

KIWISAVER REPORT

2014 FOR THE YEAR
ENDED 30 JUNE



Financial Markets Authority
www.fma.govt.nz

AUCKLAND OFFICE | Level 5, Ernst & Young Building | 2 Takutai Square, Britomart | PO Box 106 672 | Auckland 1143
PHONE: +64 9 300 0400 | FAX: +64 9 300 0499

WELLINGTON OFFICE | Level 2 | 1 Grey Street | PO Box 1179 | Wellington 6140
PHONE: +64 4 472 9830 | FAX: +64 4 472 8076

September 2014

ISSN 2324-5522 (Print)
ISSN 2324-5530 (Online)

Presented to the House of Representatives pursuant to Section 194 of the KiwiSaver Act 2006


Contents

INTRODUCTION	4
GENERAL OVERVIEW	6
KiwiSaver is a priority focus for FMA	6
Statistical highlights	6
LEGISLATIVE CHANGE	8
KiwiSaver (Periodic Disclosure) Regulations 2013	8
KEY ACTIVITIES OF THE FMA DURING THE REPORTING PERIOD	10
Oversight of the Disclosure Regulations	10
Advice on transfers between KiwiSaver schemes	10
Transfers of overseas superannuation savings to KiwiSaver	11
Changes to KiwiSaver schemes	11
Communication and guidance notes	11
ONGOING ACTIVITIES	12
Monitoring Default Schemes	12
Exempt Employer and Complying Superannuation Fund status	12
Working with Inland Revenue	12
THE CHANGING REGULATORY LANDSCAPE	14
Transitioning to the new FMC regime	14
STATISTICS	16
Statistical commentary	16
APPENDICES	21

Introduction

The Financial Markets Authority's (*FMA*) principal objective is to promote and facilitate the development of fair, efficient and transparent financial markets. Our mandate is to strengthen public confidence in New Zealand financial markets, promote innovation and grow New Zealand's capital base. Our approach is to work with financial markets participants in an open and educative way, to achieve compliance and raise standards of good conduct, ethics and integrity.

The FMA is one of several government agencies with a role in regulating the KiwiSaver sector. We are primarily responsible for the administration, compliance monitoring and enforcement of the KiwiSaver Act 2006 (*the Act*). KiwiSaver trustees, as the frontline supervisors, also have responsibility for supervising the management and administration of non-restricted schemes.



The FMA also has a critical role in enabling eligible schemes to be registered. Prior to registration we carry out reviews of all eligible schemes to ensure that the trust deed complies with the requirements of the legislation, that matters covered under the Act are adequately disclosed, and that fees are not *unreasonable*.

This KiwiSaver Report 2014 has been prepared in accordance with section

194 of the Act. It details the principal matters transacted under the Act during the period 1 July 2013 to 30 June 2014 (*the Reporting Period*), and contains the seventh annual summary of the statistical returns required to be lodged by KiwiSaver schemes under section 125 of the Act, as at 31 March 2014.

Italicised and abbreviated terms used in this report are defined in the glossary in Appendix 12.

General overview

KIWISAVER IS A PRIORITY FOCUS FOR FMA

For many New Zealanders, KiwiSaver will be their first investment, and may represent a large part of their retirement savings and ultimate financial security. KiwiSaver is a key component of New Zealand's financial system and the economy more broadly and is therefore a priority focus for the FMA.

Participants involved in KiwiSaver management, distribution and oversight must meet regulatory standards and act with customers' best interests in mind. Effective regulation of this sector is an important element of achieving the FMA's overarching objective of promoting confidence in New Zealand's financial markets.

Our activities relating to KiwiSaver during the Reporting Period have focused on:

- overseeing the introduction of the KiwiSaver (Periodic Disclosure) Regulations 2013 (*the Disclosure Regulations*)
- registering new, winding up existing, and overseeing the merger of, KiwiSaver schemes
- monitoring the Default KiwiSaver Schemes
- providing guidance to the KiwiSaver industry.

We also note that licensed KiwiSaver trustees play an important role as the frontline supervisors of non-restricted KiwiSaver schemes. The FMA's monitoring of the performance of trustees in their supervisory functions supports our oversight of the KiwiSaver sector.

STATISTICAL HIGHLIGHTS

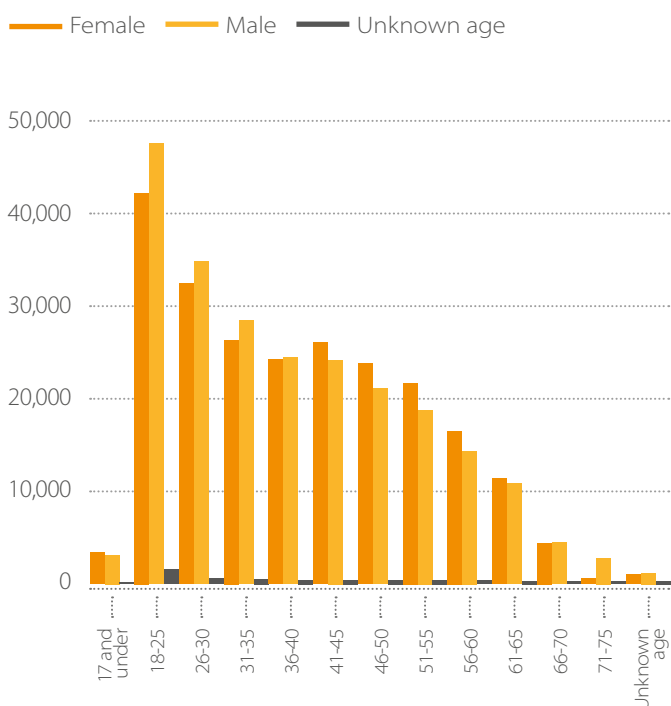
As at 31 March 2014:

- over 2.29 million members were enrolled in KiwiSaver schemes, an increase of 9.6 percent from 31 March 2013
- total assets invested in KiwiSaver exceeded \$21.4 billion, an increase of \$4.84 billion from 31 March 2013
- there were 45 registered KiwiSaver schemes, of which two were in the final stages of winding up
- Default Schemes had 20 percent of the total KiwiSaver membership and 17 percent of the total assets invested.

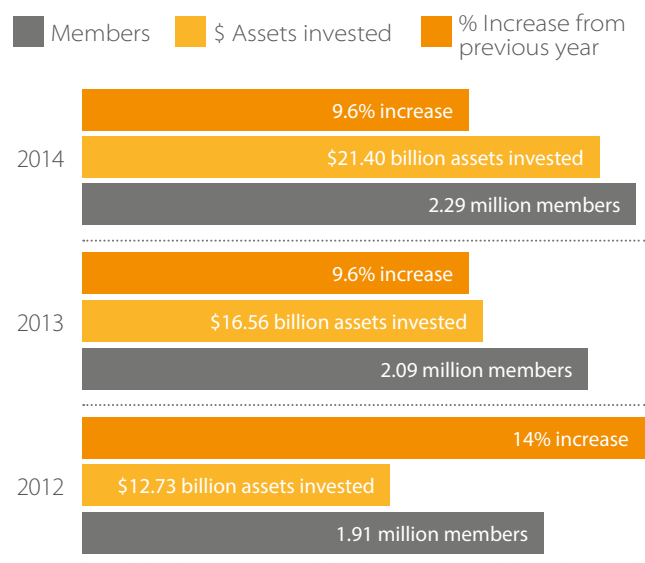
For the year ended 31 March 2014:

- minimum required contributions from members totalled over \$1,978 million, an increase of 34.8 percent from the previous year
- 28,026 members aged 65 or over withdrew \$374 million in funds from KiwiSaver.

DEFAULT MEMBERS AGE AND GENDER PROFILE

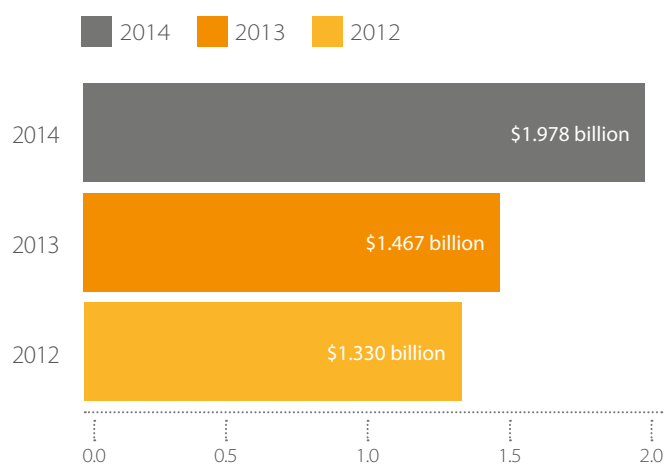


NUMBER OF MEMBERS ENROLLED IN KIWISAVER SCHEMES

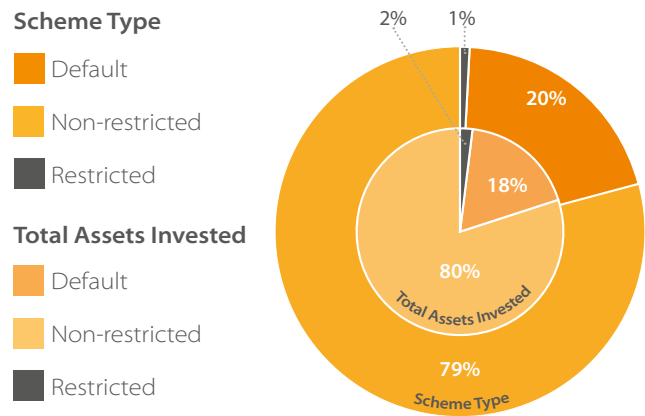


Over 2.29 million members were enrolled in KiwiSaver schemes in 2014, an increase of 9.6% from March 2013

MEMBER CONTRIBUTIONS



MEMBERSHIP BY SCHEME TYPE AND TOTAL ASSETS INVESTED – 2014



Legislative change

KIWISAVER (PERIODIC DISCLOSURE) REGULATIONS 2013

The Disclosure Regulations came into force on 1 July 2013, and require all non-restricted (retail) KiwiSaver schemes to produce Quarterly Disclosure Statements and an Annual Disclosure Statement (collectively referred to as *Disclosure Statements* in this report) for each KiwiSaver fund (as defined in the Disclosure Regulations) within a non-restricted KiwiSaver scheme. Restricted KiwiSaver schemes are exempt from the Disclosure Regulations.

The purpose of the Disclosure Regulations is to:

- improve the visibility and transparency of information about KiwiSaver schemes
- assist the public to more readily and easily compare KiwiSaver schemes.

The overarching objective is to raise the level of public awareness and understanding of the KiwiSaver schemes on offer, so the public can make an informed choice between the different schemes.



Promoting fair, efficient and transparent financial markets.

Key activities of the FMA during the Reporting Period

OVERSIGHT OF THE DISCLOSURE REGULATIONS

The FMA monitors compliance with the Disclosure Regulations on a risk basis, in line with its overall risk-based monitoring framework. This means that the FMA focuses compliance and supervision on areas identified as posing a higher risk to investors, firms, and the overall market.

Following the introduction of the Disclosure Regulations, the first Quarterly Disclosure Statements were published by scheme managers on 21 October 2013 as required. The FMA produced a guide to the system and process for submitting disclosures electronically, to help managers of non-restricted KiwiSaver schemes prepare and file their disclosure statements, and there was satisfactory compliance with the Disclosure Regulations from the outset.

Disclosure Regulations are designed to facilitate access to information and promote transparency and comparability of KiwiSaver schemes. Disclosure Statements are therefore required to be prepared in a simple, standardised format, which ensures consistent and comparable information about KiwiSaver funds is publicly available on a regular basis. Disclosure Statements must be made publicly available on the KiwiSaver scheme manager's website, with a hyperlink to an electronic Comma Separated Values (CSV) data file, and must also be submitted to the FMA.

The FMA entered into an agreement with the Commission for Financial Literacy and Retirement Income (CFLRI) to provide CFLRI with the data contained in Disclosure Statements, to be used for the 'KiwiSaver Fund finder' tool on the website www.sorted.org.nz. This tool enables investors to quickly and easily compare KiwiSaver schemes by fees, returns and services provided. The CSV data files are also available on the FMA website.

In the coming year the FMA intends to review a sample of KiwiSaver managers' Quarterly Disclosure Statements, to determine whether or not there is consistent interpretation of the Disclosure Regulations between managers, and therefore if the information being provided to investors is reliable and comparable.

ADVICE ON TRANSFERS BETWEEN KIWISAVER SCHEMES

During the Reporting Period, the FMA published advice on its website regarding the acceptable process that KiwiSaver scheme providers should follow when a person transfers between KiwiSaver schemes¹.

This can be done without having to physically sign an application form to join the new scheme. The contract between the prospective member and the new scheme can be made electronically by meeting the requirements for a valid contract and those applicable to electronic contracts. This does not relieve managers of their requirements to comply with obligations under the Anti-Money Laundering and Countering Financing of Terrorism Act 2009.

The FMA remains concerned that KiwiSaver members do not have access to appropriate financial advice when considering transferring between KiwiSaver schemes or switching funds. This was identified as an issue in our Sales and Distribution of KiwiSaver guidance note issued in October 2012. The FMA is addressing this issue through our monitoring of Authorised Financial Advisers and Qualifying Financial Entities. Both the 'AFA Monitoring Report' and the 'QFE Monitoring Report' can be found on our website www.fma.govt.nz.

¹ Available at www.fma.govt.nz/compliance/kiwisaver/your-on-going-obligations/

TRANSFERS OF OVERSEAS SUPERANNUATION SAVINGS TO KIWISAVER

New Zealand residents can now transfer their Australian superannuation savings to an approved scheme here in New Zealand – in this case a KiwiSaver scheme. KiwiSaver members who permanently move to Australia can also transfer their KiwiSaver savings to an Australian complying superannuation scheme.

During the Reporting Period, the FMA published advice on its website to help guide New Zealanders who are considering transferring overseas superannuation savings to KiwiSaver, in particular from Australia. Central to this advice is the FMA's view that people thinking about transferring their overseas superannuation savings should seek independent financial advice before deciding to transfer.

CHANGES TO KIWISAVER SCHEMES

One new scheme, the Amanah KiwiSaver scheme, was registered during the Reporting Period. The total number of registered schemes at 30 June 2014 was 43, compared to 45 the previous year.

The FMA oversaw the merger of two KiwiSaver schemes during the Reporting Period. Fisher Funds completed the acquisition of Tower Investments from Tower Limited to create the Fisher Funds Two Scheme, and ANZ merged the National Bank KiwiSaver Scheme into the ANZ KiwiSaver Scheme.

Two KiwiSaver schemes, the Brook Professional KiwiSaver Scheme and the Law Retirement KiwiSaver Scheme, are currently in the process of winding up.

COMMUNICATION AND GUIDANCE NOTES

The FMA actively engages and communicates with the KiwiSaver sector to address problems as they arise, and we may publish guidance to the market on a particular matter if we consider it is required. It is our policy to publicly consult on guidance prior to issuing it.

In 2013, the FMA undertook a thematic review of KiwiSaver investment risk that focused on whether, and how, trustees were supervising KiwiSaver scheme managers' implementation of their investment strategies. Details of this review were contained in the FMA KiwiSaver Report for the year ended 30 June 2013².

Based on our findings from this review, the FMA issued a guidance note to trustees in March 2014 titled 'Monitoring Investment Risk in KiwiSaver Schemes'. This guidance is available on our website at www.fma.govt.nz.

² Available at www.fma.govt.nz/news/reports-and-papers/kiwisaver-report-for-the-year-ended-30-june-2013/

Ongoing activities

MONITORING DEFAULT SCHEMES

The FMA has continued to manage the Default Monitoring Panel which supervises the Default KiwiSaver Schemes. During the Report Period we approved the transfer of members from the AXA KiwiSaver scheme to the AMP Default KiwiSaver scheme.

In March 2014 the selection of nine KiwiSaver default providers was announced, for a seven year term starting 1 July 2014. AMP, ANZ, ASB, BNZ, Grosvenor, Kiwibank, Mercer, Fisher Funds and Westpac were appointed.

The selections followed a Request for Proposal process that began in 2013. The tenders were assessed by an independent panel according to a range of criteria including the provider's organisational and investment capabilities and fee levels.

EXEMPT EMPLOYER AND COMPLYING SUPERANNUATION FUND STATUS

When a company has Exempt Employer status, new employees of that company are not subject to the automatic enrolment rules prescribed in the Act.

A Complying Superannuation Fund (CSF) is a registered superannuation scheme with a section whose rules effectively mirror the rules for KiwiSaver schemes as specified in the Income Tax Act 2007.

The FMA monitors and updates the Exempt Employer and CSF registers as an employer's or company's status expires. These registers are held on our website.

As at 30 June 2014, 302 private sector employers held exempt employer status, compared to 317 at 30 June 2013, and there were 26 schemes which held CSF status, compared to 27 at 30 June 2013.

WORKING WITH INLAND REVENUE

Inland Revenue is responsible for ensuring KiwiSaver scheme providers meet all of the requirements of their Scheme Provider Agreement (SPA) with Inland Revenue. The SPA covers the administration of KiwiSaver member and employer contributions, as well as requiring providers to comply with the KiwiSaver trademark licence and not do anything that would bring KiwiSaver into disrepute.

The FMA works closely with Inland Revenue to:

- facilitate the establishment of new KiwiSaver schemes by registering new schemes following confirmation of Inland Revenue's certification that the scheme provider meets all administration requirements of the SPA
- ensure any KiwiSaver scheme wind-ups have been managed effectively
- follow up on any member complaints relating to the sale and distribution of KiwiSaver that have been received by the Inland Revenue KiwiSaver call centre.



Raising standards of good conduct, ethics and integrity amongst market participants.

The changing regulatory landscape

The Financial Markets Conduct Act 2013 (*FMC Act*), which came into force on 1 April 2014, will replace most of New Zealand's existing financial markets conduct law. Implementation of the FMC Act will be staggered between 1 April 2014 and 1 December 2016.

The principal changes applicable to KiwiSaver managers and trustees are contained in part 4 of the FMC Act, which comes into effect on 1 December 2014. Part 4 establishes a framework of governance rules that will apply to KiwiSaver schemes, as well as certain ongoing register and record-keeping duties. It also provides powers of intervention for supervisors and the FMA.

TRANSITIONING TO THE NEW FMC REGIME

The FMC Act will mean a number of new requirements for KiwiSaver schemes. Managers of KiwiSaver schemes must ensure that they allow themselves enough time to identify any changes that will be required to comply with the FMC Act, and to go through the transition process.

Choosing an 'effective date'

There is a two year transition period to comply with the new FMC Act regime.

KiwiSaver managers can choose an 'effective date' for each scheme that falls at any time between 1 December 2014 and 1 December 2016. The new regime will then apply to the scheme from that effective date. The FMA and the Registrar must be given at least 20 working days' notice of the effective date, and former enactments continue to apply to existing schemes until the effective date.

What needs to be in place prior to the effective date?

Prior to the effective date for a KiwiSaver scheme, the manager must ensure that all FMC Act requirements will be met, including:

- the manager of a non-restricted scheme must be licensed under the FMC Act
- a licensed supervisor (for non-restricted schemes), or an independent trustee who is licensed under the FMC Act (for restricted schemes), must be appointed
- offer documents and offer register information must be updated, approved and ready to be disclosed, including:
 - the Product Disclosure Statement
 - the Statement of Investment Policy and Objectives (*SIPO*)
 - governing documents that meet the requirements of the FMC Act
- custody arrangements must be in place that meet the requirements of the FMC Act.

The KiwiSaver manager must also give specified information to the Registrar and the FMA, and a copy of the governing documents must be lodged with the Registrar, before the effective date.

From the effective date of a KiwiSaver scheme, the FMC Act will apply in full to that scheme. The scheme will be treated as a registered scheme and will be included on the Managed Investment Scheme register.



Promoting confident and informed participation in New Zealand's financial markets.

Statistics

STATISTICAL COMMENTARY

All statistics contained in this section are taken from the 2014 Annual Disclosure Statements and refer to the period from 1 April 2013 to 31 March 2014.

Membership

At 31 March 2014 there were over 2.29 million³ KiwiSaver scheme members. This is an increase of 9.6 percent from the previous year.

Assets invested

Total assets invested at 31 March 2014 exceeded \$21.40 billion⁴, an increase of \$4.839 billion, or 29 percent, from the previous year. The largest contributor to this increase was member contributions totalling \$1.978 billion, closely followed by positive investment earnings of \$1.50 billion.

KiwiSaver scheme types and sizes

KiwiSaver schemes fall into three distinct types:

- Default Schemes – schemes into which new members are automatically enrolled if they do not actively choose their own KiwiSaver scheme. There are currently five Default Schemes. From 1 July 2014 this number increased to nine Default Schemes
- Non-restricted schemes – schemes which are open to all members of the public
- Restricted schemes – open to specific groups of people employed in the same company or industry, or some other defined group, and may include immediate family members or dependants.

Default Schemes have approximately 20 percent of the total KiwiSaver membership and 18 percent of the total assets invested, while non-restricted schemes account for approximately 79 percent of membership and 80 percent of total assets. Restricted KiwiSaver schemes account for only 1 percent of the membership and 2 percent of assets invested.

Seven KiwiSaver schemes each have over \$1 billion in assets, representing over 1.7 million members – almost 75 percent of the total membership. Approximately one quarter of all schemes (11 out of 43 schemes) have between \$200 million and \$1 billion in assets invested, representing 23 percent of all assets and 22 percent of the total membership.

Member contributions

Minimum required member contributions increased by 34.8 percent over the period, which partly reflects the increase in member numbers. It is also interesting to see that voluntary member contributions (i.e over and above the minimum required) increased by 32 percent or \$38.8 million.

There has also been an inflow of contributions to KiwiSaver from other superannuation schemes, totalling \$90.9 million, an increase of nearly 130 percent from the \$40 million transferred in the previous corresponding year.

³See Appendix 2

⁴See Appendix 1

Employer contributions

Employer contributions increased by nearly 52 percent from the previous year. This is likely to be the result of the mandatory increase in employer contributions from 2 percent to 3 percent, which came into effect on 1 April 2013.

Crown contributions

Total Crown contributions paid into funds during the year increased by \$66.25 million to \$731.1 million.

Withdrawals and benefit payments

Significant financial hardship: during the year 8,044 members withdrew funds of \$31.2 million under the significant financial hardship provisions in Rule 10 (Schedule1) of the Act, a slight increase from the previous year.

We believe this reflects the continued weaker economic climate following the global financial crisis and the ongoing effect of the Christchurch earthquakes. Since KiwiSaver's inception, 33,069 members have utilised this provision.

First home purchase: withdrawals increased by almost \$48.6 million or 40 percent from 2013, with 13,821 members withdrawing funds for this purpose.

Transfers between KiwiSaver schemes

The figures in Appendix 1 and 2 for transfers between KiwiSaver schemes are inflated by the amalgamation of the National Bank KiwiSaver Scheme into the ANZ KiwiSaver Scheme and the AMP Wealth KiwiSaver Scheme into the AMP KiwiSaver Scheme.

Membership profile

There are slightly more female members than men (51 percent)⁵, as was the case in the previous year.

Across all schemes there are now over 342,000 members aged 17 or under, just under 15 percent of total membership⁶. It is believed that a large percentage of these members currently make no contributions.

Members age 65 and over

KiwiSaver members who have turned 65 and been a scheme member for at least five years have been able to withdraw their KiwiSaver balances since 1 July 2012. This is the second year in which these withdrawals, referred to as 'end payment date withdrawals', have become payable. In the year ending 31 March 2014, 28,026 members aged 65 or over withdrew \$374 million in funds from KiwiSaver.

Employer preferred KiwiSaver schemes

Under section 46 of the Act, an employer can notify the Commissioner of Inland Revenue that it has chosen a preferred KiwiSaver scheme in which all of its eligible employees will be automatically enrolled unless they actively choose to join another scheme. At 31 March 2014, 18,088 employers had chosen a preferred KiwiSaver scheme.

⁵See Appendix 3

⁶See Appendix 3

Contributing and non-contributing members

From the statistics in Appendix 2 it is possible to define the percentage of contributing members. There are 1,277,417 contributing members, which represents 55.5 percent of the total number of members. The other 44.5 percent, regarded as non-contributors⁷, will include a significant number of those under 17 and some self-employed. While many self-employed members do not make regular contributions during the year, they may choose to make lump sum contributions close to the end of their tax year in order to be eligible for the maximum tax credit entitlement.

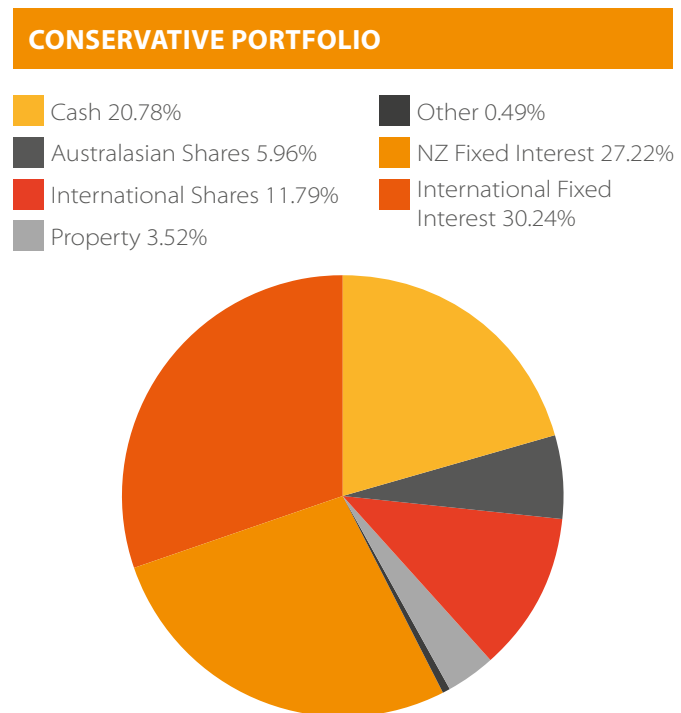
This is in line with the previous year when 53.7 percent of the total members (some 1,125,509 members) were contributing.

Statistical appendices

Appendices 1 to 11 contain the aggregation of the 31 March 2014 statistical returns, required to be completed in accordance with the KiwiSaver Regulations 2006. Appendices 1 to 8 mirror the form identified in Schedule 1.

Investment portfolios benchmark asset allocations

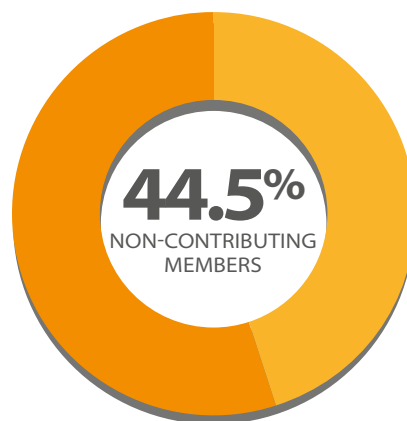
In the following pie charts the assets of the top ten KiwiSaver schemes are shown by benchmark asset allocation for the Conservative, Balanced and Growth Funds⁸.



⁷The definition of a non-contributing member is a member who has not made a contribution in the previous two months

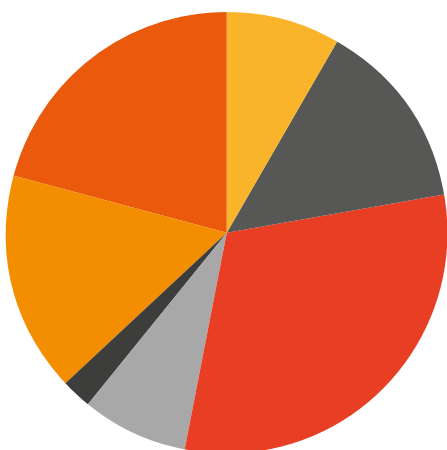
⁸See Appendix 6 for an investment fund summary across all schemes

1,277,417
CONTRIBUTING MEMBERS
 This represents **55.5%**
 of the total number of members.



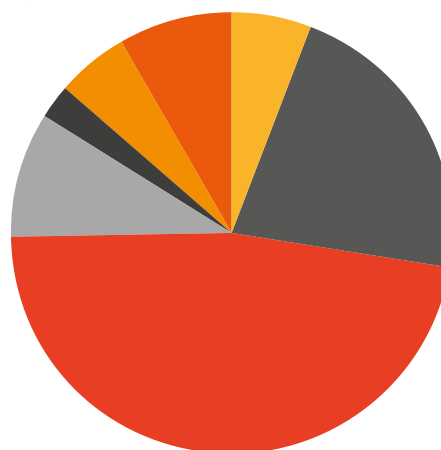
BALANCED PORTFOLIO

- Cash 8.34%
- Other 2.28%
- Australasian Shares 14.02%
- NZ Fixed Interest 16.10%
- International Shares 30.91%
- International Fixed Interest 20.60%
- Property 7.76%



GROWTH PORTFOLIO

- Cash 5.85%
- Other 2.65%
- Australasian Shares 21.68%
- NZ Fixed Interest 5.28%
- International Shares 47.33%
- International Fixed Interest 8.14%
- Property 9.07%





Appendices



Strengthening public confidence in
New Zealand's financial markets.

Appendix 1

KIWISAVER SCHEMES IN FORCE AS AT 31 MARCH 2014 INCOME AND EXPENDITURE SUMMARY

	Default (\$)	Active (\$)	Total (\$)
Opening balance of scheme assets at start of annual return year	3,387,840,740	13,177,024,102	16,564,864,842
Categories of income for annual return year			
Member contributions at section 64 contribution rate	423,647,294	1,554,358,689	1,978,005,983
Employer contributions	276,379,958	930,310,763	1,206,690,721
Crown contributions (section 226) and fee subsidies	184,672,844	546,459,278	731,132,122
Transfers of members' accumulations into scheme from other KiwiSaver schemes	613,915,040	2,958,026,705	3,571,941,745
Transfers of members' accumulations into scheme from registered superannuation schemes	2,888,117	88,042,760	90,930,877
Transfers of members' accumulations into scheme from Australian superannuation schemes	2,205,854	29,835,381	32,041,236
Lump sum contributions	4,176,226	135,516,000	139,692,226
Other voluntary contributions over section 64 contribution rate	4,631,429	155,129,719	159,761,148
Income from investment of scheme assets	186,389,390	1,317,441,872	1,503,831,261
Other income	2,275,817	18,474,160	20,749,977
Total income from annual return year	1,701,181,969	7,733,595,327	9,434,777,296
Categories of expenditure for annual return year			
First home purchase withdrawals	25,373,168	143,368,951	168,742,119
Mortgage diversion withdrawals	11,877	305,119	316,996
KiwiSaver end payment date withdrawals	45,608,610	328,720,045	374,328,654
Withdrawals on death	3,781,684	19,847,264	23,628,948
Serious illness withdrawals	2,768,816	10,806,126	13,574,942
Withdrawals or transfers on permanent emigration	9,540,365	29,684,430	39,224,795
Significant financial hardship withdrawals	4,806,796	26,433,245	31,240,041
Transfer of members' accumulations out of scheme into other KiwiSaver schemes	1,271,613,452	2,295,389,796	3,567,003,248
Transfer of members' accumulations out of scheme into Australian superannuation schemes	61,647	263,630	325,277
Amounts required to be paid under other enactments	44,481	563,550	608,031
Invalid Enrolments	3,687,779	2,300,744	5,988,523
Administration fees	18,035,066	53,858,116	71,893,181
Investment management fees	13,297,499	118,978,262	132,275,761
Trustee fees	802,554	3,731,672	4,534,226
Insurance Premiums	0	0	0
Taxation	30,220,326	120,042,996	150,263,321
Other scheme expenses	292,195	11,900,890	12,193,085
Total expenditure for annual return year	1,429,946,313	3,166,194,834	4,596,141,148
Closing balance of scheme assets at end of annual return year	3,659,076,396	17,744,424,595	21,403,500,991

Notes:

- The statistical returns are unaudited and may not include all transactions.
- Some providers currently have an inability to differentiate between types of transfers, therefore there are discrepancies in transfers to and transfers from KiwiSaver schemes.
- Opening balances do not agree with last year's Report, closing balances due to the change to accrued accounting.
- In the current year 13,821 members withdrew for the purposes of first home purchase (31,565 members since inception).
- In the current year 8,044 members withdrew funds due to significant hardship (33,069 members since inception).

Appendix 2

KIWISAVER SCHEMES IN FORCE AS AT 31 MARCH 2014

MEMBERSHIP SUMMARY

	Default	Active	Total
Number of contributing members at start of annual return year	255,987	869,522	1,125,509
Categories of entries of members for annual return year			
New members (other than transfers from other schemes)	83,007	152,723	235,730
Members restarting contributions at end of section 104 contribution holidays	9,621	16,340	25,961
Members restarting contributions after stopping contributions for any other reason	57,374	217,433	274,807
Members transferring into scheme from other KiwiSaver schemes	76,163	383,428	459,591
Members transferring into scheme from Australian superannuation schemes	34	932	966
Members transferring into scheme from registered superannuation schemes	81	787	868
Total member entries for annual return year	226,280	771,643	997,923
Categories of membership exits for annual return year			
KiwiSaver end payment date exits	2,705	18,981	21,686
Deaths	400	1,951	2,351
Permanent emigration exits	1,370	3,609	4,979
Transfers out of scheme into other KiwiSaver schemes	155,698	303,918	459,616
Transfers out of scheme into Australian superannuation schemes	3	9	12
Other permanent exits	264	1,577	1,841
Invalid Enrolments	2,387	752	3,139
Members starting section 104 contribution holidays	11,539	30,289	41,828
Member stopping contributions for other reasons	51,114	259,449	310,563
Total temporary and permanent exits for annual return year	225,480	620,535	846,015
Number of contributing members at end of annual return year	256,787	1,020,630	1,277,417
Non-contributing members on section 104 contribution holidays			
Number of members on section 104 contribution holidays at start of annual return year	32,874	49,903	82,777
Members starting section 104 contribution holidays	11,539	30,289	41,828
Members ending section 104 contribution holidays and restarting contributions	9,621	16,340	25,961
Members ending section 104 contribution holidays but not restarting contributions for any reason	3,258	3,583	6,841
Number of members on section 104 contribution holidays at end of annual return year	31,534	60,269	91,803
Other non-contributing members (not on section 104 contribution holidays)			
Number of other non-contributing members (not on section 104 contribution holidays) at start of annual return year	176,035	710,220	886,255
Members stopping contributions without section 104 contribution holidays	54,372	263,012	317,384
Members restarting contributions after having stopped contributions without section 104 contribution holidays	57,374	217,645	275,019
Number of other non-contributing members (not on section 104 contribution holidays) at end of annual return year	173,033	755,587	928,620
Total number of members at end of annual return year	461,354	1,836,486	2,297,840

Note:

1. Some providers currently have an inability to differentiate between types of transfers, therefore there are discrepancies in transfers to and transfers from KiwiSaver schemes. There are also timing differences.

Appendix 3

KIWISAVER SCHEMES IN FORCE AS AT 31 MARCH 2014

AGE AND GENDER PROFILE OF MEMBERS

Default Members

Age at end of annual return year	Default members			Total default members
	Female	Male	Unknown gender	
17 and under	3,423	3,173	47	6,643
18-25	41,775	47,066	314	89,155
26-30	32,171	34,504	72	66,747
31-35	26,036	28,180	53	54,269
36-40	23,837	24,047	34	47,918
41-45	25,800	23,913	33	49,746
46-50	23,488	20,818	36	44,342
51-55	21,423	18,534	28	39,985
56-60	16,258	14,134	22	30,414
61-65	11,102	10,537	16	21,655
66-70	4,128	4,229	5	8,362
71-75	232	267	0	499
Unknown age	719	894	6	1,619
Totals	230,392	230,296	666	461,354

Active Members

Age at end of annual return year	Active members			Total active members
	Female	Male	Unknown gender	
17 and under	163,240	171,264	1,348	335,852
18-25	147,507	148,769	386	296,662
26-30	84,646	82,741	200	167,587
31-35	74,537	68,810	220	143,567
36-40	71,840	63,365	215	135,420
41-45	80,576	68,242	197	149,015
46-50	79,436	67,396	205	147,037
51-55	80,502	67,499	183	148,184
56-60	72,368	60,406	182	132,956
61-65	64,830	56,446	181	121,457
66-70	28,218	25,868	124	54,210
71-75	1,989	1,953	19	3,961
Unknown age	153	248	177	578
Totals	949,842	883,007	3,637	1,836,486

Total Members

Age at end of annual return year	Total members			
	Female	Male	Unknown gender	Total members
17 and under	166,663	174,437	1,395	342,495
18-25	189,282	195,835	700	385,817
26-30	116,817	117,245	272	234,334
31-35	100,573	96,990	273	197,836
36-40	95,677	87,412	249	183,338
41-45	106,376	92,155	230	198,761
46-50	102,924	88,214	241	191,379
51-55	101,925	86,033	211	188,169
56-60	88,626	74,540	204	163,370
61-65	75,932	66,983	197	143,112
66-70	32,346	30,097	129	62,572
71-75	2,221	2,220	19	4,460
Unknown age	872	1,142	183	2,197
Totals	1,180,234	1,113,303	4,303	2,297,840

Appendix 4

KIWISAVER SCHEMES IN FORCE AS AT 31 MARCH 2014

PROFILE OF NEW DEFAULT AND OTHER MEMBERS

	Number of members	Scheme assets held for those members (\$)
Default members allocated to scheme by Commissioner under section 51 in annual return year	77,822	157,292,577.29
Other new members entering scheme in annual return year (including transfers from other schemes and active choice members)	60,438	313,329,271.06

Note:

1. Some providers have included members who have since opted out whilst others have not.

Appendix 5

KIWISAVER SCHEMES IN FORCE AS AT 31 MARCH 2014

SUMMARY OF NON-CONTRIBUTING MEMBERS (NOT ON SECTION 104 CONTRIBUTION HOLIDAYS)

	Number of default members	Scheme assets held for those members (\$)	Number of active members	Scheme assets held for those members (\$)
Number of non-contributing members (not on section 104 contribution holidays) at start of annual return year	176,035	726,692,305	710,220	2,245,131,412
Number of non-contributing members (not on section 104 contribution holidays) at end of annual return year	173,033	749,637,843	755,490	2,884,591,249

Note:

Non-contributing member –

- A member for whom no contributions have been received in the previous two months or
- Where the member does not contribute via the IRD, the member has failed to meet their contracted contribution frequency.

Appendix 6

KIWISAVER SCHEMES IN FORCE AS AT 31 MARCH 2014

INVESTMENT FUND SUMMARY

Investment Funds	Number of members in each investment fund	Amount in each investment fund (\$)
Default	461,354	3,659,076,396
Totals	461,354	3,659,076,396
Active Default	77,901	1,348,975,442
Conservative	670,013	4,155,684,750
Balanced	485,787	5,067,418,772
Growth	711,300	5,613,470,623
Single sector funds		
Cash	566,218	950,817,922
Shares	37,196	208,434,687
Fixed Interest	29,585	119,726,021
Property	6,855	30,250,775
Socially Responsible	7,151	41,765,078
Other	27,406	207,489,030
Totals	2,619,412	17,744,033,100

Notes:

1. The statistical returns are unaudited and may not include all transactions.
2. Some members will be invested in more than one investment fund.

Appendix 7

KIWISAVER SCHEMES IN FORCE AS AT 31 MARCH 2014

SWITCHES OUT OF DEFAULT INVESTMENT PRODUCT INTO OTHER INVESTMENT FUNDS

Switches in annual return year	Number of members out of default investment product	Number of members into others	Amount (\$) out of default investment product	Amount (\$) into others
<i>Switches out of default investment product under instrument of appointment</i>	23,477		279,585,814	
Switches into other investment funds				
Conservative		11,086		148,136,471
Balanced		9,314		75,747,835
Growth		6,642		47,560,609
Single sector funds				
Cash		728		3,486,219
Shares		1,265		3,754,681
Fixed Interest				
Property				
Other				
Total of switches into other investment funds	23,477	29,035	279,585,814	278,685,814

KIWISAVER SCHEMES IN FORCE AS AT 31 MARCH 2014

SWITCHES BETWEEN INVESTMENT FUNDS

Investment Funds	Switches into investment funds in annual return year		Switches out of investment funds in annual return year		Net change in amounts (\$)
	Number of switches	Amount (\$)	Number of switches	Amount (\$)	
Active default	4,329	58,651,982	8,664	119,297,253	-60,645,271
Conservative	7,960	80,691,205	7,695	77,026,157	3,665,048
Balanced	14,326	149,144,451	12,139	127,706,167	21,438,284
Growth	17,506	189,439,474	16,536	174,745,714	14,693,760
Single sector funds					
Cash	7,759	80,789,777	6,056	62,007,933	18,781,844
Shares	2,961	8,772,049	1,696	5,696,026	3,076,023
Fixed Interest	296	1,597,403	429	2,335,170	-737,766
Property	271	1,121,264	281	1,449,922	-328,657
Socially Responsible	126	1,047,382	76	454,834	592,548
Other	1,154	1,732,099	1,068	2,342,352	-610,253
Total of switches between funds	56,688	572,987,086	54,640	573,061,526	-74,440

Note:

One scheme's data has been removed to avoid the distortion of figures as they were unable to differentiate between switches and rebalancing of members' funds.

Appendix 8

KIWISAVER SCHEMES IN FORCE AS AT 31 MARCH 2014

PROFILE OF SWITCHES BETWEEN INVESTMENT FUNDS

How many switches between investment funds made in annual return year	Number of members who made those switches	
	Default	Active
1 switch	23,477	46,404
2 switches		2,026
3 switches		414
4 switches		141
5 switches or more		129

Note:

One scheme's data has been removed to avoid the distortion of figures as they were unable to differentiate between switches and rebalancing of members' funds.

Appendix 9

KIWISAVER SCHEMES IN FORCE AS AT 31 MARCH 2014

ANALYSIS ACCORDING TO SIZE OF SCHEME ASSETS

	Number of Schemes	Total Assets	Total Membership
	2014	2014 \$m	2014
Assets grouping			
Under \$1m	3	1,797,067.29	295
\$1m to under \$2.5m	2	3,441,709.92	462
\$2.5m to under \$10m	8	41,961,864.98	2,915
\$10m to under \$25m	2	32,618,836.41	1,932
\$25m to under \$50m	3	108,971,228.66	7,295
\$50m to under \$100m	3	218,223,189.36	13,741
\$100m to under \$200m	4	535,368,987.06	49,533
\$200m to under \$1,000m	11	4,880,664,609.67	514,660
\$1,000m and over	7	15,580,062,203.47	1,707,007
Total	43	21,403,109,696.82	2,297,840

Notes:

1. The data has been obtained from statistical returns made by the trustees of KiwiSaver schemes "registered" under the KiwiSaver Act 2006.
2. Some totals may not add exactly, due to rounding.

Appendix 10

KIWISAVER SCHEMES IN FORCE AS AT 31 MARCH 2014

ANALYSIS BY NATURE OF SCHEME

	Number of Schemes	Total Assets	Total Membership
Nature of scheme	2014	2014 \$m	2014
Default schemes (6)		3,659	461,354
Retail (active choice)	31	17,285	1,812,963
Restricted schemes	12	459	23,523
Total	43	21,403	2,297,840

Notes:

1. Default schemes statistics are only in respect of members and assets in the default investment fund option.
2. Retail (active choice) total assets and total membership figures include that portion of the default schemes where members have actively chosen to participate.
3. The data has been obtained from statistical returns made by the trustees of KiwiSaver schemes "registered" under the KiwiSaver Act 2006 to the members and beneficiaries of those schemes.
4. Some totals may not add exactly, due to rounding.

Appendix 11

KIWISAVER SCHEMES IN FORCE AS AT 31 MARCH 2014

ANALYSIS ACCORDING TO NATURE OF SCHEME AND SIZE OF SCHEME ASSETS

Number of schemes:

	Retail (see note 1)	Restricted Schemes	Total
Assets Grouping			
Under \$10m	4	9	13
\$10m to under \$50m	4	1	5
\$50m to under \$100m	3	1	4
\$100m to under \$200m	4	1	5
\$200m to under \$1,000m	10		10
\$1,000m and over	6		6
Total, all groups	31	12	43

Total assets (\$ millions):

	Default	Retail	Restricted Schemes	Total
Assets Grouping				
Under \$10m		13.31	33.89	47.20
\$10m to under \$50m		119.55	22.04	141.59
\$50m to under \$100m		218.22		218.22
\$100m to under \$200m		582.74	113.88	696.62
\$200m to under \$1,000m	2,499.08	3,800.52	289.65	6,589.25
\$1,000m and over	1,159.99	12,550.23		13,710.22
Total, all groups	3,659.07	17,284.57	459.46	21,403.10

Total membership:

	Default	Retail	Restricted Scheme	Total
Assets Grouping				
Under \$10m		1,894	1,778	3,672
\$10m to under \$50m		7,715	1,512	9,227
\$50m to under \$100m		13,741		13,741
\$100m to under \$200m		51,779	7,109	58,888
\$200m to under \$1,000m	315,813	376,392	13,124	705,329
\$1,000m and over	145,541	1,361,442		1,506,983
Total, all groups	461,354	1,812,963	23,523	2,297,840

Notes:

1. Default schemes are included.
2. Default schemes statistics are only in respect of members and assets in the Default investment fund option.
3. Retail (active choice) total assets and total membership figures include that portion of the default schemes where members have actively chosen to participate.
4. The data has been obtained from statistical returns made by the trustees of KiwiSaver schemes "registered" under the KiwiSaver Act 2006 relating to the members and beneficiaries of those schemes.
5. Some totals may not add exactly, due to rounding.

Appendix 12

GLOSSARY

In this report the following terms have the following meaning:

Act	KiwiSaver Act 2006
CFLRI	Commission for Financial Literacy and Retirement Income
Complying Superannuation Fund	As defined in part OB 1 of the Income Tax Act 2004
CSF	Complying Superannuation Fund
CSV	Comma Separated Values
Default Scheme	Default KiwiSaver scheme as defined in section 4 of the Act
Disclosure Regulations	KiwiSaver (Periodic Disclosure) Regulations 2013
Disclosure Statements	Quarterly Disclosure Statements and Annual Disclosure Statement, required by the Disclosure Regulations
Exempt Employer	As defined in section 4 of the Act
Non-restricted scheme	Schemes which are open to all members of the public
Reporting Period	1 July 2013 – 30 June 2014
Restricted scheme	Schemes which are only open to specific groups of people employed in the same company or industry, or another defined group, and may include immediate family members or dependants
SPA	Scheme provider agreement
Unreasonable	In determining whether fees are 'unreasonable' the FMA will compare the proposed fees with the rest of the current KiwiSaver market. We look at whether the fees are relative to those charged by other comparable schemes or classes of schemes. The process is set out in the KiwiSaver Regulations.

