

## Saving with SSRSS and KiwiSaver

This information is based on legislation current at 1 April 2013.

### Save with SSRSS

Effective 1 October 2008 the SSRSS stopped accepting applications for membership.

The SSRSS schemes continue operating for members in the same manner as previously. You can continue to contribute to your SSRSS scheme and (if eligible) you will continue receiving your matching employer subsidy. The SSRSS subsidy will no longer be payable if you begin receiving an employer contribution to a KiwiSaver scheme.

SSRSS members can choose to transfer to a KiwiSaver scheme at any time.

You are no longer able to change from your existing SSRSS scheme provider to another SSRSS scheme provider or (if you are a teacher or principal at a School) to transfer to the Teachers Retirement Savings Scheme.

### Save with SSRSS and KiwiSaver

You can remain a member of SSRSS and also join and save with KiwiSaver. Your SSRSS accounts will stay within SSRSS and remain subject to the existing SSRSS rules.

**Table 1: Summary of choices for SSRSS members**

If you are:	You can:	If you join KiwiSaver as well as SSRSS you will get:
<b>A subsidised SSRSS member</b>	<p>Continue regular contributions to SSRSS.</p> <p>You will continue to receive your matching employer subsidy (up to 3% (after tax) of your gross base salary).</p> <p>Suspend regular contributions to SSRSS.</p> <p>Your employer contributions will also stop.</p> <p>You can make voluntary contributions to your SSRSS scheme. These payments will not be locked in. You can access your voluntary savings up to twice per scheme year, subject to a minimum withdrawal amount.</p>	<ul style="list-style-type: none"><li>• \$1000 kickstart contribution</li><li>• Up to \$521.43 tax credit each year, while you contribute.</li></ul> <p>As above, plus:</p> <ul style="list-style-type: none"><li>• Employer subsidy of 3% (before tax) of gross pay, while you contribute from pay.</li></ul>

<b>An unsubsidised SSRSS member</b>	Continue or suspend regular voluntary contributions to SSRSS.	<ul style="list-style-type: none"> <li>• \$1000 kickstart contribution</li> <li>• Up to \$521.43 tax credit each year while you contribute.</li> <li>• Employer subsidy of 3% (before tax) of gross pay, while you contribute from pay.</li> </ul>
<b>SSRSS member not currently in employment</b>	Continue or suspend any voluntary contributions to SSRSS.	<ul style="list-style-type: none"> <li>• \$1000 kickstart contribution</li> <li>• Up to \$521.43 tax credit each year while you contribute.</li> </ul>

### Transfer from SSRSS to KiwiSaver

You can transfer to KiwiSaver at any time and your membership of SSRSS will cease. Your SSRSS account balances will be transferred to KiwiSaver, and will become subject to the KiwiSaver scheme rules.

**Table 2: Summary of choices regarding transferring from SSRSS to KiwiSaver**

	<b>SSRSS</b>	<b>In KiwiSaver you will get:</b>
<b>Transfer to KiwiSaver</b>	Your SSRSS account balances will be transferred to your chosen or allocated KiwiSaver scheme. You will not be able to join SSRSS again.	<ul style="list-style-type: none"> <li>• \$1000 kickstart contribution</li> <li>• Up to \$521.43 tax credit each year while you contribute.</li> <li>• Employer subsidy of 3% (before tax) of gross pay while you contribute from pay.</li> <li>• SSRSS account balances added to your KiwiSaver contributions.</li> </ul>

### Changing employment

If you are an SSRSS member and change employers, or otherwise commence new employment, then you will be automatically enrolled in KiwiSaver unless your new employer is exempt from the KiwiSaver automatic enrolment rules. If this occurs then your options will be:

**Table 3: Summary of choices when changing employment**

	<b>SSRSS</b>	<b>In KiwiSaver you will get:</b>
<b>Remain in KiwiSaver</b>	<p>If your new employer is a participating employer and you continue your SSRSS regular contributions, you will continue to receive the SSRSS employer subsidy (if eligible). If your new employer is not a participating employer, your SSRSS employer subsidy will cease. You may make ongoing voluntary contributions.</p>	<ul style="list-style-type: none"> <li>• \$1000 kickstart contribution</li> <li>• Up to \$521.43 tax credit each year while you contribute.</li> <li>• If you are ineligible for the SSRSS employer subsidy, or you choose to receive KiwiSaver employer contributions instead of SSRSS employer contributions, an employer subsidy of 3% (before tax) of gross pay while you contribute from pay.</li> </ul>
<b>Opt out of KiwiSaver during weeks two to eight of your new job</b>	<p>Tell your new employer you want to opt out of KiwiSaver. If your new employer is a participating employer and you continue your contributions to SSRSS, then your employer subsidy entitlements (if any) will continue unchanged.</p> <p>If your new employer is not a participating employer your employer subsidy will cease. You may make ongoing voluntary contributions.</p>	<p>Nothing.</p>

You should consider your options carefully before making any changes to your superannuation arrangements. We suggest you check out the section on Comparison between SSRSS and KiwiSaver and relevant investment statements, and talk to a financial advisor, before you make any decisions.

**Table 4: Comparison between SSRSS and KiwiSaver**

	SSRSS	KiwiSaver
<b>Eligibility to join</b>	<p>Effective 1 October 2008, the SSRSS closed to all new members. Existing members can continue to save in the SSRSS.</p>	<p>You can join a KiwiSaver scheme if you are:</p> <ul style="list-style-type: none"><li>• living in (or normally live in) and are entitled to reside permanently in New Zealand, and</li><li>• aged below the age of entitlement to NZ Superannuation.</li></ul> <p>If you are under 18 and want to join KiwiSaver, you must contract directly with a scheme provider. Other employees may opt in through their employer.</p> <p>You can join KiwiSaver in addition to any other superannuation scheme of which you are a member.</p>
<b>Employee contribution amounts</b>	<p>The minimum employee contribution rate, while you are employed by a participating employer, is 1.5% of gross base salary.</p> <p>Members can contribute any amount above 1.5% in increments of 0.5%.</p>	<p>The minimum employee contribution rate is 3% of gross pay and employed members can contribute 3%, 4% or 8%.</p>

<p><b>Employer contribution amounts</b></p>	<p>If eligible, your contributions are matched by your employer up to a maximum of 3% (after deducting contribution tax) of your gross base salary.</p> <p>SSRSS employer contributions count towards the KiwiSaver compulsory employer contributions.</p> <p>If you are a member of both SSRSS and a KiwiSaver scheme you cannot expect to receive employer contributions to both schemes.</p>	<p>If eligible, you will receive compulsory employer contributions at a rate of 3% (before deducting contribution tax) of gross pay.</p>
<p><b>Government Kick-start</b></p>	<p>There is no Government Kick-start in the SSRSS.</p>	<p>The Government pays a lump sum of \$1,000 to your KiwiSaver account when you first join a KiwiSaver scheme. You can withdraw this contribution when you reach your KiwiSaver end payment date (the later of the age of entitlement to NZ Superannuation and completing 5 years' membership of a KiwiSaver scheme).</p>

<p><b>Tax credit</b></p>	<p>There is no tax credit in the SSRSS.</p>	<p>For periods during which you reside mainly in New Zealand and are between 18 and your KiwiSaver end payment date, a member tax credit matching your contributions up to a maximum of \$521.43 a year (which equals \$10 per week). You can withdraw these amounts when you reach your end payment date (or earlier in limited circumstances).</p>
<p><b>Parental leave</b></p>	<p>You can backdate your contributions for all or part of the time you are on parental leave. If you make up these contributions within 7 months of returning to work you will be eligible to receive the matching employer subsidy.</p>	<p>There is no parental leave backdating facility in KiwiSaver.</p>

<p><b>Access to funds and lock-in provisions (see also "Other withdrawal options" below)</b></p>	<p>Employee and employer contributions are locked in to the age of entitlement to NZ Superannuation (currently age 65) but can be accessed:</p> <ul style="list-style-type: none"> <li>• if you are fully/partially retiring from State sector employment in the ten years prior to this age, or</li> <li>• from age 50, if you have permanently left State sector employment.</li> </ul> <p>Voluntary contributions (all contributions made by you above 3%, or while you are unsubsidised) can be accessed at any time.</p> <p>Your funds can be accessed when you die.</p>	<p>All contributions are locked in to your KiwiSaver end payment date.</p> <p>Your funds can be accessed when you die.</p>
<p><b>Transferring out</b></p>	<p>You can transfer your SSRSS total credit to a KiwiSaver scheme at any time. Additionally, once you have left State sector employment you can apply to transfer your SSRSS total credit to an approved locked-in superannuation scheme, in NZ or overseas.</p>	<p>You can apply to transfer to another KiwiSaver scheme or, if permanently emigrating, to an approved overseas superannuation scheme.</p>

<p><b>Other withdrawal options</b></p>	<p>You may be eligible for early access to some or all funds in the following circumstances:</p> <ul style="list-style-type: none"> <li>• <b>Permanent emigration<sup>1</sup></b></li> <li>• <b>Serious Illness / Total and Permanent Disablement</b></li> <li>• <b>First home deposit (if eligible)</b></li> <li>• <b>Significant Financial Hardship.</b></li> </ul>	<p>You can have early access to some or all funds in the following circumstances:</p> <ul style="list-style-type: none"> <li>• <b>Permanent emigration<sup>1</sup></b></li> <li>• <b>Serious illness</b></li> <li>• <b>First home deposit (if eligible)</b></li> <li>• <b>Significant Financial Hardship.</b></li> </ul>
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<sup>1</sup> To be eligible for a withdrawal based on emigration you must be able to prove you have emigrated and have resided overseas for at least 12 months. For KiwiSaver the total amount of member tax credits will be repaid to the Crown if your withdrawal is based on emigration. As at 1 January 2010 the Government intends that from mid-2010 a KiwiSaver scheme member who permanently emigrates to Australia will be prohibited from making a cash withdrawal based on emigration, but will be permitted to transfer their full KiwiSaver entitlement (including member tax credits) to an approved Australian superannuation scheme.

## Comparison of total contributions to SSRSS and KiwiSaver

Here is a table to help you understand how much your contributions to SSRSS or KiwiSaver might be, and how much your employer and the Government may contribute to your savings.

**Note that the compulsory employer contribution to KiwiSaver is now subject to the member's marginal rate of Employer Superannuation Contribution Tax (ESCT). Also, from 1 April 2013 the minimum employee and employer contribution rate increases to 3%.**

If you are an SSRSS member entitled to SSRSS employer contributions, the total amount contributed to SSRSS each year will be the total of your regular contributions and your employer contributions. For SSRSS members, contributions are calculated using your [gross base salary](#).

If you are a KiwiSaver member entitled to KiwiSaver employer contributions, the total amount contributed to KiwiSaver each year will be the total of your regular contributions, your employer contributions and the member tax credit (matching 50% of your contributions up to \$521.43). The minimum KiwiSaver member contribution is 3% of gross pay and the compulsory employer contribution is 3% (before ESCT). You will also receive the \$1000 kickstart payment in the year that you join KiwiSaver. For KiwiSaver members, contributions are calculated using your gross pay, which may be more than your gross base salary. Your gross pay is (with some exceptions) your total salary, including bonuses, overtime or any other kind of remuneration, before tax and other deductions like student loan repayments and child support. In the comparison table below it is assumed, purely for illustrative purposes, that your gross base salary and your gross pay are the same.

The figures in the comparison table assume you are a contributing member of either SSRSS or KiwiSaver for the whole year. Each 'year' is the 12 months commencing on 1 April that year – eg the 2011 year is the period 1 April 2011 to 31 March 2012. The table also assumes that if you are contributing to the SSRSS then you are contributing at the rate of 3% of your gross base salary, and that if you are contributing to a KiwiSaver scheme then you are contributing at the rate of 3% of your gross pay. Contributions are rounded to the nearest dollar. KiwiSaver member tax credits are shown in the total for the year in which they are earned – they are actually paid into your KiwiSaver account during the following year.

### [Gross base salary](#)

Means for:

- most SSRSS members - the annual before-tax amount of base salary or wages
- a teacher at a school - the sum of the annual before-tax amount of base salary or wages plus permanently allocated salary units
- a principal of a school - the sum of the annual before-tax amount of base salary (including supplementary component) plus decile funding.

This excludes any fixed-term salary unit and any other allowance or remuneration allocated either through an employer's payroll facility or otherwise.

**Table 5: Comparison of total annual contributions to SSRSS and KiwiSaver**

If you join KiwiSaver, you will also receive the \$1000 kickstart payment in the first year that you join.

Gross salary	Scheme and contribution rate	Your regular contributions fortnightly	Your regular contributions each year	Total employer and Government contributions each year
20,000	SSRSS (3%)	\$23	\$600	\$600
	KiwiSaver (3%)*	\$23	\$600	\$795
40,000	SSRSS (3%)	\$46	\$1,200	\$1,200
	KiwiSaver (3%)*	\$46	\$1,200	\$1,511
60,000	SSRSS (3%)	\$69	\$1,800	\$1,800
	KiwiSaver (3%)*	\$69	\$1,800	\$1,781
80,000	SSRSS (3%)	\$92	\$2,400	\$2,400
	KiwiSaver (3%)*	\$92	\$2,400	\$2,201
100,000	SSRSS (3%)	\$115	\$3,000	\$3,000
	KiwiSaver (3%)*	\$115	\$3,000	\$2,531
120,000	SSRSS (3%)	\$138	\$3,600	\$3,600
	KiwiSaver (3%)*	\$138	\$3,600	\$2,933

***\* Employer contributions are subject to marginal ESCT rates.***

***Disclaimers***

***The information provided in the comparison table does not constitute investment advice, and none of the State Services Commissioner, AMP or ASB or any employee of the State Services Commission, AMP or ASB accepts any liability for any loss or damage of any kind arising out of the use of, or reliance on, the information provided in the table.***

***The table is intended solely to illustrate the total amounts that will be contributed to each scheme and does not include any returns you may receive from an SSRSS or a KiwiSaver scheme. Returns to members are subject to investment and other risks, including loss of income and principal invested, and are not guaranteed. Returns will vary depending on the performance of your chosen investment fund or investment funds. Returns are also subject to fees, which vary from provider to provider.***

***The levels of contributions and, for KiwiSaver schemes, the \$1000 kickstart payment and member tax credit levels and entitlements are all prescribed by current legislation or government policy and are therefore subject to change.***

## Frequently Asked Questions

### ***Will the State Sector Retirement Savings Scheme (SSRSS) continue?***

SSRSS continues for existing members, though it stopped accepting applications for membership effective 1 October 2008.

### ***Contributions - how much do I have to save?***

#### **What is the contribution rate for KiwiSaver and SSRSS?**

The minimum contribution rate in SSRSS, while you are employed by a participating employer, is 1.5% of gross base salary (excluding all allowances, overtime and bonuses). There's no maximum contribution rate, you can save as much as you like.

The minimum contribution rate in KiwiSaver for employees is 3% of gross pay (refer to KiwiSaver contributions on the KiwiSaver website). You can choose to contribute 3%, 4% or 8%.

You can also make voluntary contributions to most KiwiSaver schemes. You can apply for a contribution holiday after 12 months of saving to KiwiSaver.

Refer to table 5 to see how much your contributions to SSRSS or KiwiSaver might be, and how much your employer and the Government may contribute to your savings.

#### **I can't afford to contribute to both SSRSS and KiwiSaver, what can I do?**

If you are a member of SSRSS and of KiwiSaver, you can contribute to both schemes, but you don't have to. Contribute to the scheme that in your view best suits your needs; the main thing is to continue saving for your future.

### ***What do I get for being an SSRSS or KiwiSaver member?***

If you are an SSRSS member employed by a participating employer, SSRSS provides a matching employer contribution of up to 3% (after deducting contribution tax) of gross base salary, if you are eligible.

If you join KiwiSaver, under current policy the Government will make one payment of \$1,000 when you start contributing to your KiwiSaver account. Member contributions to KiwiSaver schemes are also currently matched by member tax credit contributions of up to \$521.43 a year (which equals \$10 a week) while you are aged between 18 and your KiwiSaver end payment date (usually NZ Superannuation entitlement age). Compulsory employer contributions are payable to KiwiSaver schemes, if you are eligible, at a rate of 3% (before deducting contribution tax) of gross pay while you are aged between 18 and your KiwiSaver end payment date.

#### **Can I receive my matching SSRSS employer contribution and the KiwiSaver compulsory employer contribution?**

No. You can be a member of both the SSRSS and KiwiSaver, but the matching SSRSS employer contribution and the compulsory KiwiSaver employer contribution are payable as alternatives – so you will not be eligible to receive a subsidy into both schemes.

**Can I choose to join KiwiSaver as an unsubsidised member and remain a subsidised SSRSS member, receiving the SSRSS employer subsidy of up to 3% (after deducting contribution tax) gross base salary?**

Yes. You can be a member of both the SSRSS and KiwiSaver, but you will not get an employer contribution into both schemes. If you are a subsidised SSRSS member and have chosen to join KiwiSaver, your employer (including any SSRSS participating employer you subsequently start work with) will continue to pay the SSRSS employer contribution of up to 3% (after deducting contribution tax) gross base salary, rather than the KiwiSaver employer contribution.

However, if you prefer, you can choose to receive the KiwiSaver employer contribution (if eligible) instead of the SSRSS employer contribution.

**Can I receive the \$1,000 Government kick-start contribution into SSRSS?**

No. The \$1,000 contribution from the Government is only available in a KiwiSaver scheme.

**Can I get the 3% SSRSS contribution paid to KiwiSaver instead of to SSRSS?**

No. Your 3% (after deducting contribution tax) SSRSS employer contribution cannot be diverted to KiwiSaver.

***Member tax credit***

**Will I be able to get the member tax credit if I am only contributing to SSRSS?**

No. In order to get the tax credit you must be contributing to a KiwiSaver scheme or (on a KiwiSaver equivalent basis) a complying superannuation fund. The SSRSS is not a KiwiSaver scheme or a complying superannuation fund.

Member tax credits are locked-in contributions, treated in the same manner as other contributions to the relevant KiwiSaver scheme (though with greater restrictions on early withdrawal).

***Withdrawal benefits - when can I get my money?***

**When can I withdraw my savings from SSRSS?**

Existing benefit withdrawals available from SSRSS:

- On reaching your age of entitlement to NZ Superannuation (currently 65 years)
- In the ten years prior, on full/partial retirement
- From age 50 on leaving State sector employment permanently
- Transfer to another similarly locked-in superannuation scheme\* (in NZ or overseas) on leaving State sector employment
- Transfer to a KiwiSaver scheme\* at any time.
- Significant financial hardship
- Serious illness – as defined in the KiwiSaver Act - or total and permanent disablement
- Death
- Permanent emigration – you need to have permanently emigrated and resided overseas for at least 12 months before you can apply for this withdrawal benefit

- First home purchase deposit – you can withdraw your Member and Voluntary contributions (but not Employer contributions) for use towards a first home purchase deposit after saving in the SSRSS for at least 3 years from 1 July 2007. As such, the earliest you would be able to apply for this benefit is 1 July 2010. You may also be eligible for the Housing NZ subsidy of up to \$5,000, if you have saved for at least 3 years from 1 July 2007.

*\* Please note that on transferring to another locked-in scheme or to KiwiSaver, the rules on when you can access your savings will change.*

## **Transfers**

### **Can I transfer to a KiwiSaver scheme?**

All KiwiSaver schemes have been approved as transferee schemes due to the stronger lock-in provisions. You can apply to transfer your savings to a KiwiSaver scheme at any time, and cease your SSRSS membership. Please note that on transferring to KiwiSaver, the rules on when you can access your savings will change.