

## **Local Government Has Its Own KiwiSaver SuperEasy KiwiSaver Superannuation Scheme**

### **KiwiSaver: Overview from 1 April 2010**

- KiwiSaver offers workplace super that is open to any resident New Zealander under age 65. Contributions for KiwiSaver are collected by the IRD, usually through PAYE deductions.
- \$1,000 kick-start from government for all new members, plus a matching contribution from your employer of 2% of salary, plus tax exemption on up to 2% of salary, plus a member tax credit of up to \$1043 each year. This means that if an employee on \$50,000 pa contributes \$1,000, then their KiwiSaver account in year one receives \$4,000.
- Compulsory for most new employees, but can opt out after two to eight weeks.
- Fully portable. Each KiwiSaver account is linked to your IRD number, so only one KiwiSaver account per person. Because each KiwiSaver account is linked to an IRD number it cannot be lost or forgotten.
- Investments managed by a range of private companies. On joining KiwiSaver, you will be asked to choose a KiwiSaver provider, but if you do not, you will be enrolled with your employer's preferred provider (if it has one), else one will be chosen for you by the IRD. Note: someone else selecting a KiwiSaver provider for you because you chose not to do this yourself does not constitute receiving financial advice.
- It is your decision, no one else's, to decide which KiwiSaver scheme you wish to join. Even if your employer has selected a preferred provider you are still free to join any KiwiSaver scheme you wish.
- You can transfer between KiwiSaver schemes but can only belong to one at a time. You can if you wish transfer your funds from another KiwiSaver provider to Civic's SuperEasy KiwiSaver Superannuation Scheme at any time.
- Savings locked-in until age 65 or five years, whichever is the later, except for severe financial hardship, serious illness, emigration, death and first home purchase. Withdrawals after the locked-in period are fully flexible.
- On certain conditions, a gift of up to \$10,000 from the government per couple towards the purchase of your first home.
- Contribution holidays from three months to five years available after one year. Contributions do not have to be paid if you are not working.
- Civic's SuperEasy KiwiSaver Superannuation Scheme is registered as a "PIE". This allows a member to select from three options the rate of tax that is charged on their KiwiSaver investment earnings.
- Our KiwiSaver scheme has members' account balances available on the web via [www.supereasy.co.nz](http://www.supereasy.co.nz).

### **Compulsory Contributions from your Employer**

If you are a KiwiSaver member and are paying contributions through your workplace, your employer must contribute a minimum of 2% of your salary or wages. NB Your employer can contribute more if they wish but will only receive the employer superannuation contribution tax exemption on no more than 2%.

### **What is the maximum financial advantage to pay into KiwiSaver?**

You can contribute 2%, 4% or 8% of your gross salary to KiwiSaver. As soon as any of these levels reach \$1043 per annum and you are over 18 you qualify for the full Member Tax Credit of \$1043 each year and if employed the full compulsory employer contribution and maximum tax exemption on employer contributions. Any savings on top of that can be directed to our non-KiwiSaver scheme. For example, suppose you wish to contribute 6% of your salary to superannuation; you could pay 2% into our KiwiSaver scheme (and pick up the employer's 2%) and then pay 4% to our non-KiwiSaver scheme, all in the one package. And you check both account balances on the one web page.

# Civic Recommends Its Scheme To Local Government Staff

## Civic's SuperEasy KiwiSaver Superannuation Scheme has been designed for the staff of local government. The advantages of choosing this are:

- Civic exists purely for the benefit of local government, not overseas shareholders looking after their own interests. Civic is dedicated to providing local government (and its staff) with the best financial solutions.
- Our schemes Automatic Fund solves the inherent problem that exists in all other investment and superannuation funds, which is when to switch from growth (higher risk) assets to income (lower risk) assets.
- The fund-management charge of 0.5% pa and an administration fee of \$4.50 per month are the ONLY charges made by Civic: we have no set-up charge, no switching fee and unlike many other KiwiSaver schemes will not pay commission or join-up fees to so-called 'independent advisers'. There can be some other fund management charges such as trusteeship and audit fees, which if applicable would typically average less than 0.1% pa.
- The Automatic Fund is designed to last for life, not just until a member changes jobs or retires. In particular, the Automatic Fund will be there to manage in retirement a member's retirement savings. Note that when one of our members is in retirement they can still expect to benefit from our low, wholesale charges.
- As both our KiwiSaver and non-KiwiSaver schemes are "PIE-compliant" both will allow tax flow-through to members. This means that depending on the level of a member's taxable income they can have their earnings in the scheme taxed at 30%, 21% or 12.5%. Less tax on the earnings leaves more in the member's account balance. NB Both our KiwiSaver and non-KiwiSaver schemes are PIE compliant. Not all superannuation schemes are PIE-compliant.
- Civic is not tied or linked to any investment manager or in-house investment team.
- Independent scheme trustees (five appointed by local government, one by the Council of Trade Unions) oversee the management and propriety of the scheme as the scheme's trustee.
- You can mix and match contributions with our KiwiSaver scheme and our non-KiwiSaver scheme all within the one package for extra flexibility with your retirement savings.
- Once you join, irrespective of your circumstance you can remain a member for as long as you choose of one or both schemes and continue to benefit from our low wholesale charges.

## It's Easy to Join – Download the Forms from [www.supereasy.co.nz](http://www.supereasy.co.nz)

Complete our Application Form (SE2010-01) and for employees a KS 2 Form (from our website or the IRD Employee Information Pack) and submit them to your Human Resources Department who will forward the information to us.

For an Investment Statement see [www.supereasy.co.nz](http://www.supereasy.co.nz). Other useful websites are [www.kiwisaver.govt.nz](http://www.kiwisaver.govt.nz) and from the Office of the Retirement Commissioner: [www.sorted.org.nz](http://www.sorted.org.nz). The latter offers all sorts of advice on how to manage your finances, with special sections for kids, students and over 60's.

## Who is Civic? (NZ Local Government Insurance Corporation Ltd)

- History going back to 1941
- Provides insurance exclusively to councils and CCOs
- Owned by local authorities (74 out of 85 hold Civic shares)
- Has an AM Best credit rating of A (Excellent) with stable outlook
- Fund Manager for Riskpool which covers liability exposures of local authorities
- Administration Manager for LAPP (Local Authority Protection Programme) Disaster Fund
- A specialist superannuation provider for local government since 1991
- Audited by the Office of the Auditor General.