

Media alert

Dear Treasury, the KiwiSaver Default Scheme is now Defunct

KiwiSaver helps New Zealanders enjoy the best retirement they can by providing an easy and affordable way to save for their retirement. Many New Zealanders are automatically enrolled in KiwiSaver default funds when they start a new job. After 10 years of KiwiSaver, we now know that many of these default members are not engaging with their KiwiSaver accounts and making active decisions about their retirement savings in the way that had been expected.

Approximately 715,000 people remain in default funds. 430,000 of those have not made an active choice to stay there. This is approximately 15% of all KiwiSaver members and approximately 34% of all automatically enrolled members.

There are currently nine default KiwiSaver providers, and their terms of appointment expire on 30 June 2021.

Ahead of that, MBIE and the Treasury are reviewing the default provider settings. The review covers the policy settings that underpin the appointment of new providers and the terms on which those providers are appointed. A significant number of people have stayed in default funds. This means that it is important that default funds work well for people.

Clive Fernandes of authorised KiwiSaver advice service, National Capital says the approach being to review the default scheme isn't the right area of focus.

"The KiwiSaver default scheme concept was required when three million Kiwis needed to be onboarded as KiwiSaver members in a short period of time," said Fernandes.

"However the situation has now changed significantly. Now that most Kiwis are already signed up to KiwiSaver and new signup numbers each year are lower, the 'default scheme' idea is no longer required.

"Instead, people should be given access to personalised advice right as they are signing up. We should be encouraging new entrants to make an active choice to best set them up for their future and specific goals. This would help to solve a lot of issues and would be in the best interests of members vs providers," he said.

[Learn more about National Capital, here.](#)

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Notes to editor:

Please note information included in this alert has been sourced directly from the Review of the KiwiSaver Default Provider Arrangements as released by the Treasury and Ministry of Business, Innovation & Employment in addition to the opinion of Authorised Financial Advisor, Clive Fernandes.

About National Capital

National Capital is a financial advisory firm based in Auckland, New Zealand that provides personalised investment advice, with a primary focus on KiwiSaver, to its clients. We work with multiple KiwiSaver providers to select the most appropriate

provider and fund for its clients. Our mission is to help one million Kiwis become financially secure using technology and the principles of puataata (transparency), tikanga (ethics) and taurikura (prosperity).

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