



KiwiSaver Update

The Government has made KiwiSaver so attractive it is now a “no brainer” for most people

The good news

On May 17 the Government announced a massive package of incentives and changes to KiwiSaver. Dr Cullen is using approx \$1.5 billion of the Government's surplus to encourage and reward Kiwis who save for their retirement.

You should be joining KiwiSaver if you are:

- employed and can afford to save up to 4% of your salary
- not employed
- a child
- self employed

Everyone* who opens a KiwiSaver account will receive:

- a \$1,000 kickstart from the Government
- an annual \$40 fee subsidy from the Government
- up to \$20 a week from the Government - matching your contribution (if they are over 18)

and if you are employed;-

- your employer must start contributing 1% to your KiwiSaver account from 01 April 2008, increasing to 2% in 2009, 3% in 2010 and 4% in 2011, but only if you join KiwiSaver:
- your employer's contribution is tax free – yes really!!

*Anyone under 65 can open a KiwiSaver account.

The only reasons we can see for people not joining KiwiSaver is if they have high interest debt they need to pay off first or they simply can't afford it. You can join at any time and then if your circumstances change and you want to stop contributing – you can – as long as you have been a KiwiSaver member for 12 months. So it does not have to be an ongoing commitment if things do get tough for you.

There are other significant benefits for people who have not yet purchased their first homes - including a Government grant of up to \$5,000.

It will be easy to sign up. There will be an Investment Statement and application form, just like our funds.

The bad news

There really isn't much. It is now rather complicated – particularly for employers. The Government's advertising program which started at the end of May doesn't shed much light on KiwiSaver and the IRD Employee Packs are just being posted now.



www.fisherfunds.co.nz/kiwisaver
0800 335 494

Fisher Funds' View

For the overwhelming majority of Fisher Funds investors – KiwiSaver is an absolute “no-brainer”. You, your children and grandchildren should join KiwiSaver. Equally we believe that a growth KiwiSaver scheme is most appropriate for the vast majority of our investors.

A big question for many investors who have regular monthly direct debits in our New Zealand Growth Fund and Australian Growth Fund will be:-

Should I consider switching part or all of my direct debits from the funds to KiwiSaver - and take advantage of all the tax benefits and grants?

Yes - if you can't afford to join KiwiSaver as well as continue your direct debits to our funds, we strongly suggest you save through KiwiSaver first. If you have money left over, continue your direct debits. This may sound strange - but with the “kickstart”, the fee subsidy, up to \$20 a week from the Government - matching your contribution, and no tax on the employer's contribution - KiwiSaver has benefits that traditional investment schemes just can't match. But remember KiwiSaver does lock your money away until you are 65.

If you have questions on how you can best take advantage of KiwiSaver we have a team ready to help - Jane, Alicia, Victoria, Laura, Gill, Michael and Terry. Call on our special KiwiSaver number 0800 FFKIWI (0800 335 494).

When will the Fisher Funds Growth KiwiSaver Scheme be ready?

We expect to have completed the KiwiSaver registration process by June 22nd. In the meantime you may want to check our KiwiSaver website www.fisherfunds.co.nz/kiwisaver - where we explain the key aspects of KiwiSaver. We have included three short video clips, a KiwiSaver calculator and key facts and figures to demystify KiwiSaver.

If you would like to receive details of our scheme when it is available either go to the website and register or email your details to kiwisaver@fisherfunds.co.nz and we will email an Investment Statement as soon as the scheme is registered.

The Fisher Fund NZ Growth Fund has been the best performing fund of the 404 managed funds measured by FundSource in NZ over the past 5 years with a compound return of 20.01% per annum*

*As measured by FundSource. Based on investments made on 01 June 2002 as at 31 May 2007. Returns are net of tax and fees.

Will anyone be able to join the Fisher Funds Growth KiwiSaver Scheme?

Yes - if you are a New Zealand resident and under 65. If you have friends, work colleagues or family who are interested we would be happy to help them to decide on their choice of KiwiSaver provider. We really appreciate the referrals and recommendations given by our investors and will do our best to take special care of anyone you refer or recommend.

	\$1,000 kickstart & annual \$40 fee subsidy	Annual tax credit up to \$1,042.86	Compulsory Employer Contributions
Employees (Pay PAYE on earnings)			
under 18 years	✓	✗	✗
18 years – 64 years	✓	✓	✓
Self-employed			
under 18 years	✓	✗	✗
18 years – 64 years	✓	✓	✗
All other (includes beneficiaries, those not working, children)			
under 18 years	✓	✗	✗
18 years – 64 years	✓	✓	✗
If your principal residence is overseas	✗	✗	✗

Please note: Current age of eligibility for New Zealand Superannuation is 65.

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Fisher Funds is considering and proposing offering the Fisher Funds Growth KiwiSaver Scheme to the public in New Zealand. No money is currently being sought and no applications for memberships will be accepted or money received unless a person has received an investment statement for the Scheme.

19 June 07