



Presbyterian Church of Aotearoa New Zealand

FINANCE NEWSLETTER 110

TO: Parish and Presbytery Treasurers
FROM: Brendan Sweeney, Manager, Financial Services
DATE: 3 April 2009

1.	KiwiSaver and the Ministers Beneficiary Fund
2.	Presbyterian Investment Fund Interest Rate Adjustment

1. **KiwiSaver and the Ministers Beneficiary Fund**

This summarizes the information that affects Parishes and Ministers but it is recommended that you contact the Beneficiary Fund administrator, Ashley Goss, at AON for further information regarding changes to the KiwiSaver Act and to the Ministers Beneficiary Fund

Changes to the Act took effect from 1 April. This will affect Parish employees and Ministers who are in or considering joining a KiwiSaver scheme. The changes are summarized:

- The Minimum member contribution decreases to 2%. Parishes should only make this adjustment on behalf of their employees if instructed by the employee to do so.
- Compulsory employer contributions will be capped at 2%
- The Employer tax credit will cease.
- The employer superannuation contribution tax exemption is capped at 2%.

In addition, the Beneficiary Fund Trustees have made changes to the Trust Deed of the fund by introducing a Complying section to the Fund, called the Complying Superannuation Fund (CSF).

It is emphasized that the Complying Section of the Beneficiary Fund is not a designated KiwiSaver Scheme. However it is required to have some of the characteristics of a KiwiSaver scheme and allows Ministers to enjoy some of the benefits of KiwiSaver. Ministers obligations to the CSF depend on whether they are a newly ordained Minister, or an existing Minister and member of the Beneficiary Fund

a) Ministers who are Existing Members of the Beneficiary Fund

- Ministers can elect to join the Complying Section by referring to the investment statement and exercising an option to join by completing an election form. These documents are due to be released by the trustees to all ministers currently in the Beneficiary Fund. If a minister joins s/he will continue pay 5% of their basic stipend to the Beneficiary Fund and that will continue to be matched by a Parish contribution of 9.7% of basic stipend.
- The Minister will not be eligible for the \$1000 kick start offered by the government for new members
- From 1 April 2009 there will be no longer be any employer tax credit for Parishes to claim as an employer.
- There will be no cash impact on either the Parish or the Beneficiary Fund. The collection and payment of Parish contributions will continue to be handled through the Assembly Assessment process and FSD will continue to be responsible for the payment Parish Contributions and Employer Superannuation Contributions Tax. (ESCT).

b) Newly Ordained Ministers or those transferring between Parishes

The KiwiSaver Act states that all new employees, which includes newly ordained ministers or ministers transferring to another Parish, be automatically enrolled in a KiwiSaver scheme. This creates 3 scenarios.

- **Newly ordained Ministers.**
Membership of the Beneficiary Fund is a requirement of the Book of Order and the Trust Deed of the Fund requires that new Ministers join the Complying Section. However, under the KiwiSaver Act, on employment, newly ordained ministers must also be automatically enrolled in a KiwiSaver scheme.

The new Minister may opt out of their KiwiSaver scheme within 14-55 days of commencement of employment, by completing form KS10. If he does not opt out he will pay 2% of his basic stipend to the KiwiSaver scheme in addition to the 5% he pays to the Beneficiary Fund.

The Parish will not be required to pay Employer contributions to the Minister's KiwiSaver in addition to their contribution to the Beneficiary Fund.

- **Existing Beneficiary Fund Ministers joining a new Parish.**
As new employees, these Ministers must also be automatically enrolled in a KiwiSaver scheme and must contribute up to a minimum of 2% of their stipend. However, as they are already part of the Beneficiary Fund, the parish (as employer) does not have to contribute towards a KiwiSaver scheme.

Like newly ordained ministers, it is up to the Minister to opt out of the KiwiSaver scheme that they have automatically been enrolled in by completing a KS10.

- **Existing Beneficiary Fund member opting into KiwiSaver.**
Existing Ministers have the option of joining a KiwiSaver scheme at any time. That is their right under the KiwiSaver Act. Like existing Ministers joining a new parish, there is no obligation for the parish to contribute employer contributions to a Ministers KiwiSaver Scheme as the minister is already a member of the Beneficiary Fund.

Any Minister opting into KiwiSaver scheme cannot subsequently opt-out. The Minister must contribute into their KiwiSaver scheme for a minimum period of 12 months. Upon completing 12 months membership they could then apply to the IRD for a contribution holiday by completing a KS6.

Contributions to CSF and a KiwiSaver Scheme are summarized:

Complying Superannuation Fund Section of the Beneficiary Fund

	Current	From 1 April if Minister decides to Join CSF
Minister Contribution (5% of Stipend)	169.02	169.02
Parish Contribution (9.7% of Stipend)		
Gross	327.90	327.90
Tax	108.21	85.90
Contribution	219.69	242.00
Total Contribution to CSF	388.71	411.02
 Kiwisaver Scheme (in addition to Beneficiary Fund)		
Minister Contribution Minimum (2%)		67.61
Parish Contribution		-
Total Contribution to Kiwisaver		67.61
Total Contributions		478.63

In addition minister's in KiwiSaver are eligible for the Government Tax Credit of up to 1,040 per annum which is calculated by the KiwiSaver scheme and credited annually to their KiwiSaver account. The CSF is not eligible for the tax credit.

Ministers in a Union or Cooperating Parish

Ministers who are in a Union or Cooperating Parish are affected in the same way as those in a Presbyterian Parish except that the employing Parish is required to deduct the appropriate ESCT before remitting the net Minister and Parish contribution to the fund administrator, Aon.

If you are unsure about the changes, or have a new or transferring minister, please contact this office or Ashley Goss at Aon, on (04) 819 4052 for further information.

2. Presbyterian Investment Fund Interest Rate Adjustment

The Church Property Trustees advise that the interest rate on Presbyterian Investment Fund accounts has been adjusted to 4.75% from April 1.

A handwritten signature in black ink, appearing to read 'B. Sweeney', written in a cursive style.

Brendan Sweeney
Finance Manager