



Media Release

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Legislative stability the key for KiwiSaver providers

Constant legislative changes to KiwiSaver have undermined the ability of the industry to develop savings awareness and financial literacy amongst consumers.

That's according to the Association of Superannuation Funds of New Zealand (ASFONZ) which promotes workplace savings.

The feedback was provided in two well-attended forums held last week which involved nearly all the providers of KiwiSaver Schemes.

The Auckland and Wellington forums, held in conjunction with Inland Revenue, discussed issues of concern among providers to allow the smooth rollout of KiwiSaver changes and workplace savings schemes.

ASFONZ Chair David Ireland says there was strong feedback from providers at both forums that they are now looking to government for a period of regulatory stability for KiwiSaver.

"Constant rule changes have been costly for providers, ultimately impacting on KiwiSavers through direct costs and through the extent of resources that providers have had to commit to accommodating the changes.

"Providers have had to meet considerable compliance costs which deliver little or no benefit to existing KiwiSaver members.

"Building certainty for KiwiSaver members is extremely important at present, and not only because of current investment market underperformance.

"It is also because constant rule changes since KiwiSaver was first announced have limited the industry's ability to develop value-add enhancements for consumers," he says.

Mr Ireland says while the Government should not rush further changes, it does need to address concerns about some unintended consequences of changes already made, and remove anomalies from the original KiwiSaver provisions.

“These include the risk of consumers losing their first home buyers’ subsidy if they reduce their member contribution from the current 4% to the 2% rate from 1 April 2009.

“Legal guardians signing up under 18s for KiwiSaver have often not understood the full consequences of their actions, and removal of the fee subsidy is another factor to be considered.

“In addition the KiwiSaver Act currently prevents providers from accessing relief mechanisms under the Administration Act to allow for the cost-effective release of small balances to a deceased’s estate.”

Mr Ireland says ASFONZ is happy to work with the Government and co-ordinate providers’ and employers’ ideas to address these issues for the benefit of workplace savings and the delivery of KiwiSaver in general.

For further information

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