

**FILE NOTE**

Client: CTU  
 Subject: **KiwiSaver accumulations**

Date: 10 October 2008  
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We have been asked to calculate some KiwiSaver accumulations using a 4%/4% contribution split and a 2%/2% contribution split. The following assumptions were used in the calculations and the results are shown in today's dollars:

1. Salaries are assumed to increase at 3.5% per annum. Contributions are made fortnightly and assumed to increase in line with salary (eg. \$200 today will be \$230 in 4 years).
2. Investments are in a managed fund which is a PIE (Portfolio Investment Entity). The PIE income is taxed at either 19.5% or 30%, depending on the salary.
3. KiwiSaver contributions are assumed to be invested in a balanced fund earning a net real return of 3% per annum (on 30% tax rate) or 3.5% per annum (on 19.5% tax rate).
4. No contributions holidays are taken.
5. The one-off Government contribution of \$1,000 is received 3 months after the first contribution is deducted from your pay.
6. Tax credits worth a maximum of \$1,042.86 are included from the date of the calculation.
7. Employer contributions will be at 1% at 1 April 2008, rising annually to either 2% or 4% (at 1% increase on each of the subsequent 1 April dates where applicable).
8. A fee subsidy worth \$40 annually is added to the KiwiSaver account at the end of each financial year.

**Specimen KiwiSaver accumulations at age 65 (in today's dollars)**

Contribution split: 2% employee, 2% employer

	Salary						
	\$20,000	\$30,000	\$40,000	\$50,000	\$60,000	\$70,000	\$80,000
Age 20	164,219	233,491	261,498	312,378	360,150	407,753	455,357
Age 25	129,919	185,079	210,501	251,118	289,046	326,828	364,611
Age 30	101,198	144,674	167,122	199,099	228,751	258,276	287,801
Age 35	77,135	110,960	130,241	154,967	177,681	200,286	222,891
Age 40	57,055	82,827	98,894	117,554	134,473	151,298	168,123
Age 45	40,625	59,337	72,248	85,853	97,951	109,968	121,985
Age 50	27,258	39,728	49,584	58,994	67,101	75,137	83,174
Age 55	16,440	23,753	30,280	36,227	41,047	45,806	50,565
Age 60	7,740	10,923	13,940	16,904	19,035	21,114	23,192
Age 65	7,740	10,923	13,940	16,904	19,035	21,114	23,192

Contribution split: 4% employee, 4% employer

	Salary						
	\$20,000	\$30,000	\$40,000	\$50,000	\$60,000	\$70,000	\$80,000
Age 20	293,101	402,843	449,688	543,478	637,268	731,057	824,847
Age 25	232,077	318,067	359,707	434,046	508,384	582,722	657,061
Age 30	181,254	247,652	283,560	341,550	399,540	457,530	515,520
Age 35	138,960	189,246	219,221	263,514	307,806	352,098	396,391
Age 40	103,782	140,866	164,949	197,805	230,661	263,517	296,374
Age 45	74,532	100,843	119,239	142,587	165,934	189,281	212,629
Age 50	50,205	67,769	80,798	96,277	111,756	127,235	142,714
Age 55	29,954	40,456	48,510	57,514	66,519	75,523	84,527
Age 60	13,202	17,904	21,414	25,126	28,837	32,549	36,261
Age 65	13,202	17,904	21,414	25,126	28,837	32,549	36,261