

**Workplace
Savings NZ**
Te māngai penapena ā-mahi

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Hannah Frost
Graduate Policy Advisor
Construction & Housing Markets | Building, Resources & Markets
Ministry of Business, Innovation & Employment (MBIE)
Level 5, 15 Stout Street
Wellington 6140
New Zealand

Email:

Dear Hannah,

FSC and WSNZ - MBIE KiwiSaver query - Withdrawals from KiwiSaver

Thank you for the opportunity to provide feedback on these questions. Our answers reflect the balanced and combined views of our larger members who offer KiwiSaver products and services.

- 1. If a KiwiSaver member is pre-approved for a first home withdrawal and settlements occurs between the approval and the funds actually being paid out, do scheme providers then withhold the funds (as the member now has an estate in land)? How much flexibility do scheme providers exercise in paying out the KiwiSaver funds in these circumstances?**

Members generally agree that such a scenario is rare and cases would be reviewed on a case by case basis. Members emphasised that Kiwi-Saver members are provided with a first home withdrawal balance estimate rather than a pre-approval. The balance estimate makes it clear that the withdrawal is conditional on the member meeting the eligibility criteria and providing the required documentation before settlement day. Withdrawal application processes seem to be driven by strict timelines and criteria to ensure applications are processed before settlement date and therefore minimising funds being paid out post-settlement or post-deposit day.

- 2. Are KiwiSaver members who are married, in a civil union or in a de facto relationship with a homeowner eligible for the withdrawal (given they already have an interest in their partner's estate)?**

Members generally rely on a statutory declaration as evidence that a member is eligible for a first home withdrawal. This is based on whether they have not held an estate in land before,

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including sole or joint ownership. Providers tend not to make enquiries about a member's relationship status in respect of a first home purchase withdrawal. If a member wishes to make

a first home withdrawal for the purpose of buying into a property currently held in their relationship partner's name then it would be recommend that a member seek independent legal advice regarding their eligibility before making an application.

- 3. Do providers apply different rules for members who have been married, in a civil union or in a de facto relationship with a homeowner for under three years (the rights outlined under the Property Relationships Act only materialise on separation for those who have been married, in a civil union or a de facto relationship for three years)? If a member separates from their partner (who is a homeowner) before three years in the relationship has passed, do they qualify under the first home withdrawal, or previous home owner provisions?**

Members generally do not consider KiwiSaver member's relationship status when assessing their eligibility for a first home purchase withdrawal or previous home owner provisions. Eligibility for the withdrawal focuses on whether the member has held an estate in land before, sole or joint ownership. Again, providers rely on the information provided by the member on the statutory declaration as evidence of eligibility.

If you require further information please feel free to contact me.

Kind regards
Richard Klipin

Chief Executive Officer
Financial Services Council

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Who we are – Financial Services Council

The Financial Services Council of New Zealand Incorporated (FSC) has 16 member companies and 14 associate members at 30 June 2017. Companies represented in the FSC include the major insurers in life, disability, income, and trauma insurance, and some fund managers and KiwiSaver providers. Law firms, audit firms, and other providers to the financial services sector are represented among the associate members.

The FSC's vision is to be the voice of New Zealand's financial services industry, with three areas of strategic intent:

1. Strong and sustainable consumer outcomes
2. Sustainability of the financial services sector
3. Increasing professionalism and trust of the industry through the FSC Code of Conduct

Our purpose is to:

- be recognised as an organisation that represents the interests of the New Zealand financial services industry, including to regulators and Government
- promote best practice and integrity in the financial services industry, including through the institution of codes of conduct, standards and the publication of guidance for industry participants
- promote the financial services industry for the economic benefit of New Zealand and to enhance the sustainability of the industry, whilst recognising the primacy of the interests of consumers
- develop and promote evidence-based policies and practices designed to assist New Zealanders to build and protect their wealth
- promote the financial services industry as a medium for investment and protection for consumers
- promote, assist and generally advance the interests of members

To deliver on our vision and purpose FSC activity centres on five strategic pillars:



POLICY AND ADVOCACY

Aim: To be the trusted voice of the financial services sector in New Zealand



INDUSTRY LEADERSHIP & INSIGHT

Aim: Bringing the industry together with knowledge and insight for the benefit of all New Zealanders



INDUSTRY BEST PRACTICE

Aim: Showcasing industry excellence in understanding, growing and protecting New Zealanders' wealth



COMMUNITY OF PROFESSIONALS

Aim: A community developing itself to better understand and serve the needs of New Zealanders



DEVELOP THE FSC

Aim: A sustainable business model delivering an effective and efficient industry body

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Who we are – Workplace Savings NZ

Workplace Savings NZ (**WSNZ**) is a not-for-profit apolitical membership organisation representing the interests of employers who offer workplace retirement savings schemes, their trustees and their members, other retirement scheme managers and supervisors, retirement savings industry service providers and professional advisers. WSNZ's membership embraces all types of retirement schemes (KiwiSaver, workplace savings and superannuation schemes) and participants who are public and corporate, union-sponsored and industry-based.

The objective of WSNZ (which works closely with the Financial Services Council) is to be the *Voice of Workplace Savings* - advancing the sustainable, effective, and efficient delivery of workplace savings outcomes for all involved, including the workplace savings scheme members who remain key to the organisation. WSNZ aims to do this through:

1. Advocacy – proposing and commenting on legislative and public policy initiatives beneficial to workplace savings and participation in the workplace savings industry, making submissions, engaging with policy-makers and officials and issuing media commentary to advance those causes.
2. Education – promoting trustee, employer and member financial and regulatory education through dedicated training programmes, newsletters and special interest seminars.
3. Networking – providing trustees, employers and service providers involved in workplace superannuation with a regular forum for sharing ideas and information on industry matters.
4. Promotion – publicising the benefits of workplace savings and helping to improve public confidence and participation in workplace savings.