

# Yovich & Co. KiwiSaver Update – June 2025

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This update aims to keep you informed about the latest developments in KiwiSaver, including investment performance, policy changes, and how you can maximise your retirement savings.

## Government Contribution Reminder

The annual Government Contribution (Member Tax Credit) deadline is 30 June 2025. If you're between 18 and 64, you can receive up to \$521.43 by contributing at least \$1,042.86 to your KiwiSaver account during the financial year.

If you're unsure about your contributions, contact your adviser to check your status and consider a top-up. Over time, even small regular contributions can significantly boost your retirement savings.

## Budget 2025 Announcements

There are 4 main changes, some will take effect 1 July 2025, others 1 April 2026.

From the 1 July 2025:

- 1) The Government contribution will be halved to 25 cents per dollar you contribute, up to a maximum of \$260.72. Previously it was \$521.43, which was 50 cents per dollar. To receive this, you still need to put in \$1,042.86 (this will not impact on the contribution for the current year ending 30 June 2025 paid this July/August).
- 2) The Government contribution will now be paid to enrolled 16- and 17-year-olds (it was previously only paid to those aged over 18 and under 65).
- 3) The Government contribution won't be paid to those earning over \$180,000 p.a.

From the 1 April 2026:

- 4) Increase in default contribution rate for both employees and employers.
  - a. 3.5% from 1 April 2026
  - b. 4% from 1 April 2028

Employees will be able to temporarily opt down to the current 3% rate if needed and employers will still match that rate.

Putting all these changes together, KiwiSaver balances of employees contributing at the new default rate will grow faster than they do at the current default rate, **providing a larger balance at age 65 or to buy a first home.**

## KiwiSaver Market Overview – March 2025

Despite short-term volatility, long-term KiwiSaver returns remain solid.

KiwiSaver assets increased, ending the quarter at NZD 121b, steady from the end of last year - with market drawdown being replaced by inflows.

Average multisector category returns for the March quarter ranged significantly between:

Conservative	0.2%,
Moderate	-0.60%
Balanced	-1.70%
Growth	-2.70%
Aggressive	-3.70%

It is most appropriate to evaluate performance of a KiwiSaver scheme by studying its long-term returns. Over 10 years, the aggressive category average has given investors an annualised return of 8.30%, followed by growth; 7.50%, balanced; 6.10%, moderate; 4.30%, and conservative; 3.90%.

## How We Can Help

Whether you're saving for your first home, retirement, or reviewing your investment strategy, we're here to support you through every stage. Recent market volatility and government policy changes make it an ideal time to review your KiwiSaver plan.

Jarrold Goodall (FSP #198885)

Nathanael McDonald (FSP #629229)

Daniel Butzbach (FSP #1007407)

Ph. (09) 5533 688

Disclaimer: This publication is for general information only and does not constitute financial advice. We recommend seeking personalised advice for your specific circumstances.