

Trans-Tasman portability – transfer of funds

From an Australian Superannuation Scheme to a New Zealand KiwiSaver Scheme

Key Features

Under the Trans-Tasman Portability agreement between Australia and New Zealand, members of certain Australian superannuation schemes who have permanently immigrated to New Zealand are able to transfer their savings to New Zealand KiwiSaver Schemes.

The following is a summary of things you need to know if you want to transfer your Australian superannuation funds to New Zealand:

- Participation is **voluntary** for members and KiwiSaver scheme providers. This means you do not have to transfer your funds from Australia when you permanently immigrate to New Zealand.
- A KiwiSaver member must be a member of a KiwiSaver scheme that has **agreed** to accept Trans-Tasman payments from Australian superannuation schemes.
- If you belong to an APRA regulated superannuation scheme, provided all necessary documentation has been submitted, your APRA regulated superannuation scheme is required to transfer your funds to a participating New Zealand KiwiSaver Scheme. If you belong to an Australian superannuation scheme that is not APRA regulated, you will need to contact your provider to ask if they are willing to transfer your funds.
- You must have permanently emigrated to New Zealand and must be able to provide **evidence** of this. A **Statutory Declaration** will need to be signed by you and authorised by an approved officer under the Statutory Declarations Act.
- Australian transferred funds **can** be accessed at age 60 if you satisfy the Australian definition of retirement at that age.

The current Australian definition of retirement as defined in regulation 6.01(7) of the Superannuation Industry (Supervision) Regulations 1994 (Aust) is: The retirement of a person is taken to occur

- a. in the case of a person who has reached a preservation age that is less than 60 - if:
 - i. an arrangement under which the member was gainfully employed has come to an end; and
 - ii. the trustee is reasonably satisfied that the person intends never to again become gainfully employed, either on a full time or a part time basis; or
 - b. in the case of a person who has attained the age of 60 - an arrangement under which the member was gainfully employed has come to an end, and either of the following circumstances apply:
 - i. the person attained that age on or before the ending of the employment; or
 - ii. the trustee is reasonably satisfied that the person intends never to again become gainfully employed, either on a full time or a part time basis.
- Australian transferred funds are **not** eligible to count towards Member Tax Credits.
 - Savings transferred into a KiwiSaver Scheme from an Australian superannuation scheme are not available for first home withdrawal. However, investment earnings on the transferred amount can be withdrawn to help with the purchase of your first home.
 - New Zealand superannuation schemes and Complying Superannuation Funds (CSF) are unable to participate in Trans-Tasman Portability and therefore, cannot accept payments from Australian superannuation schemes on behalf of members.

How to request a transfer into your KiwiSaver Scheme

You will be eligible to apply to transfer your Australian superannuation funds to your KiwiSaver Scheme if:

- You are a New Zealand citizen or eligible to live in New Zealand indefinitely (e.g. if you're an Australian citizen or hold a New Zealand or Australian residency permit); and
- You live or normally live in New Zealand (unless you are a state sector employee serving outside New Zealand)

You will need to:

- Complete our 'Transfer of superannuation funds from Australia to New Zealand' form. You may still be required to complete the relevant forms from your Australian superannuation scheme in addition to this form.
- Contact your Australian superannuation scheme to find out their requirements and their process on how to apply for a transfer of your Australian superannuation funds to your KiwiSaver Scheme. Complete all the required documentation from your Australian superannuation scheme. If you have more than one Australian super account, you will need to contact each scheme.
- Send this form and any required documentation outlined on the forms, to your Australian superannuation scheme to complete to enable the transfer.
- If you don't know who administers your Australian superannuation funds, please refer to the section below "*What if I don't know who my Australian provider is*".
- We may require you to complete an Anti-Money Laundering form once we receive the funds.

What you need to know:

- The receipt of funds transferred from an Australian superannuation scheme can only be processed:
 - if you have completed all required forms and declarations requested by your Australian superannuation scheme
 - if you are a current member of a KiwiSaver Scheme that accepts transfers from Australian superannuation schemes
- You must provide evidence that you have permanently immigrated to New Zealand.
- If we receive a cheque from your Australian Superannuation scheme the funds will be allocated to your KiwiSaver Scheme account once the cheque has cleared. Funds will be cleared at the prevailing exchange rate and any reasonable transaction costs will be deducted from the funds transferred.
- Currency movements can vary greatly over time and the impact of the exchange rate will have an effect on the value of your transferred balance. As such, any change in the conversion rate at the time of this transfer will be at the Member's own risk.

We recommend that you seek independent personalised financial advice to assist you in making this decision as financial and personal circumstances differ from individual to individual.

- There is no fee to transfer your Australian superannuation savings to your KiwiSaver Scheme. However your Australian superannuation scheme may charge additional fees to arrange the transfer - please contact your Australian provider directly to find out what their charges will be.

What if I don't know who my Australian provider is?

You can search for your superannuation savings by going to www.ato.gov.au and using the Australian Tax office online tool SuperSeeker. You will need to provide the following details:

- Name and Surname
- Date of birth
- Tax file number (TFN)

Alternatively, if you don't know your Tax File Number you can complete the "Searching for lost super" form which is available on the ATO website, or contact the Australian Tax Office on +61 6216 1111 between 10am and 7pm New Zealand time. You will need to send the completed form to P O Box 3578, Albury NSW 2640, Australia.

If you are classed as a "lost" member, your Australian provider/s may have transferred your Australian balance to the Australian Tax Office.

The Australian Tax Office will be able to confirm this for you. If this is the case, you are currently unable to transfer your Australian funds to a KiwiSaver scheme.

How long will it take?

- Your Australian provider has 30 days to complete the transfer, starting from the date they receive all the information they need. To ensure that there are no delays please provide all the necessary documentation required by them.
- If you have multiple Australian superannuation accounts, these payments will most likely arrive at different times.
- Your Australian provider is required by law to provide you with a confirmation within 30 days of the transfer. We will also send you a confirmation letter once your transfer from your Australian provider is complete.

Questions and answers

Why is retirement savings portability being implemented?

The New Zealand and Australian labour, financial, and goods and services markets are highly integrated by international standards. Retirement savings portability is part of the Single Economic Market (SEM) work programme, which builds on our existing relationship and aims to reduce barriers that may impede the movement of people, trade and capital across the Tasman.

The introduction of retirement savings portability supports and adds to the degree of integration between the two countries by allowing New Zealanders and Australians to consolidate their financial affairs in their country of residence.

When do the portability arrangements take effect?

The arrangements took effect from 1 July 2013.

What kind of transfers will be allowed under the portability arrangements?

Retirement savings transferred from Australia may only be transferred into KiwiSaver funds in New Zealand. This means Australian savings cannot be transferred into any other private retirement funds (including Complying Superannuation Funds).

Which country's rules will apply to savings transferred between the two countries?

In general the rules of the host country scheme will apply. However there are certain differences that will be applied to transferred savings in order to protect the integrity of the respective schemes.

These differences apply only to the savings that are transferred, and not to any subsequent earnings on these transfers.

The key differences are set out in the table below:

New Zealand KiwiSaver funds transferred to Australia:	Australian superannuation funds transferred to New Zealand:
May not be accessed until the New Zealand age of retirement (65 years).	May not be accessed until age 60 and the individual satisfies the Australian definition of retirement at that age.
May not be transferred into Australian self-managed superannuation schemes.	May not be used to assist with the purchase of a first home.
May not be transferred to a third country.	May not be transferred to a third country.

If I transfer savings from Australia, can I use those funds to put towards buying a first home?

As noted in the table above, funds transferred from Australia cannot be used to buy a first home. This is consistent with Australia's policy regarding superannuation funds. In addition, any savings transferred from Australia will not count towards your eligibility for the deposit subsidy.

For more information on the housing-related initiatives of KiwiSaver, go to

<http://www.hnzc.co.nz/rent-buy-or-own/buying-your-first-home-with-kiwisaver>

How will these different rules be applied to transferred savings?

Any savings transferred between the countries must be separately identified within an individual's retirement savings account.

If I transfer savings from Australia, can I withdraw these for reasons of significant financial hardship or on compassionate grounds, such as serious illness?

Australian savings transferred to New Zealand will be subject to New Zealand rules regarding hardship access. Likewise, New Zealand savings transferred to Australia will be subject to Australian rules regarding early access.

Does my KiwiSaver provider have to accept my funds from Australia if requested?

No, it is not compulsory for KiwiSaver scheme providers to receive funds from Australia. However KiwiSaver members are able to transfer their savings to a KiwiSaver scheme that does offer this facility.

If you wish to transfer your Australian funds and your current KiwiSaver provider does not agree to receive them, you are able to join a different KiwiSaver scheme provider and transfer your KiwiSaver funds from your existing provider to this provider and then transfer your Australian funds to the new provider. You are only able to be a member of **one** KiwiSaver scheme at a time.

Do I have to transfer my savings if I move to Australia or vice versa?

No, the arrangements are voluntary.

Will New Zealand tax any transfers from New Zealand to Australia or vice versa?

No.

Will Australia tax any transfers?

Australia will not specifically tax the transfer of retirement savings to or from New Zealand. However at the initial point of entry into the Australian superannuation system, transfers of New Zealand savings will be subject to Australia's rules regarding the taxation of retirement savings contributions greater than \$150,000 per annum. This is known as the non-concessional contributions cap.

For more information on this cap go to:

<http://www.ato.gov.au/superfunds/content.asp?doc=/content/00106372.htm&page=6&H6>

Australian-sourced retirement savings, and any New Zealand-sourced retirement savings re-entering Australia, will be exempted from these rules upon re-entering the Australian superannuation system.

Is there a difference in the rate of tax on earnings between Australia and New Zealand?

Yes, Australia generally has a flat rate of 15% on earnings.

The New Zealand tax rate on superannuation earnings generally ranges from 10.5% to 28%.

It is also not straightforward to make a comparison between the two tax regimes because of other factors. For example, Australia also taxes capital gains on equities whereas New Zealand does not tax capital gains on Australasian equities.

There are also other advantages to transferring your retirement savings to your country of residence, such as being able to consolidate your financial affairs and not pay multiple sets of fees.

There may be tax considerations if you move your Australian super to KiwiSaver. It's important you talk to your tax or financial adviser if you are unsure about what's right for you and your situation.

Further information

For further information about the retirement savings portability scheme in general, please refer to Inland Revenue's Technical Information Bulletin Volume 22 Issue 10, pages 50-52:
<http://www.ird.govt.nz/technical-tax/tib/vol-22/issue-10/>

For information on transferring funds please contact your KiwiSaver scheme provider. If you are unsure how to contact your scheme provider, ask Inland Revenue on 0800 KIWISAVER (0800 549 472).

Unclaimed Australian Superannuation Funds

If you previously lived in Australia and contributed to a superannuation scheme (or schemes) but have lost contact with your provider/s, it may be that your balances have been paid to the Australian Tax Office (ATO). The criteria for a transfer of unclaimed super money (USM) to the ATO is:

- Accounts of lost members, or accounts that have been inactive for 5 years, and have a balance of \$2,000 or less, will be paid to the ATO by 31 May 2013.

Interest will accrue on unclaimed super money from 1 July 2013 at the CPI rate.

Currently, balances over \$2,000 remain with the scheme, thus it is incumbent on the member (where it is known) to seek any superannuation balance with their existing superannuation provider.

Access to Australian superannuation from a New Zealand resident

At the moment a New Zealand resident cannot directly receive an amount of USM if they complete a Payment of unclaimed superannuation money form. If the individual has an Australian superannuation account they may request that any unclaimed monies be transferred to that scheme. It will then be up to the individual at this stage to make sure that the scheme is a participating scheme for the purposes of Trans-Tasman Portability (TTP) or rollover any amounts into an Australian superannuation scheme that is a participating scheme.

If the New Zealand resident does not have an Australian superannuation scheme to rollover any USM amounts to they are able to open an account as there is no legal requirement that they reside in Australia under the superannuation legislation and regulations. They will need to have a tax file number, which they are entitled to if you are a member of an Australian superannuation scheme.