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## Kiwisaver—Employer Requirements

By Amy McLennan



One of the most significant legislative changes in the last couple of years has been the introduction of Kiwisaver. The Kiwisaver Act 2006 was brought in as a way of encouraging people to save for their retirement. It offers a range of benefits such as a \$1,000.00 tax-free kick start and an opportunity to earn an extra \$1,042.86 for every year that you are in the Kiwisaver scheme provided that you are 18 years or over and you have contributed at least \$1,042.86 yourself that year. However, the scheme does place several obligations on employers and it is important that employers are familiar with these requirements.

The Act requires employers to provide their employees with access to a superannuation scheme. If employers have a scheme in place other than Kiwisaver, then it must meet the requirements of the Act. These requirements include:

- (a) All employees must be eligible to become members;
- (b) All members must be able to transfer their balance to the scheme when they join and to other schemes when they leave the employment;
- (c) This scheme must be a registered

- (b) All existing employees who decide to opt into the Kiwisaver scheme; and
- (c) Each employee who requests an information pack in contemplation of opting in.

superannuation scheme; and  
(d) The scheme has a total contribution rate of at least 4% of the employee's gross base salary or wages, including any employer contribution.

Employers are also required to check whether any new employees are eligible to join Kiwisaver and whether they should be automatically enrolled. Generally all new employees are automatically enrolled in the Kiwisaver scheme, however, there are several exceptions to this rule such as if an employee is under 18 years old, or if they are only a temporary or casual employee. If a new employee is subject to the automatic enrolment rules, then the employer must provide the Inland Revenue with information on the new employee.

Employers also have an obligation to give employee information packs to:

- (a) Any new employees who qualify for automatic enrolment; and

If an employer supplies an information pack, then they must also supply the employee with an investment statement for the scheme and if the employee does not choose their own Kiwisaver scheme, the employer must give them a statement that sets out that the employee will be allocated to the employer's chosen Kiwisaver scheme.

Employers also have an obligation to make compulsory employer contributions from 1 April 2008. These contributions must be made in addition to an employee's gross salary or wages. The general rule under the Act is that employers will contribute 1% for the year starting from 1 April 2008 increasing 1% for each year after that up to a maximum of 4%. However, there are some exceptions to this.

These are just some of the employer requirements under the Kiwisaver scheme. If you would like any further information on employer requirements under Kiwisaver, please do not hesitate to contact us.