

KIWISAVER

All employers should now be on track to ensuring their systems will be KiwiSaver compliant by the 1 July 2007 deadline. From that date, the KiwiSaver Act 2006 requires almost all new employees aged 18 to 64 to be automatically enrolled in KiwiSaver by their employer. Exceptions include temporary employees who will work for only 28 continuous days or less and casual agricultural workers.

Employers will have to provide qualifying new employees with KiwiSaver information packs within 7 days of the employee starting work. The employer will also need to collect and provide to Inland Revenue information about the employee relevant to KiwiSaver as soon as possible. KiwiSaver contributions will need to be deducted through the payroll system immediately, even if the new employee later decides to "opt out". Employees can opt out after 2 weeks, but must do so within 8 weeks (the exact timeframe is from day 14 to day 56 inclusive of the new job). Employers must also provide information packs to their existing employees on request and enrol and make deductions if they decide to "opt in". Information packs and employer guides are now available online, but are also to be sent out to employers.

Initially, contributions by employers will not be compulsory, but the government has announced in Budget 2007 that compulsory contributions by employers to match employee contributions will be phased in from 1 April 2008, reaching 4% of the employee's gross salary from 1 April 2011. Employers will also be entitled to a tax credit matching their contributions up to a maximum of \$20 per week from 1 April 2008. Information about KiwiSaver is available at www.kiwisaver.govt.nz and www.ird.govt.nz and it is possible to register for regular email updates. If you have any questions about your obligations as an employer speak to Anna Fitzgibbon or Michelle Dean in our employment team.