



Questions and Answers: KiwiSaver default scheme providers

Who has been selected as KiwiSaver default providers for the seven year term starting 1 July 2014?

AMP, ANZ, ASB, Mercer, Fisher Funds, Grosvenor, KiwiBank, BNZ and Westpac.

“Kiwibank” refers to the KiwiSaver provider “Gareth Morgan KiwiSaver Limited”, while “Westpac” refers to “BT Funds Management (NZ) Limited”.

What is the aim of the default schemes and what sort of investment approach do they have?

The aim of default schemes is to provide stable returns for KiwiSaver members and build confidence in KiwiSaver while members actively consider the best funds for their individual circumstances. Default schemes have a conservative investment approach, which includes a 15 to 25 per cent allocation to growth assets.

How do default KiwiSaver provider schemes work?

If eligible, new employees are automatically enrolled into KiwiSaver when they start a new job, unless they're already in a KiwiSaver scheme. They will then be allocated by Inland Revenue to one of the default schemes or to their employer's scheme if the employer has chosen a KiwiSaver scheme. New default members are allocated evenly across all default providers.

An employee also has the option of choosing their own KiwiSaver scheme when they are automatically enrolled or at any point during their KiwiSaver membership.

Within 14 to 56 days after starting a new job and being automatically enrolled, an employee has the option of opting out of KiwiSaver.

I'm currently in a default KiwiSaver fund. Do I need to do anything differently?

No, you will remain with your KiwiSaver provider and in the same default fund until you decide to change your KiwiSaver fund or scheme.

It is important you choose the KiwiSaver fund that works best for you, and meets your long-term savings plan. Your current fund uses a conservative investment strategy, as do all of the default funds, which may or may not be suitable for your particular circumstances and goals.

The KiwiSaver Fund Finder by Sorted allows you to compare the many funds out there according to level of risk, fees, services and returns. It is here <http://fundfinder.sorted.org.nz/>
There is no fee for transferring from a default fund to a different fund.

What factors should I consider when weighing up which is the best KiwiSaver fund for me?

It is important to take a balanced view across a range of factors when considering which KiwiSaver fund best meets your individual circumstances. You should consider the fees, the levels of risk associated with the different types of investment, the services available from each provider and estimated investment returns.

What fees will the default providers charge?

The following table provides an overview of the fees for the new default funds. Note that these figures include an estimate of any underlying fund fees and expenses, not just the fees charged by the new default providers.

Provider	Total Variable Fees	Total Fixed Fees (annual)
ANZ	0.60%	\$24.00
Mercer	0.56%	\$30.00
Fisher Funds	0.56%	\$28.32 at current membership levels (110,000 members) reducing to \$27.72 at 200,000 members.
Westpac	0.55%	\$27.00
BNZ	0.58%	\$23.40
AMP	0.39%	\$23.40
ASB	0.40%	\$30.00
Grosvenor	0.38%	\$0 for FUM <\$10,000 \$30 for FUM >\$10,001
Kiwibank	0.59% (Minimum overall fee of \$40 p.a)	N/A

The following table shows the approximate total fees per annum that KiwiSaver members with a typical \$7,000 balance amount will pay in the new default funds. These figures include estimated underlying fund fees and expenses, not just the fees charged by the new default providers.

Provider	\$7,000 Fund balance
ANZ	\$66
Mercer	\$69
Fisher Funds	\$68
Westpac	\$66
BNZ	\$64
AMP	\$51
ASB	\$58
Grosvenor	\$27
KiwiBank	\$41
Average Fee	\$56

Average Current Default Fees	\$69
------------------------------	------

What sort of investor education do the default providers have to give?

The default providers have to deliver member education in the form of investment information to inform and educate default members on the KiwiSaver Scheme as a whole, as well as helping them make appropriate investment choices for their individual circumstances. The different default providers have proposed different approaches to member education, including proactive communication campaigns, seminars, financial advice and various online tools for members.

How were the KiwiSaver default providers chosen?

A Request for Proposal process was conducted. A panel of evaluators with relevant industry expertise assessed the submitted proposals and carried out due diligence. The tenders were evaluated according to technical criteria (70 per cent) such as organisational capability, member education and investment capability; and 30 per cent of the evaluation was on the providers' pricing levels.

Where can I find out more information about how KiwiSaver works?

For more information about KiwiSaver go to <http://www.kiwisaver.govt.nz/>

How many default KiwiSaver members are there?

There are currently around 2.28 million KiwiSaver members with about \$20 billion funds under management. Around 22 per cent of all KiwiSaver members are in default funds.