemes.



We can advise both trustees and administrators of workplace savings schemes and managers of KiwiSaver schemes on:

- regulatory compliance obligations
- scheme administration
- disclosure issues.

dentons.co.nz

© 2021 Dentons. Dentons is a global legal practice providing client services worldwide through its member firms and affiliates. This publication is not designed to provide legal or other advice and you should not take, or refrain from taking, action based on its content. Please see [dentons.com](https://www.dentons.com) for Legal Notices.