



Benefits and incentives

KiwiSaver has several benefits and incentives:

- starting incentive (kick-start)
- member tax credit
- compulsory employer contributions
- savings withdrawal to buy your first home
- first home deposit subsidy
- mortgage diversion.

Starting incentive (kick-start)

What is it?

To get your savings off to a good start, the Government will kick-start your KiwiSaver account with a tax-free contribution of \$1,000.

Who can get it?

To receive this incentive you must be a KiwiSaver member, and if you're a salary or wage earner, be making contributions regularly through your salary or wages.

Note:

The incentive isn't available to people who choose to save for their retirement through other schemes, or through complying funds.

When do you get it?

The kick-start will be paid into your KiwiSaver account approximately three months after you've joined. It will either be paid:

- when we transfer your contributions to the scheme provider for the first time, or
- after your scheme provider tells us you've signed up directly with them.

Note:

The kick-start is not a cash payment. It's given directly to your scheme provider and put into your KiwiSaver account.

How often can you get it?

You can only receive the \$1,000 kick-start once.

If you cease to be a KiwiSaver member you won't be entitled to another kick-start payment if you join KiwiSaver again. For example, if you withdraw your savings because you've emigrated overseas and you later return to live in New Zealand.

Member tax credit

What is the member tax credit?

If you're eligible, the Government will pay into your KiwiSaver scheme an annual member tax credit matching your contributions up to \$1,042.86 per year (this works out to about \$20 per week).

Note:

The member tax credit is not a cash payment. It's given directly to your scheme provider and put into your KiwiSaver account.

How long can you get them?

You'll get member tax credits until you're eligible to [access your savings](#).

How the member tax credit works

The member tax credit year is based on 1 July to 30 June. To receive the maximum member tax credit of \$1,042.86 you must have:

- been a member of a KiwiSaver or complying scheme for the entire year, and
- contributed at least \$1,042.86 yourself.

Your member tax credit payments are considered "excluded income" for tax purposes, although you will still have to pay tax on any investment earnings. This tax will be paid on your behalf by your scheme provider.

If you join part-way through a membership year then at the end of the first year (30 June) you'll receive a member tax credit in proportion to the length of time you've been a member. For example, if your start date is 1 January, then by 30 June you'll be eligible for a maximum member tax credit of \$521.43 (half of the annual maximum).

Important:

When you calculate how much you've contributed in a year for the member tax credit entitlement, the following are **not** included:

- employer contributions
- government contributions (including the kick-start and fee subsidy), or

- any contributions you may divert to your mortgage.

Note:

From 1 June 2009 no further new or existing members are able to sign up for the mortgage diversion facility.

If you belong to a KiwiSaver scheme and another superannuation fund which has a complying fund, the tax credit will be paid to the fund that applies first.

Who can get it?

To qualify for the member tax credit:

- you must be 18 or over, and
- your principal place of residence must be in New Zealand, except for:
 - a government employee who's serving outside New Zealand
 - a person who's working overseas:
 - as a volunteer, or
 - for token payment for a charitable organisation named in the Student Loan Act regulations,
if the work meets one or more of the requirements set out in the Student Loan Schemes Act 1992.

Note:

If you turn 18 during the year and meet the residency requirement, you'll get member tax credit for the portion of the year that you're 18.

Members of a complying fund are entitled to receive the member tax credit.

When do you get it?

Your scheme provider will claim the tax credit on your behalf after 1 July each year - you don't have to do anything. We'll calculate your entitlement, process the claim within 30 days and send it on to your scheme provider to invest in your account.

If you're an employee and we haven't received all your contributions from your employer when your scheme provider makes the claim, the balance will be paid once we receive it.

Note:

If you have any questions about when your member tax credit will be in your account, please contact your scheme provider.

How do we calculate your member tax credit start date?

Your start date will depend on how you joined KiwiSaver or your complying fund.

If you join through your employer

If you join KiwiSaver through your employer by ...	then your member tax credit start date will be the first day of the month that ...
<ul style="list-style-type: none"> • automatic enrolment, or • opting in 	<ul style="list-style-type: none"> • deductions start from your pay, <p style="text-align: center;">or</p> <ul style="list-style-type: none"> • your first contribution is received by us <p>whichever is earlier.</p> <p>Example 1</p> <p>John started a new job on 11 July 2007 and was automatically enrolled. His first contribution was deducted from his first pay on 18 July. John's member tax credit start date will be 1 July 2007.</p> <p>Example 2</p> <p>Vincent opted in through his employer on 27 July 2007, and his first contribution was deducted on 8 August, but he also paid a voluntary contribution to us on 29 July 2007. Vincent's member tax credit start will be 1 July 2007.</p>

If you join through a scheme provider

If you join KiwiSaver through a scheme provider ...	then your member tax credit start date will be the first day of the month that ...
<p>prior to 1 October 2007, but you made your first contribution prior to 1 November 2007</p>	<ul style="list-style-type: none"> • your scheme provider received your valid application form, <p style="text-align: center;">or</p> <ul style="list-style-type: none"> • your first contribution or deduction is received by your scheme provider or by Inland Revenue <p>whichever is earlier.</p>

If you join KiwiSaver through a scheme provider ...	then your member tax credit start date will be the first day of the month that ...
	<p>Example 1</p> <p>Erana has been working in the same job for 10 years and enrolled directly with her scheme provider on 7 September 2007. She has her first contribution deducted from her pay on 31 October 2007. Erana's member tax credit start date will be 1 September 2007.</p> <p>Example 2</p> <p>Colin is self-employed and enrolled directly with a scheme provider on 15 July 2007. He made his first contribution direct to his scheme provider in October 2007. Colin's member tax credit start date will be 1 July 2007.</p>

If you join KiwiSaver through a scheme provider ...	then your member tax credit start date will be the earlier of the following ...
<p>prior to 1 October 2007, but you contributed after 1 November 2007</p>	<ul style="list-style-type: none"> • the date your provider opened your account, <p style="text-align: center;">or</p> <ul style="list-style-type: none"> • the first of the month that your first contribution deduction is made from your pay <p style="text-align: center;">or</p> <ul style="list-style-type: none"> • the first of the month that your first contribution is received by your scheme provider or by us. <p>Example 1</p> <p>Peter is a stay-at-home dad and enrolled directly with a scheme provider on 20 August 2007. He made his first contribution to his scheme provider on 10 December 2007. Peter's member tax credit start date will be 20 August 2007.</p>

	<p>Example 2</p> <p>Angela is self-employed and enrolled directly with her scheme provider on 8 December 2007. She made her first contribution direct to her scheme provider on 12 December 2007. Angela's member tax credit start date will be 1 December 2007.</p>
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If you join KiwiSaver through a scheme provider ...	then your member tax credit start date will be the earlier of the following ...
on or after 1 October 2007	<p>the date your provider opened your account,</p> <p>or</p> <p>the first of the month in which your first deduction is made from your pay</p> <p>or</p> <p>the first of the month in which your first contribution is received by your scheme provider or us.</p> <p>Example 1</p> <p>Lorraine is an employee who enrolled directly with her scheme provider on 18 October 2007. Her first deduction came from her pay on 24 October. Lorraine's member tax credit start date will be 1 October 2007.</p> <p>Example 2</p> <p>Rodney is self-employed and enrolled directly with his scheme provider on 2 January 2008. He made his first contribution direct to his scheme provider on 10 February. Rodney's member tax credit start date will be 2 January 2008.</p> <p>Example 3</p> <p>Amy is self-employed and enrolled directly with her scheme provider on 20 May 2008. She made her first contribution direct to her scheme provider on 20 May. Amy's member tax credit start date will be 1 May 2008.</p>

**Note:**

If you join KiwiSaver through a provider but also opt in through your employer, the start date for your member tax credit will be the earlier date.

Compulsory employer contributions

From 1 April 2009 your employer is required to make compulsory contributions of 2% of your gross salary or wage to your KiwiSaver scheme if:

- you're 18 or over, and
- contributions are being deducted from your salary or wages.

There are some exceptions to this. For example, it may not apply to you if you already receive employer contributions to another superannuation scheme.

Employer contributions are also exempt from employer superannuation contribution tax up to the compulsory employer contribution amount.

Employer contributions to employees under 18 or over 65 (and who have been members for more than 5 years) years of age, or to employees on a contributions holiday, aren't compulsory employer contributions and will be liable for ESCT.

Note:

Your employer won't be required to make contributions if you're not contributing, eg if you're taking a contributions holiday.

Private domestic workers can fund their own employer contributions.

Inland Revenue can only send your employer's compulsory contributions to your scheme provider if we've received the money from your employer.

Savings withdrawal to buy your first home**What is it?**

You may be able to withdraw part (or all) of your savings to buy your first home.

How much can you withdraw?

You can withdraw part (or all) of:

- your contributions, and
- your employer contributions.

Who can get it?

To be eligible you must:

- have been contributing to KiwiSaver for at least three years
- be buying your first home (not an investment property).

If Housing New Zealand Corporation determines that a previous home owner is in the same financial situation as a first time buyer, they may also be eligible for the first home withdrawal.

After being a member of KiwiSaver for three years, eligible previous home buyers may be able to withdraw all or part of their savings:

- including any voluntary employer contributions with vesting restrictions but,
- excluding the \$1,000 government kick-start and the member tax credit

to put towards buying their home.

Example

Melissa has been contributing to KiwiSaver for four years. She has been flatting since she left home and now wants to buy her first home. Melissa will be eligible to withdraw part (or all) of her savings to buy her first home.

First home deposit subsidy

What is it?

Housing New Zealand Corporation is responsible for the first home deposit subsidy. The subsidy is \$1,000 per year of membership in a scheme, up to a maximum of \$5,000 for five years for each member. So if you're a couple buying a house together and you both qualify for a subsidy, you could receive a combined subsidy of up to \$10,000.

Who can get it?

To be eligible for the first home deposit subsidy, you must meet all the following criteria and conditions:

- be a member of a KiwiSaver scheme, or a complying superannuation fund
- have contributed a minimum of 2% of your income to a KiwiSaver or complying superannuation fund for at least three years
- be buying your first home (or have a determination from Housing New Zealand Corporation that you are in the same position as a first home buyer in terms of income, assets and liabilities)
- be planning to live in the house for at least six months.

Note:

The eligibility criteria relating to the income caps and regional house price caps will be reviewed in 2009 before the policy takes effect. The first deposit subsidies will be paid out in 2010 to those who started KiwiSaver contributions in 2007.

To find out more

Visit the [Housing New Zealand website](#) or call them on 0800 801 601.

Mortgage diversion

Some KiwiSaver members are currently splitting their KiwiSaver contributions - up to half towards repaying the mortgage on their home and the rest to their KiwiSaver savings. This is called "mortgage diversion". Diverted contributions don't qualify for the member tax credit.

Important:

The Government closed the KiwiSaver mortgage diversion facility to new applicants from 1 June 2009. Members who were using mortgage diversion at 1 June 2009 can continue to use it for as long as their scheme and mortgage providers wish to offer this facility.

The closure of the mortgage diversion means that members who:

- stop using mortgage diversion from 1 June 2009 will be unable to restart, and
- transfer between providers will be unable to continue using mortgage diversion.

Complying superannuation funds

A complying fund will have membership criteria similar to KiwiSaver, such as your savings being locked in until the age of eligibility for NZ Super. You should ask your scheme provider if you're unsure whether your scheme is a complying fund.

Forms and guides

Check out what [KiwiSaver forms and guides](#) are available.

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