

NEW ZEALAND - AN OVERVIEW OF EMPLOYEE BENEFITS

State and Mandatory Benefits	There is no mandatory retirement age. The state pension is a flat-rate amount paid from age 65 to all residents who have lived in New Zealand for at least 10 years and at least 6 years after age 50. There are proposals to increase the state pension age to 67 by 2033. The gross pension from 1 April 2011 is NZD 389.14 a week for a single person and NZD 588.16 a week for a married couple. The state also provides benefits for accident-related injuries, but not for medical disability. Medical care is provided for residents, although patients are required to meet part of the cost.
Typical New Pension Plan	The government introduced a voluntary workplace savings scheme (the KiwiSaver) in 2007. New employees participate in the scheme automatically unless they opt out. Employers can offer their own plan or employees can select a plan to manage their savings. If they do not make a choice, they are enrolled in one of the default providers chosen by the government. The plans provide defined contribution benefits at age 65. Contributions are paid to the Inland Revenue which passes them on to the investment managers. Benefits are taken as a cash lump sum, with a one-off withdrawal allowed as a deposit for a first home. In addition, employers typically provide lump sum death and disablement benefits. Survivors' and medical benefits may also be provided.
Typical Costs	State pensions and medical care are financed from general taxation. Employers and employees must contribute at least 2% of earnings into KiwiSaver plans. The government pays an initial contribution of NZD 1,000 to each account. Employers and employees can make additional contributions at any time.
Tax Implications	Employer contributions to superannuation schemes are taxable to employees. Employee contributions are not tax deductible. Investment income is taxable to the employee. Benefits from private plans are tax free. State pensions are taxed as income.
Labour Law Issues	Employer contributions to KiwiSaver plans and employer contributions made by salary sacrifice vest immediately.
Pooling Potential	Insured benefits can be included in multinational pooling arrangements.
International Financial Reporting	New Zealand has adopted financial reporting standards that are equivalent to International Financial Reporting Standards. New Zealand FRSs are required for all listed companies and larger unlisted companies.
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