

No tax on KiwiSaver earnings

ACT will give New Zealanders a better deal for retirement by removing the tax on KiwiSaver earnings.

Other parties at this election want to make New Zealanders put more money into their KiwiSaver, leaving less in their back pocket to fund today's cost of living. ACT is the only party proposing to stop taking money out of their KiwiSaver through taxes. People should be encouraged to build savings of their own so they can live a comfortable life in retirement. But the tax system currently works against them.

The Government taxes your KiwiSaver investment earnings year after year, for as long as you save. The result is less money reaching people's accounts, less money compounding over a working life, and smaller retirement savings than New Zealanders would otherwise have. ACT will remove the tax on New Zealanders' KiwiSaver earnings.

We will give New Zealanders a better deal for retirement that rewards saving and leaves more of their own money invested for the future.

01 Stop taxing your KiwiSaver earnings

The biggest advantage of saving for retirement is time. Money invested early can earn a return, those returns can earn further returns, and over decades compounding can turn relatively modest contributions into a substantial nest egg.

But KiwiSaver investment earnings are taxed every year. That does not just remove the tax paid today. It also removes every future return that money could have earned.

ACT will remove tax on qualifying investment earnings inside KiwiSaver funds, allowing returns to remain invested and compounding tax-free.¹

Sensible rules will be put in place to protect the integrity of the tax system and ensure that KiwiSaver remains a genuine retirement savings vehicle and not a way to shelter large existing investment portfolios from tax.

02 End the money-go-round

The Government currently taxes money growing inside KiwiSaver, then gives some savers a small annual Government Contribution back.

The only real winner from this money-go-round is the bureaucracy that clips the ticket along the way. ACT would rather stop taking the money in the first place.

ACT will end the KiwiSaver Government Contribution for members receiving employer contributions and replace it with substantially greater tax relief inside their KiwiSaver accounts.

¹ This tax relief would also apply non-KiwiSaver superannuation schemes.

03 Case studies

The examples below provide an indication of the impact on different Kiwis' KiwiSaver balances, and highlight the significant impact of investing long-term.²

- A 20-year-old builder earning \$60,000 would see an additional \$209,486 in their KiwiSaver by the time they reach age 65.
- A 25-year-old graduate earning \$80,000 would see an additional \$173,522 in their KiwiSaver by the time they reach age 65.
- A 25-year-old nurse earning \$100,000 would see an additional \$217,366 in their KiwiSaver by the time they reach age 65.
- A 35-year-old supermarket worker earning \$60,000 would see an additional \$64,182 in their KiwiSaver by the time they reach age 65.
- A 40-year-old small business owner earning \$120,000 would see an additional \$69,100 in their KiwiSaver by the time they reach age 65.
- A 50-year-old office manager earning \$80,000 would see an additional \$20,878 in their KiwiSaver by the time they reach age 65.

More for retirement without less for today

The Government should not be taxing people for doing the right thing.

New Zealand should be a country where people are encouraged to work, save, invest and build assets of their own. ACT's changes mean more of your investment returns stay invested, and more of your money is left to compound over your working life.

That means a bigger retirement nest egg without forcing New Zealanders to give up more of their pay today.

ACT will stop taxing the investment earnings inside KiwiSaver, and end the bureaucratic money-go-round of taxing savings only to hand a small portion back.

Costing

Policy (\$b)	2027/28	2028/29	2029/30	2030/31	Total
Remove tax on KiwiSaver investment earnings	0.873	0.965	1.067	1.177	4.082
Remove tax on non-KiwiSaver superannuation account earnings	0.193	0.214	0.236	0.261	0.904
Remove KiwiSaver Subsidies	-0.608	-0.639	-0.659	-0.684	-2.59
Total	0.458	0.54	0.644	0.754	2.396

ACT's fully-costed fiscal plan will be released later in the election campaign and will set out how all of our policies are funded.

² All case studies assume the individual currently has the average KiwiSaver balance for their age.