

KiwiSaver Update

As far back as July/August 2007 we have been emphasising that all self-employed, and that includes shareholder employees of your company (in other words you take a drawing rather than a PAYE/shareholder deducted wage) **should** join up for KiwiSaver –

“It’s a no brainer” and still is, yet we still come across clients not in the scheme.

Since then and in discussions with some of our clients who come under the definition above many have not yet joined up with KiwiSaver.

The three predominant reasons given are;

1. I haven’t gotten around to it yet; or
2. I didn’t know that the KiwiSaver scheme was available to me; or
3. I don’t know how to go about joining.

So if you haven’t yet then you should and this is a reminder to what is a **“no brainer”, “no brainer”, “no brainer”**.

So back to the reasons why you should join:

1. No excuses if you haven’t gotten around to it so take this reminder as an opportunity to go now and sign up.
2. Self employed people i.e. those operating as a sole trader, partnership or are on withholding payments, can join KiwiSaver by going to the KiwiSaver website (www.kiwisaver.govt.nz), choosing a scheme provider and contacting that provider for the enrolment forms. Unlike those who are salaried, self-employed people do not have to contribute 4% of their income. They can contribute the “minimum to get the maximum”. They can choose to contribute as little as \$20 per week to get the maximum benefits. The benefits being the \$1,000 kick start, \$1,040 per annum credit, \$40 per annum fee subsidy plus whatever returns the fund earns. **Why do we say it’s a no brainer?** It’s quite simple really. If you contribute \$1,040 and the Government contribute \$1,040 then that’s **100% return on your money per annum**. Where else can you get a return like this outside of the casino? (and without the risk!).
3. All you need to do is turn your computer on and go to the KiwiSaver website (www.kiwisaver.govt.nz) which lists some thirty scheme providers all with their own websites. Where you pay yourself an annual shareholders salary, you take the self employment option and join up with a provider.

If you have any queries or would like to discuss your options further then please get in touch.