



COVERSHEET

Minister	Hon Kris Faafoi	Portfolio	Commerce and Consumer Affairs
Title of Cabinet paper	Withdrawal of KiwiSaver for life-shortening congenital conditions	Date to be published	21 July 2019

List of documents that have been proactively released

Date	Title	Author
1 July 2019	<i>Withdrawal of KiwiSaver for life-shortening congenital conditions</i>	<i>Office of the Minister of Commerce and Consumer Affairs</i>
26 June 2019	<i>DEV-19-MIN-0176</i>	Cabinet Office

Information redacted

YES

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Cabinet Economic Development Committee

Minute of Decision

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Withdrawal of KiwiSaver for Life-Shortening Congenital Conditions

Portfolio Commerce and Consumer Affairs

On 26 June 2019, the Cabinet Economic Development Committee:

Background

- 1 **noted** that the majority of New Zealanders are able to withdraw their KiwiSaver savings at the time they qualify for New Zealand superannuation;
- 2 **noted** that there are currently a limited number of situations where a person can withdraw their savings before the age of 65, being first home withdrawal, serious illness and financial hardship, and permanent emigration;

New withdrawal category

- 3 **agreed** that a new withdrawal category be created in the KiwiSaver Act 2006 allowing people with life-shortening congenital conditions to withdraw their savings before the lock-in date specified in the Act, being the New Zealand superannuation qualification age;
- 4 **noted** that the new category has been designed with the specific needs of those with life-shortening congenital conditions in mind;
- 5 **agreed** that the withdrawal category allow the individual applying for withdrawal to determine their date of withdrawal;
- 6 **agreed** that a set list of congenital conditions be specified as guaranteeing withdrawal, through regulations under the KiwiSaver Act;
- 7 **noted** that the list of congenital conditions to be detailed in regulations is being developed by officials in consultation with the medical profession, and that these will be finalised through the drafting process;
- 8 **agreed** that individuals that have a congenital condition that is not on the set list named in regulations may also apply for withdrawal;
- 9 **noted** that making a withdrawal under the new category does not prevent a person from continuing in paid employment;
- 10 **agreed** that a person who has made a withdrawal under the new category may continue to keep contributing to KiwiSaver;

- 11 **agreed** that the process for withdrawal for a person that has a congenital condition named in the regulations will be as follows:
- 11.1 apply in writing to the KiwiSaver manager or supervisor with accompanying medical evidence verifying that they have a life-shortening condition named in the regulations;
 - 11.2 supply a statutory declaration that they are intending to retire and wish to withdraw their KiwiSaver savings;
 - 11.3 supply any additional information that the KiwiSaver manager or supervisor requires to reasonably satisfy themselves that the person has a condition qualifying for withdrawal;
- 12 **agreed** that the process for withdrawal for a person that has a life-shortening congenital condition that is not named in the regulations will be as follows:
- 12.1 apply in writing to the KiwiSaver manager or supervisor stating that they have a congenital condition with medical evidence verifying that the condition is expected to reduce their life below the New Zealand superannuation qualification age;
 - 12.2 supply a statutory declaration that they are intending to retire and wish to withdraw their KiwiSaver saving;
 - 12.3 supply any additional information that the KiwiSaver manager or supervisor requires to reasonably satisfy themselves that the person has a condition qualifying for withdrawal;
- 13 **agreed** that the amount that can be withdrawn by a person that qualifies for withdrawal under the new category described in paragraph 3 above may be up to the value of the KiwiSaver member's accumulation;
- 14 **agreed** that a regulation-making power be inserted into the KiwiSaver Act to allow for a list of congenital conditions to be specified in regulations;
- 15 **noted** that work will be undertaken to examine the interface issues between early withdrawal of KiwiSaver and asset and income tests for the purpose of eligibility for social assistance under social assistance regulations;

Legislative implications

- 16 **agreed** that the changes outlined in the above paragraphs be made through a Supplementary Order Paper to the Taxation (KiwiSaver, Student Loans, and Remedial Matters) Bill;
- 17 **authorised** the Minister of Revenue to issue drafting instructions to Inland Revenue to give effect to the above paragraphs;
- 18 **authorised** the Minister of Commerce and Consumer Affairs to release exposure drafts of the legislative amendments and regulations for targeted consultation as required;

- 19 **authorised** the Minister of Commerce and Consumer Affairs and the Minister of Revenue to make decisions consistent with the policy proposals in the paper under DEV-19-SUB-0176 on minor issues that arise during the drafting process.

Janine Harvey
Committee Secretary

Present:

Hon Grant Robertson (Chair)
Hon Phil Twyford
Hon David Parker
Hon Nanaia Mahuta
Hon Stuart Nash
Hon Iain Lees-Galloway
Hon Shane Jones
Hon Kris Faafoi
Hon Julie Anne Genter
Hon Eugenie Sage

Officials present from:

Office of the Prime Minister
Officials Committee for DEV

Hard-copy distribution:

Minister of Commerce and Consumer Affairs

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