

## NEWSLETTER TO MEMBERS – 3 JULY 2007

### KIWISAVER

The New Zealand Professional Firefighters Union wishes to bring to members' attention the matter of Kiwi Saver Superannuation, which is being rolled out by the Government from the 1<sup>st</sup> July 2007.

As an employer that has a current Superannuation Scheme available to our members, The New Zealand Fire Service Superannuation Scheme (Firesuper), the Fire Service Commission have, with the Trustees of the Scheme, added a complying section to the existing scheme. This complying section will contain the benefits in the way of tax credits that will become available to other New Zealanders through Kiwi Saver. At this time the amendment for the Trust Deed is with the Government Actuary who will approve the change. Once this is done, the New Zealand Fire Service Superannuation Scheme will produce a Newsletter setting out the way in which members may contribute to the complying section.

Current members of the New Zealand Fire Service Superannuation Scheme will be able to divert, voluntarily, an amount of their contributions into this complying section of the fund. A part of the Fire Service's contributions may also be diverted into this section on a dollar for dollar basis net of Superannuation Schemes Contribution Withholding Tax (SSCWT). The remainder of both your, and the employer's contributions will remain being paid into the normal fund of the Scheme in your account. The Kiwi Saver complying portion of your funds will still be invested as at present and retained in your personal account.

There are some benefits for you to access this complying section of the scheme. They are tax relief on up to 4% of the employer's contribution providing it is directed into the complying section and you will also receive a tax rebate paid into your complying account at the end of the year of \$1040.00 (\$20.00 per week).

All funds paid into the complying section, both employees' and employer's money, are locked into the Scheme until you attain the age of eligibility for the Government Superannuation, which is at present 65 years of age. Complying section funds will **not** attract the Governments start up amount of \$1,000.00.

Produced herewith is a comparison of current payments to the New Zealand Fire Service Superannuation Scheme based on a Senior Firefighter Driver, Grade 2 with the same payments split between the complying fund and the main fund. As can be seen, there is an increase of the total amount of savings in the fund of \$12.97. In addition there is the \$1,040.00 tax rebate each year.

If you have any queries regarding this notice, contact Steve Warner (027) 2286820.

**N.Z. PROFESSIONAL FIREFIGHTERS UNION**

**SUPERANNUATION FIGURES****Based on SFD grade 2*****CURRENT***

<b>Total weekly wage at 1<sup>st</sup> January 2007</b>	<b>\$979.86</b>	
Super at 6%	\$ 58.80	
Employer gross contribution	\$133.46	
Employer net contribution	\$ 89.38	
<b>Total superannuation per week</b>		<b>\$148.18</b>

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***WITH KIWI SAVER***

<b>Total weekly wage at 1<sup>st</sup> January 2007</b>	<b>\$979.86</b>		
Super at 4% to complying fund	\$39.20	Super at 2%	\$19.60
Employer contribution to complying at \$ for \$	\$39.20	Employer gross	\$94.26 (= \$133.46 – \$39.20)
		Employer net	\$63.15 (= \$94.26 – 33% tax)
<b>Total to Kiwi Saver Compliant fund</b>	<b>\$78.40</b>	<b>Total to main fund</b>	<b>\$82.75</b> (= \$19.60 + \$63.15)
<b>Total superannuation per week (complying +main fund)</b>			<b>\$161.15</b>

The \$78.40 paid into the complying fund will have Kiwi Saver lock in. That is it will not be accessible until the age of qualification for Government Superannuation, currently 65 years of age. In addition the Kiwi Saver portion will attract the tax incentive of \$1,040.00 per year, which will be credited to your funds. It will not attract the Government start off contribution of \$1,000.00 nor the \$40.00 per year fee rebate.