

FACT SHEET

EMPLOYER CONTRIBUTIONS AND KIWISAVER

Priority rules with KiwiSaver

If you are a member of a KiwiSaver scheme, the allocation of your employer's contributions between the Scheme and your KiwiSaver scheme will vary, depending on when you joined the Scheme and whether or not you are contributing to a 'locked in' account in the Scheme.

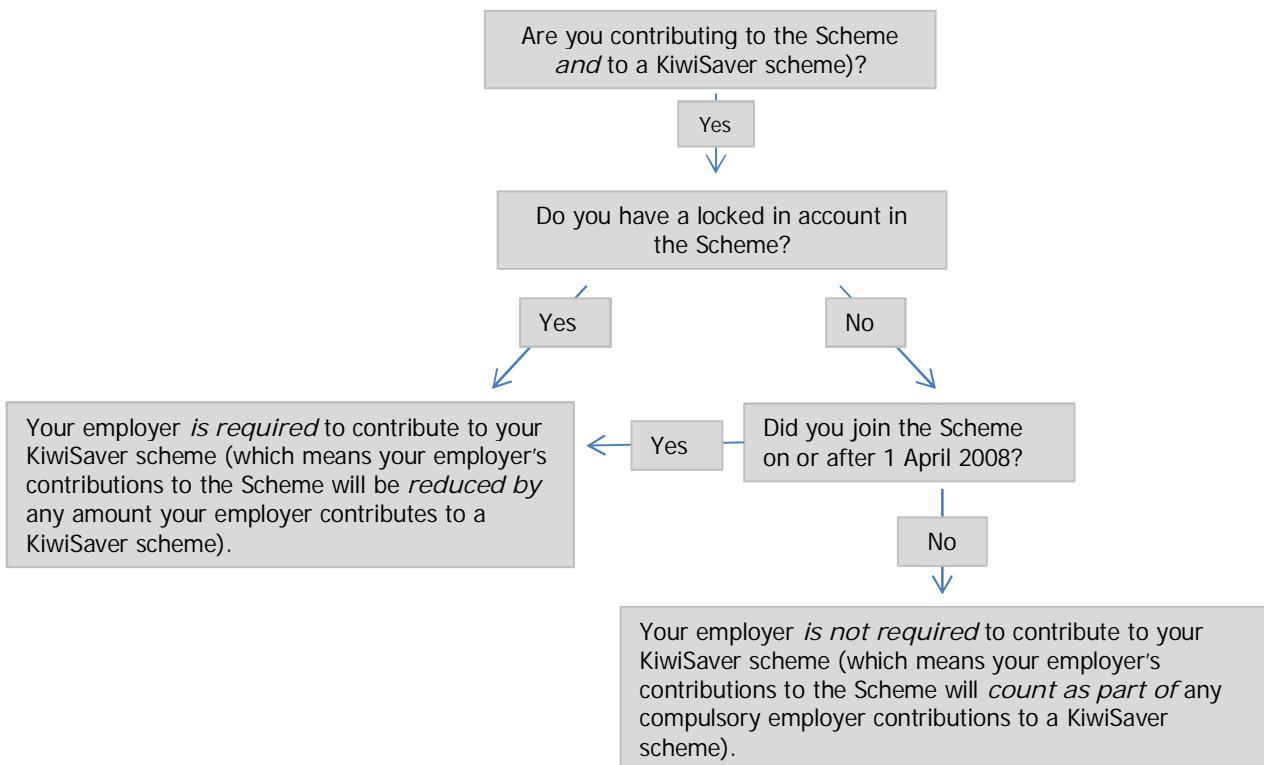
If you are a member of a KiwiSaver scheme and:

- you joined the Scheme on or after 1 April 2008 and/or
- you are making 'locked in' contributions to the Scheme

your employer's contributions to the Scheme will be reduced by any amount that your employer is contributing to your KiwiSaver scheme on your behalf.

If you joined the Scheme before 1 April 2008 and you are not making locked in contributions to the Scheme, your employer's contributions to the Scheme can count as part of any compulsory employer contributions to a KiwiSaver scheme.

The following diagram shows how this works.



Turn the page for some examples.

The following example illustrates how this would work for a member who is contributing to a KiwiSaver scheme and the Scheme and:

- ❑ joined the Scheme *before 1 April 2008*, and
- ❑ *is not contributing* to a locked in account in the Scheme.

As the diagram on the previous page shows, the full employer subsidy of 1.5 times the member's contribution (up to a maximum of 6% of salary) will be paid into the Scheme.

The table below shows how this works.

Scheme	Member contribution	Employer subsidy (before tax)
Dairy	2%	3%
KiwiSaver	3%	0%
Dairy	3%	4.5%
KiwiSaver	3%	0%
Dairy	4%	6%
KiwiSaver	3%	0%
Dairy	5%	7.5%
KiwiSaver	3%	0%
Dairy	6%	9%
KiwiSaver	3%	0%

The next example illustrates how this would work for a member who is contributing to a KiwiSaver scheme and joined the Scheme *after 1 April 2008* or joined *before 1 April 2008* and is also *contributing to a locked in account* in the Scheme.

In this case, as the following table shows, the employer subsidy of 1.5 times the member's contribution is split between the Scheme and his or her KiwiSaver scheme

Scheme	Member contribution*	Employer subsidy* (before tax)
Dairy	2%	0%
KiwiSaver	3%	3%
Dairy	3%	1.5%
KiwiSaver	3%	3%
Dairy	4%	3%
KiwiSaver	3%	3%
Dairy	5%	4.5%
KiwiSaver	3%	3%
Dairy	6%	6%
KiwiSaver	3%	3%

*Locked or unlocked contributions

Note that if a member takes a contributions holiday from his or her KiwiSaver scheme, the full employer contribution will be paid to the Scheme.

The information in this fact sheet relates to section 101D of the KiwiSaver Act, which provides relief to employers from 'double-dipping'. The clause is not binding and if a member is contributing to both the Scheme and a KiwiSaver scheme, his or employer may elect to contribute the full subsidy to the Scheme and the required contribution to the member's KiwiSaver scheme.

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