

# Government contributions

Information Sheet  
July 2020

## FAQs – KiwiSaver Government contributions

### 1. What are Government contributions?

To help you save, the Government will make an annual contribution towards your KiwiSaver account as long as you are a contributing member aged 18 or over.

The maximum annual Government contribution (formerly known as a Member Tax Credit or MTC) you are entitled to is \$521.43.

To get the full Government contribution automatically, you have to contribute at least \$1,042.86 a year (from 1 July to 30 June). Employer contributions and government contributions do not count towards eligibility for this credit.

The Government pays 50 cents for every dollar of member contributions annually up to a maximum payment of \$521.43. This means that you must contribute \$1,042.86 annually to qualify for the maximum payment of \$521.43.

If you contribute less than \$1,042.86 from your pay, you can make voluntary contributions to ensure you receive the full Government contribution payment from the Government.

If you contribute less than the full amount, you will receive a Government contribution that is proportionate to your contribution.

### 2. Who is eligible for Government contributions?

The Government contribution will be paid each year (around July/August) to members of a KiwiSaver Scheme until you are eligible to make a retirement withdrawal, provided:

- you are 18 or over, and
- live (or normally live) in New Zealand (subject to some exceptions).

### 3. Joining KiwiSaver or turning 18 part-way through a year

If you join KiwiSaver part-way through a year (1 July to 30 June), you'll receive a Government contribution based on the number of days in the year you've been a member.

Similarly, if you turn 18 during the year (1 July to 30 June), you'll receive a Government contribution based on the number of days in the year that you are 18.

### 4. What happens to Government contributions when I turn 65?

Once you turn 65, if you have been in KiwiSaver for more than five years your entitlement to Government contributions ceases. If you have not been in KiwiSaver for five years by the time you turn 65, then your entitlement to Government contributions will continue until you have been in for five years. In order to receive these Government contributions in this case, you will need to contribute the required minimum of \$1,042 into your KiwiSaver account.

### 5. What happens to Government contributions when I make a withdrawal on the grounds of a life-shortening congenital condition?

Once you make a first retirement withdrawal on these grounds, your entitlement to Government contributions ceases, even if you are in paid employment and continue your contributions.

### 6. When are Government contributions paid?

We will claim the Government contribution on your behalf after 1 July each year. You do not have to do anything. Your Government contribution will appear in your KiwiSaver account within a month of us having made the claim.