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## **GOVERNMENT'S BOLD STEP WILL ENSURE KIWISAVER SUCCESS**

“The Investment Savings and Insurance Association (ISI) applauds the Budget announcements to encourage savings and investment”, said Vance Arkininstall, CEO, Investment Savings & Insurance Association.

“The KiwiSaver announcements will ensure the success of KiwiSaver. There is now no doubt that the proposition offered by KiwiSaver is so attractive that virtually all New Zealanders must consider joining. Even employees not changing jobs should consider opting-in”, said Mr Arkininstall.

“The combined effect of the \$1000 kick-start, the Government fee subsidy of \$40 per year and tax credits on the member contributions, form an attractive package. When coupled with the phased in compulsory matching of contributions by employers from 1 April 2008, then KiwiSaver becomes clearly the most compelling investment option available”, said Mr Arkininstall.

“There is no doubt the balance between the strong encouragement to employees to participate and the compulsory employer contribution matching, will ensure KiwiSaver success”, Mr Arkininstall said.

“Government has taken a bold step with the package of initiatives announced just at the time when boldness was required”, said Vance Arkininstall.

“The Budget also announced that the tax rate on Portfolio Investment Entities (PIEs) would reduce from 33c to 30c from 1 April 2008. This further improves the returns for investors in managed funds. Taxpayers at the 33% and higher 39% levels will have an increased advantage saving through managed funds”, Vance Arkininstall said.

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