

## Yovich & Co. KiwiSaver Update

This update aims to keep you informed about the latest developments, insights, and opportunities within your KiwiSaver scheme. In this edition, we highlight the importance of the upcoming KiwiSaver government contribution cut-off date, ensuring you maximize your benefits. As the deadline approaches, it's crucial to review your contributions and make any necessary adjustments to receive the full government entitlement. If you're unsure of your contribution made thus far or your eligibility to receive the Government contribution, please get in contact with your Financial Adviser.

### Government Contribution

For each dollar a member contributes, up to \$1,042.86, the government will contribute \$50c. This means the maximum Government contribution (Member tax credit) is \$521.43.

The cut-off date for this KiwiSaver financial years contribution is the 30th of June. For those that are voluntarily contributing, this is especially important to maximise the benefits. The Government contribution is available to those who are aged 18-64.

What is the Government Contribution Worth? If a KiwiSaver member, from age 18, contributes \$21 per week (\$1,043 per year) to a balanced fund (until age 65) and receives the Government Contribution of \$521 per year, it is estimated that their total KiwiSaver balance will be \$105,258 at age 65. Changing to an Aggressive fund will increase this amount by \$87,009 to \$192,267.

### KiwiSaver Market News

KiwiSaver total funds under management now sit at more than \$100 Billion, and almost 3 Million New Zealanders have KiwiSaver accounts as of 31<sup>st</sup> of March 2024. All multisector KiwiSaver funds produced positive returns over the March Quarter, with higher risk asset funds (such as the aggressive and growth fund) benefiting the most. The average multisector returns ranged from 2.0% (Conservative) to 8.8% (Growth). What is interesting is looking at the long-term performance of KiwiSaver multisector funds. Over a 10-year period, annualised returns have been as at 31<sup>st</sup> of May 2024.

- Aggressive - **9.1%**
- Growth - **8.4%**
- Balanced - **6.8%**
- Moderate - **4.8%**
- Conservative - **4.3%**



Source: Financial Services Council NZ Website – May 13 2024

## Withdrawals

KiwiSaver early withdrawal figures have slightly decreased from the all-time monthly high of \$173 million in March, with almost \$160 million withdrawn in April. Although withdrawals were down around \$13 million compared to March, financial hardship withdrawals increased by nearly \$1 million in the same period. Out of the 7,020 people who made early withdrawals, 3,700 did so due to financial hardship, totalling \$30.1 million. The remaining withdrawals were primarily for first home purchases. These first home buyers may be among the last to be eligible for the Kāinga Ora Grant, which has been discontinued as part of budget cuts aimed at saving approximately \$245 million over the next four years. A portion of these savings will fund the creation of 1,500 social houses. Those with existing approvals or pre-approvals can still access the grant for the next six months.

The Kainga Ora First Home Grant ended on May 22nd. This means you can no longer access up to \$5,000 for an existing property or up to \$10,000 for a new build (subject to specific eligibility criteria). However, you can still make a first home withdrawal from your KiwiSaver, excluding the initial \$1,000.

## KiwiSaver Performance

### OneAnswer KiwiSaver Scheme – Multi-Asset Class\*

Fund Name	Return		
	1 Year (%pa)	5 Years (%pa)	Since Launch (%pa)
Conservative Fund	5.07%	2.23%	4.53%
Conservative Balanced Fund	5.93%	3.35%	5.21%
Balanced Fund	6.82%	4.36%	5.83%
Balanced Growth Fund	7.90%	5.52%	6.40%
Growth fund	9.05%	6.64%	6.87%
High Growth Fund	N/A	N/A	5.93%

Sourced from <https://www.anz.co.nz/comms/investments/oa-kiwisaver/performance-fees/> UPDATED AS AT 31 May 2024 **PERFORMANCE IS AFTER DEDUCTIONS FOR FEES BUT BEFORE TAX AND MEMBERSHIP FEES.**

### Superlife KiwiSaver Scheme – Multi-Asset Class\*

Fund Name	Return		
	1 Year (%pa)	3 Years (%pa)	5 Years (%pa)
SuperLife Conservative	5.36%	0.63%	2.32%
SuperLife Balanced	7.89%	1.85%	4.34%
SuperLife Growth	9.90%	2.81%	5.48%
SuperLife High Growth	11.75%	3.73%	6.69%
SuperLife Ethica Fund	9.12%	1.73%	5.66%

Sourced from <https://www.superlife.co.nz/investment/all-funds-and-fees/#funds-annual-kiwisaver-annual> UPDATED AS AT 31 May 2024 **PERFORMANCE IS AFTER DEDUCTIONS FOR FEES AND TAX AT 28%.**

When assessing the performance of different funds, it's important to consider varying methodologies. For example, ANZ reports return pre-tax, while SuperLife reports them post-tax, which can lead to understated gross performance in SuperLife's returns.

## How we can help

At Yovich & Co, we are committed to supporting all your KiwiSaver needs. Whether you are saving for a first home, planning for retirement, or approaching retirement and need comprehensive planning, our team is here to assist you. If you are considering a first home withdrawal, we can connect you with an expert. Additionally, our Financial Advisers are available to speak at your workplace about the benefits of KiwiSaver and how we can help you achieve your financial goals.