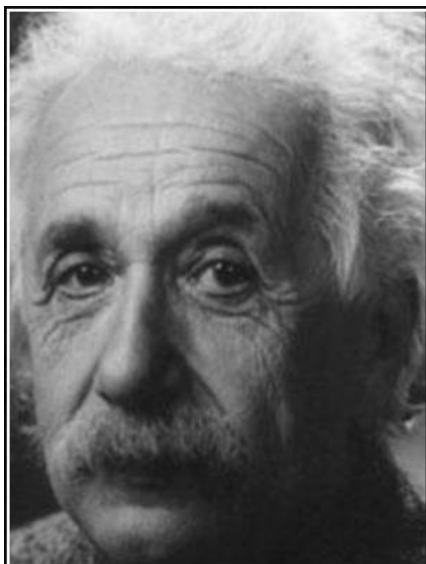


INCENTIVE SAVER NEWSLETTER



JULY 2025



If you do the same thing over and over again you cannot ever expect a different outcome.

— *Albert Einstein* —

AZ QUOTES

Gosh a lot seems to have happened in the last few months especially with the Kiwisaver budget changes. I'll talk to those changes in this newsletter.

Happy ending to my paint mistake. Tina, a saver, has taken the 10 litres off my hands and I have some lovely jars of fruit preserves as an exchange. Tina's finishing tip is:

Form a weekly habit and try doing things differently to yield more results i.e. using term deposits then challenging yourself to do more with the additional income.

Recently I was talking with small groups of young adults. What really surprised me was the fact that only one of them used Afterpay. Some spoke about the impacts Afterpay debt had on family and friends. Afterpay started in NZ in 2017.

I must say it was refreshing to hear an awareness of how such debt can negatively impact future hopes and goals. Hopefully the tide is turning!



Lastly:

- Thank you for the prompt replies to my 6 month follow up questions. It's powerful to have that data.
- I love it when savers contact me to set up a time for their next session. If you think you're due (or overdue) for a catch up please get in touch.

Retirement Add on:

One tricky aspect of retirement is calculating how much of your savings i.e. Kiwisaver/investments (not superannuation) you can draw down annually in retirement. Some people want to drawdown more money at the start for adventures while they are fit and active, others want to leave an inheritance etc. Most of us just don't want our money to run out!



Guess what - Sorted have just put out a new tool **Retirement – Navigator** that helps work it out for you.

It is super easy to use <https://sorted.org.nz/tools/retirement-navigator/>

Newsletter Topic - Superannuation and Kiwisaver

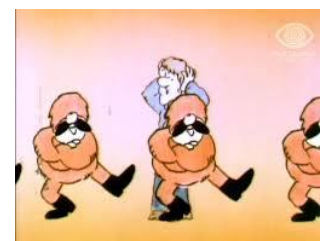
One issue any NZ government faces is the increasing cost of superannuation. For example, a couple in retirement for 25 years receives approx. \$1 million dollars in NZ superannuation. We all look forward to getting our pension at 65 but it's not cheap and it takes a fair hunk of the tax revenue that also has to cover education, health, roading, housing etc. In the year 2000 superannuation cost the government 5 billion dollars. In 2024 it cost 21 billion dollars.

A little history

In 1974 the Labour Govt passed the Superannuation Act. Each employee has their own account and it was a compulsory scheme. Employers put in 4% and employess put in 4%. Money could only be taken out if the person left NZ permanently. The governments aim was to have an investment fund that would pay for future superannuation cost.

Great idea however it only lasted 11 months.

Elections happened. Rob Muldoon and the National party campaigned that the Labour superannuation scheme was state socialism/communism (who remembers the famous Cossack



dancing ad?!). National won the election and set up its own super scheme – National Superannuation.

In 2001 NZ established the NZ SUPER FUND. The Government puts money into it and invests in NZ and internationally. This money will be used to help fund superannuation in the future.

How does Kiwisaver fit in?

The government recognised that people might want/need more than the superannuation in their retirement. To help people save **Kiwisaver** was introduced by the Labour government in 2007.

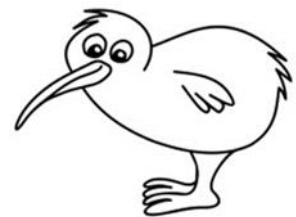


They wanted people to start saving for their own retirement – not just rely on the government superannuation. National agreed in principle to keep the **Kiwisaver scheme** when they were in power. The scheme now has over 3 million members. Both parties have kept Kiwisaver but there have been tweaks. National removed the \$1000 kick start, and halved the government contribution from \$1042 to \$521 and now to \$260. It has however just increased the employer/employee contributions rate.

Latest Kiwisaver Changes 2025

From 1 July 2025

- The Government contribution for eligible members will go down. So instead of the \$521 a year you'll now only get \$260.72 per year. To receive the full amount, you'll still need to contribute at least \$1,042 annually.
- If you earn more than \$180,000 a year, you'll no longer be eligible for the government contribution from 1 July 2025. (*I wish I was earning that - lol*)
- Younger savers - 16- and 17-year-olds who are contributing to KiwiSaver will be eligible for the government contribution. Note: 16 and 17-year-olds won't be automatically opted in to KiwiSaver like those 18 and over though. They need to sign up to KiwiSaver with a parent's permission.



From April 2026

- The default Kiwisaver contribution rate will start to increase from 3% (you can apply to IRD for an exemption) To 3.5%. It will increase again in April 2028 to 4%. This means employers will put more into your Kiwisaver account and so will you.
- Young savers will be eligible for the employer contribution.

Money Matters Talks (Arranged in conjunction with Shirley Community)

Topic: Employment, Training and Up-skilling

When: Thursday 17 July

Where: **Park Centre** The room behind the Shirley Community Café at 17 Acheson St Shirley.

Time: 10.00am

WISE UP

10 AM
Thursday 17 July
MacFarlane Park Centre

Employment, Training and Up-skilling

All Welcome!
Morning tea provided

with Work Brokers from the Public Employment Service

For more information, contact Teresa on 027 581 2555

shirley

Got Boarders? A Change is Happening

From 2 March next year, payments from all boarders will be included in income assessments to determine whether people qualify for accommodation supplements or temporary additional support, and to calculate how much income-related rent people pay in public housing.



MINISTRY OF SOCIAL DEVELOPMENT
TE MANATŪ WHAKAHIATO ORA

At the moment, board payments are only included in this calculation when people have three or more boarders, or when it is their main source of income.

Snippets

1. Thinking of Downsizing?

<https://dmnews.com/ain-8-housing-regrets-retirees-admit-after-downsizing-too-soon/>

2. Power

- Christchurch City Mission (CCM) **Energy Wellbeing Service** will come to an end on 30 June 2025. A new provider will be announced. Community Energy Action are still available for support.
- **Frank Energy** are closing. Existing customers will be moved to Genesis or a power retailer of their choice. Existing customers will no longer be able to remain with Frank Energy when they move house.

3. Bus fare increase from 7 July

- **Standard adult fare:** \$3.00 (previously \$2.00)
- **Child fare (5-18 years old):** \$1.50 (previously \$1.00)
- **Community Services Card Holder:** \$1.50 (previously \$1.00)
- **Total Mobility Card Holder:** \$2.00 (previously \$1.00)
- **Youth fare (19-24 years old):** \$2.50 (previously \$1.00)



Aratupu Preschool Money Chats – around 9am

Dates:

- No session in July (school holidays)
- Tuesday 5th August Investing for Beginners



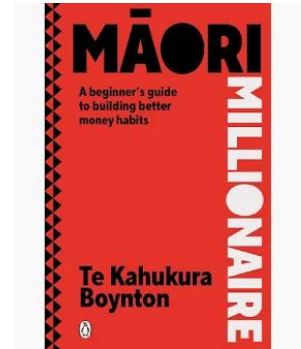
Resources

For those that follow Te Kahukura (known as the Maori Millionaire) she has just published a book.

Here's a link to a news article about her:

From high school dropout to Māori Millionaire

<https://share.google/Us2xyB9IFCO6fp7c6>



Happy Saving!

Thank you also to those of you who spread the word about Incentive Saver amongst family, friends and clients.

If you are interested to know more about the Incentive Saver scheme or want your name added to the newsletter list just send us an email

Linda Smith Financial Mentor 027 818 7116 lindas@mmsi.org.nz

Mike King Financial Mentor 027 2604403 mike.king@mmsi.org.nz

If you no longer wish to receive newsletters from me please reply with “unsubscribe” in the subject line.

NEWSLETTER LINK

There is now a link to all newsletters on CMM website <https://www.mmsi.org.nz/What-We-Do/Work-with-Adults-Parents-Whanau/>