

## KiwiSaver

**P**arliament passed the KiwiSaver Act 2006 in September 2006 and a further amendment to the Superannuation Schemes Act 1989 in December 2006.

These legislative changes were respectively designed to bring about the introduction of KiwiSaver from 01 July 2007 and to grant stand-alone superannuation schemes, such as this one, the same benefits related to the taxing of Employer contributions to stand-alone schemes as those enjoyed by KiwiSaver schemes. That means there is no SSCWT – Specified Superannuation Contribution Withholding Tax – payable by the Employer on their first four per cent of contributions to either KiwiSaver or this scheme provided a number of legislative requirements are met.

A further enhancement has since been established which provides a tax credit to the member of up to approximately \$1040.00 per annum where the member contributes to a 'Complying Superannuation Fund' section of the scheme. This tax credit will be credited to the member's account on an annual basis and will be subject to the same conditions as the original contributions made to the section.

Following agreement between the NZ Fire Service and the NZ

Professional Firefighters Union in late 2006 the New Zealand Fire Service Commission and the Trustees of the scheme have now executed an amendment to the Trust Deed to allow existing members of the scheme to make a minimum four per cent contribution to a 'Complying Superannuation Fund' section within this superannuation scheme and for this to be matched by a four per cent contribution from the New Zealand Fire Service.

Both your and the NZ Fire Service contribution to this section of the scheme will be deducted from your total contributions permitted in accordance with the Trust Deed. Those contributions not made to this section will continue to be accumulated in both your and the Employer Accumulations within the scheme.

In order to benefit from no SSCWT having to be paid on the Employer contributions made to this section, and the member receiving the tax credit outlined above, the legislation places a number of requirements on both your and the Employer's contributions. These requirements are:

- A member may not make a withdrawal from this section until the date on which they reach the New Zealand Superannuation qualification age – currently age 65 – or until they have been a member of this section for five years,

whichever is the later date.

- A member may make application to transfer all or part of their accumulation within this section to either a KiwiSaver scheme or another 'Complying Superannuation Fund'. Any transfer to a KiwiSaver scheme will be subject to the requirements of the KiwiSaver Act and any transfer to a 'Complying Superannuation Fund' will be subject to their Rules.

- A member's accumulations within this section shall be transferred to another KiwiSaver scheme if they cease to be eligible to be a member of the 'Complying Superannuation Fund' section of this scheme or they may not remain a member of this superannuation scheme for any reason.

- Any contributions made to this section shall vest completely in the member immediately after the contribution is made.

- Any interest, or any future benefits that will or may become payable to the member must not be assigned or charged or passed to any other person whether by way of security, operation of law, or any other means except if it is required by the provisions of any enactment, including a Court Order.

- The member must commit to continue to be a member of the 'Complying Superannuation Fund' section in accordance with Schedule 5 of the Trust Deed.

- Any rights of benefits are limited by and subject to the 'Complying Superannuation Fund' section rules.

Members are advised that unlike a KiwiSaver scheme the following benefits **do not apply** to the 'Complying Superannuation Fund' section of any stand-alone scheme:

- The \$ 1 000 tax free lump-sum payment paid by the Government to a KiwiSaver scheme.
- The \$ 40.00 per annum subsidy towards administration fees paid by the Government.

Members are advised that the following provisions that apply to a KiwiSaver scheme **will not apply** to the "Complying Superannuation Fund" section of this scheme:

- Withdrawal for the purchase of first home.
- Withdrawal in cases of significant financial hardship.
- Withdrawal in cases of serious illness, and
- Withdrawal or transfer to a foreign scheme in cases of permanent emigration.

In effect the taxation benefits a member receives from making contributions to the 'Complying Superannuation Fund' section of this scheme are matched by the legislative requirement that access to these contributions is not available until you reach the New Zealand Superannuation qualification age – currently age 65 – or until you have been a member of this section for five years, whichever is the later date.

For those members who wish to view a copy of the amending Trust Deed setting out the legislative requirements, this is available at the scheme's web site at [www.firesuper.co.nz](http://www.firesuper.co.nz)

Enclosed please find a copy of an Application Form to contribute

to the KiwiSaver Complying Fund of this scheme. Also enclosed please find a free-post envelope to send the completed Application Form back to the scheme. Those wishing to make contributions to this section of the scheme after 01 July 2007 are required to complete the Application Form in full and return it in the free-post envelope.

Members should note that there is no closing date for completion of the form and applications may be made at any time to make contributions to the 'Complying Superannuation Fund' section of the scheme.

Those who wish to reduce contributions to this section will be required to seek the approval of the Trustees in writing in exactly the same manner as they are required to seek written Trustee approval to reduce any other contributions made to the scheme. The Fire Service Payroll manager is not able to make changes to contributions without the written approval of the Trustees.

Members are further advised that the Government has recently announced changes to the KiwiSaver scheme from 01 April 2008 which will effectively develop a compulsory KiwiSaver scheme. Although much information has already been promulgated it is the intention of the Trustees to wait until the relevant legislation has been passed before establishing their final position on any compulsory KiwiSaver scheme.

That said it is the stated intention of the Trustees to offer through this superannuation scheme a section that will meet the

compulsory contribution requirements set out in any future legislation in order that existing members are not disadvantaged from 01 April 2008.

Further information on KiwiSaver and retirement savings is available at the Retirement Commissioner's web site which is able to be accessed from the scheme's web site at [www.firesuper.co.nz](http://www.firesuper.co.nz) and by then clicking the useful links link.

Additional information on KiwiSaver is also available by visiting [www.kiwisaver.govt.nz](http://www.kiwisaver.govt.nz) or by calling 0800 KIWISAVER - 0800 549 472.

Any member who has further questions or requires further information related to KiwiSaver or specifically the 'Complying Superannuation Fund' section of this scheme should contact the scheme Secretary at any of the contacts set out on the front page of this Supernews.

#### **Scheme Administrator**

Further to information contained in Supernews 86 members are advised that Mercer HR Consulting commenced administration of the scheme from 30 June 2007. The most noticeable change is that the member on-line account information available through the scheme's web site at [www.firesuper.co.nz](http://www.firesuper.co.nz) has been suspended until 30 September. Until then members should call 0800 MY SUPER - 0800 69 78 737 for that information.



**BARRY DENT**  
**SCHEME SECRETARY**