

# KiwiSaver default fund changes

## - Information for KiwiSaver default members

Recently the Government announced new providers of KiwiSaver default funds, to enhance the financial wellbeing of default members. The newly appointed default providers are: Bank of New Zealand (BNZ), Booster, BT Funds Management (Westpac), Kiwi Wealth, Simplicity and Smartshares (NZX).

After 1 December, default members will be securely transferred to new default funds where they can benefit from the changes.

### **What are KiwiSaver default funds?**

People who do not choose a KiwiSaver fund when they start work, and are not already a KiwiSaver member, are automatically enrolled in a 'default fund' of a default provider. The Government chooses the providers of default funds.

### **What is going to happen?**

After 1 December, all KiwiSaver default members who have not made an active choice of fund will move to new balanced funds with lower fees.

Existing default members of the six newly appointed default providers will be moved to a new balanced fund at that provider.

Default members who are currently in one of the five default funds that have not been re-appointed (AMP, ANZ, ASB, Fisher Funds and Mercer) will be transferred to the default fund of one of the six new default providers. Only members who have not made an active choice about who their KiwiSaver provider is will be transferred.

The Government has finalised regulations which will ensure that this occurs safely and securely.

### **Why is this transfer taking place?**

The transfer will ensure that all default members get the benefits of moving to one of the new default funds, such as lower fees, potentially higher returns, and engagement from their providers at key points in their KiwiSaver journey.

### **What does this mean for default fund members, and what do they need to do?**

Default members do not need to do anything for the transfer to happen. They will be automatically moved to a fund with potentially higher returns, and lower fees.

For those members moving to a new default provider, Inland Revenue will let them know who that new provider is and why they have been moved. Members can deal with their new provider right away, though their funds may take a few months to be transferred from their old provider.

### **Can default members choose which of the new funds they are allocated to?**

KiwiSaver members can choose a different provider, or choose to stay with their current provider, by contacting that provider.

If you want to switch KiwiSaver providers prior to this transfer taking place, it is recommended that you contact your provider about this before 30 November, to avoid any delays. Providers will not be able to process these requests while the transfer process is underway, and this could take several months after 1 December.

### **Will the transfer process impact members' regular KiwiSaver withdrawal payments, or the ability to withdraw funds (for example to buy a first home)?**

For those members moving to a new provider, the transfer of their funds to the new provider may take up to a few months. However, there will be a fast-track system for withdrawals during that time. If you want to make a withdrawal (for example, for significant financial hardship or for a first home), you can contact your new provider.

If you are a default member over the age of 65 with regular payments coming out of your KiwiSaver account, you could experience disruption to this if you stay a default member. If this applies to you, you can contact your KiwiSaver provider now to request to become an active, non-default member. That will ensure there are no disruptions to your payments. This does not apply to anyone who has actively chosen their fund.

### **Where can I go for further information about the transfer and how it impacts me?**

To find out if you are a default member and if you will be transferred to a new fund, contact your current KiwiSaver provider. To find out who your KiwiSaver provider is, log into myIR.