

# Building the Future: Enhancing KiwiSaver for Everyone

Strengthening New Zealanders' financial security is central to National's plan to fix the basics and build the future. At the heart of that plan are hardworking New Zealanders and their families, who deserve to get ahead when they work hard and make responsible choices for their future.

That's why in November last year, National promised to continue lifting default KiwiSaver contributions to a combined 12%, matching Australia by 2032.

Default contributions are already rising, increasing to 3.5% on 1 April 2026. Under National's plan they would continue to rise by 0.5% in 2028, and then each year thereafter, until 1 April 2032, when employee and employer contribution rates reach 6%.

Kiwis can expect those changes to mean a significant uplift in their future savings, giving them greater financial security in retirement.

Now National is announcing further changes to support New Zealanders with their financial security when they need it most, whether that's raising a family or approaching retirement, and to strengthen the KiwiSaver system so that more Kiwis are saving for their future.

These include:

- Making contributions to KiwiSaver (or an equivalent scheme) compulsory for all workers – from 1 July 2028.
- A \$1500 Baby Boost payment for every child born in New Zealand, with automatic KiwiSaver enrolment at birth – from 1 July 2027.
- A parental leave top-up with the Government making an employer contribution during parental leave for everyone – from 1 July 2027.
- Extending compulsory employer KiwiSaver contributions to employees aged over 65 – from 1 July 2027.

The fiscal impact of this package over the forecast period is set out below. The cost of this policy will be met from future Budget operating allowances.

	FY 2027/28	FY 2028/29	FY 2029/30	FY 2030/31
Baby Boost Payment	\$90.0m	\$90.0m	\$90.0m	\$90.0m
Parental leave top-up	\$20.1m	\$24.6m	\$29.6m	\$35.0m
Government contribution cost	-	\$124.5m	\$128.4m	\$132.3m
Crown as employer	-	\$84.3m	\$94.2m	\$104.3m
<b>Total fiscal impact</b>	<b>\$110.1m</b>	<b>\$323.4m</b>	<b>\$342.2m</b>	<b>\$361.6m</b>

## Compulsory savings: Making every New Zealander a KiwiSaver

For the vast majority of Kiwis in work, KiwiSaver is working. According to Retirement Commission research from 2024, 90% of eligible, paid employees are contributing to their KiwiSaver. However, rates of contribution are lower among low-income, part-time, and self-employed workers.

Ensuring every New Zealander is financially prepared for retirement is a top priority. Since National released its last KiwiSaver policy in November, we have received feedback that Kiwis believe New Zealand is best served by shifting KiwiSaver to a compulsory savings model, where everyone is

guaranteed to be more financially prepared for retirement, whether they work part-time, are self-employed, or just need a nudge to save a little more today in preparation for tomorrow.

That's why, if re-elected, National will make contributions to KiwiSaver (or an equivalent scheme) compulsory for all workers from 1 July 2028. Contributions will be made at the prevailing default rate as part of the agreed glidepath, lifting combined default contributions to 12% by 2032, matching Australia.

The following exceptions will apply to this policy:

- Employees already saving through another defined contribution superannuation scheme managed through their employer will be excluded.
- Individuals receiving paid parental leave for the period they are out of work will also be excluded, recognising that the Government would now automatically meet the employer contribution for parental leave recipients, irrespective of whether they are contributing.
- Individuals who wish to suspend their contributions would be required to meet the hardship test, currently applied for individuals who wish to make an early withdrawal from their KiwiSaver.
- Self-employed individuals would only be required to contribute the equivalent of the employee contribution. This means someone who is self-employed from 1 July 2028 will be required to contribute 4% of their income to their KiwiSaver (not the combined rate of 8%).

## **Fiscal impact**

### *Government contribution*

By requiring more individuals to contribute to their KiwiSaver, there is a direct fiscal impact to the Crown with a higher number of individuals becoming eligible for the annual Government contribution, worth \$260.72.

According to the Retirement Commission, those contributing to KiwiSaver represent 80% of people in paid employment. The forecast cost of additional contributions reflect eligibility for the government contribution and conservatively assume new contributors receive the same average government contribution as current contributors.

### *Cost to the Crown as an Employer*

As an employer in its own right, compulsion will present an additional modest fiscal impact for the Crown, as higher employee contributions are matched by additional employer contributions.

In Budget 2026, when default contributions rose from 3% to 3.5%, these costs were largely managed within agency baselines, with funding only made available for the Ministry of Education to meet the cost of higher KiwiSaver contributions for the education workforce.

### *Additional ESCT*

In Budget 2025, Treasury and Inland Revenue estimated that the increase in default KiwiSaver contributions would net the Crown average additional net revenue of \$163 million per annum.

We expect these changes to similarly generate some additional revenue for the Crown, although this revenue is highly sensitive to assumptions on the income profile of those not currently contributing to KiwiSaver. To present the most conservative estimate on the net cost of this policy, we have opted not to offset the fiscal impact by any additional revenue from higher employer superannuation contribution tax.

## \$1500 Baby Boost Payment and Automatic Enrolment at Birth

At the heart of National is a belief in New Zealand as a property-owning democracy, where every Kiwi has a real stake in the future of our economy. Making that a practical, financial reality for every child growing up in New Zealand today should be a priority.

That's why if re-elected National, enrolment in KiwiSaver at birth will be automatic, and matched with a \$1,500 Baby Boost payment to kickstart their retirement savings, which will benefit from decades of compounding returns.

### Example

A \$1,500 investment at birth, growing at a long-run average return of approximately 7% per annum, will be worth around \$5,000 by age 18, even if there were no further contributions made in that time.

### Fiscal impact

The cost is calculated on the basis of approximately 60,000 births per annum in New Zealand. At \$1500 per newborn, the cost is approximately \$90 million per annum. Last year there were 57,700 live births in New Zealand.

	FY 2027/28	FY 2028/29	FY 2029/30	FY 2030/31
Births (annual)	60,000	60,000	60,000	60,000
Payment per child	\$1,500	\$1,500	\$1,500	\$1,500
<b>Total cost</b>	<b>\$90.0m</b>	<b>\$90.0m</b>	<b>\$90.0m</b>	<b>(\$90.0m)</b>

## Paid Parental Leave Top-Up

Right now, the Government matches any KiwiSaver contributions made by someone on paid parental leave, as if they were receiving an employer contribution on their weekly parental leave payments.

In reality, this comes at a time of financial pressure for many families as they adjust to life on a single income and more expenses, so many parents choose not to contribute while on paid parental leave.

In the year to June 2025, when this policy took effect, only around 1 in 5 of those eligible continued to contribute to their KiwiSaver while on paid leave with their new baby, meaning 4 in 5 missed out on the matching contribution.

National believes strong families are the cornerstone of a more prosperous society, and that starts with supporting every family to save for their future and build their own financial security.

Under National's policy, from 1 July 2027, the Government will provide a KiwiSaver contribution to people on paid parental leave even if the person is not contributing themselves. This contribution will be made at the default rate applied against the amount of paid parental leave a person is receiving.

### Example

Jess is 30 when she has her first baby in 2028 and 33 when she has her second in 2031. She receives a maximum paid parental leave entitlement for 26 weeks after the birth of each baby.

During her first stint on paid parental leave, Jess will receive an additional \$625 in her KiwiSaver. During her second stint, she will receive an additional \$952 in her KiwiSaver.

Assuming an annual average return of 7%, when Jess turns 65, these contributions are worth an additional \$15,000 in her KiwiSaver.

### **Fiscal impact**

The cost of this policy is modelled as the cost of applying the full employer contribution on paid parental leave payments, less ESCT, and the cost of the current policy to match contributions (\$3.8 million in 2024/25).

	<b>FY 2027/28</b>	<b>FY 2028/29</b>	<b>FY 2029/30</b>	<b>FY 2030/31</b>
PPL KiwiSaver contribution	\$20.1m	\$24.6m	\$29.6m	\$35.0m

## **Employer Contributions for Workers Over 65**

Employers are not currently required to make compulsory KiwiSaver contributions for employees aged 65 and over. While some employers continue contributing voluntarily, many do not, meaning older workers can face an effective pay cut simply for reaching 65.

This rule is increasingly out of step with how New Zealanders work. Around 1 in 4 New Zealanders aged over 65 remain in paid work, among the highest rates of older-worker participation in the OECD, and many continue saving for their retirement.

If re-elected, National will require employers to pay the compulsory employer contribution for contributing KiwiSaver members aged over 65, on the same basis as for all other employees, from 1 July 2027.

This directly implements a recommendation of the Retirement Commissioner, who called for employer contributions to be required for those over 65 in the Commission's 2024 review of KiwiSaver settings.

### **Example**

Jeff, aged 65, is earning \$70,000 per year in 2027. He chooses to work three more years and retires at age 68. With his employer now obliged to make a contribution to his KiwiSaver, Jeff now retires with an additional \$6300 in 2030.

### **Fiscal impact**

Any fiscal impact is limited to the Crown's own employees aged over 65 and is expected to be modest and met within agency baselines.