

KiwiSaver

We may be able to help with a KiwiSaver complaint, but the starting point is your KiwiSaver provider.



KiwiSaver is a retirement savings scheme. Everyone over 18 is automatically enrolled in the scheme when starting a new job. Anyone not wanting to be a member must opt out between the second and eighth week of being enrolled in the scheme. Full information is available on the [KiwiSaver](https://www.kiwisaver.govt.nz) website.

This guide covers:

- where to direct a KiwiSaver complaint
- the main types of KiwiSaver complaints we receive
- compensation we can recommend for KiwiSaver complaints

Where to take complaints

You should start with your provider. It is responsible for managing your KiwiSaver account. (When enrolling, you either select your provider, or if you don't, one is allocated to you.) Your provider's investment statement has details about its formal complaint process.

If you are not satisfied with the response through this process, and **your provider is a member of our scheme**, we may be able to investigate.

If your complaint relates to a decision by trustees of your scheme, you should take it to the dispute resolution scheme to which the trustees belong. Your provider's investment statement will have contact details. Or call your provider to find out who the trustees are. (A list of all providers is available on www.kiwisaver.govt.nz.) We can help refer you to the trustees' dispute resolution scheme.

Main sources of complaints

Membership

Sometimes people want us to cancel their KiwiSaver membership. We do not have the power to do this. But we can consider compensation for inconvenience as a result of being locked into KiwiSaver if a bank has not made accurate disclosure about KiwiSaver to an individual who subsequently enrolls in the scheme on the basis of that information.

Inability to withdraw funds

Generally speaking, you can access your KiwiSaver funds only when you become eligible for superannuation (NZ Super) at 65 (provided you've been a member for five years). The circumstances in which you can withdraw part or all of your savings before then include: buying your first home, financial hardship, moving overseas and serious illness.

Buying a first home

KiwiSaver lets people withdraw some of their savings to buy their first home (provided they've been a member for three years). However, it is vital you contact your provider before buying to confirm you are eligible and to ensure you follow the correct application process. Failure to do so may prevent you from accessing your savings.

Financial hardship

KiwiSaver allows you to withdraw savings if you are suffering significant financial hardship. However, you have to:

- show you have explored reasonable alternative sources of funding
- complete a statutory declaration about your assets and liabilities
- supply other documents or information to support your application.

Moving overseas permanently

You can withdraw all of your savings (except the tax credits) if you have lived overseas for at least a year and intend to remain overseas permanently. (The exception is if you've moved to Australia.) You must make a statutory declaration that you have left New Zealand permanently. You must also supply evidence of departure and sufficient proof of your residential address overseas.

If you have moved to Australia permanently, you can choose to keep your KiwiSaver account open or transfer the savings to an Australian superannuation scheme.

Serious illness

KiwiSaver allows you to withdraw all of your savings in the event of a serious or terminal illness or a permanent disability that affects your ability to work. Medical evidence must accompany such applications.

Relationship separation

Often issues arise with KiwiSaver in a relationship separation, especially where the parties agree to a separation agreement. Under the Property Relationship Act a couple can separate their assets by reaching an agreement, however this is insufficient for a KiwiSaver Provider to distribute the funds. Therefore, a court order is required if the KiwiSaver funds are going to be split or moved. While this is understandably frustrating and costly, due to the current law, we cannot find that it is unreasonable for your provider to request this order before distributing funds.

Compensation

If we uphold a KiwiSaver complaint, we may award compensation for inconvenience. However, we are unlikely to make the bank pay you compensation for the money in your KiwiSaver fund. This is because you have not “lost” the money. You are just unable to access it immediately. If you are an employee you may also take a contributions holiday after 12 months of membership to stop money being tied up in your KiwiSaver account. Contributions holidays last for five years but can be renewed at any time. You can apply for an early contributions holiday within the first 12 months of membership if you are in financial hardship.

We are unable to compensate a KiwiSaver member for direct loss for what is called lost opportunity. For example, we cannot recommend compensation if a member considers he or she may have earned higher returns by having invested money elsewhere. However, we may award compensation for inconvenience if a bank has made a mistake with the investment or given incorrect or misleading information.



We can consider compensation for inconvenience as a result of being locked into KiwiSaver if a bank has not made accurate disclosure about KiwiSaver – but we can't cancel your KiwiSaver membership