



**TE ARA  
AHUNGA ORA**  
Retirement Commission

KiwiSaver Total Remuneration

# Qualitative Report

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# Executive Summary

This report presents findings from a qualitative study by Ipsos exploring employer perspectives on the use of total remuneration approaches for KiwiSaver employer contributions compared to the traditional model of paying contributions on top of salary. The research was commissioned by Te Ara Ahunga Ora Retirement Commission and involved 60-minute online in-depth interviews with 15 employers representing a diverse range of industries and company sizes across New Zealand. Fieldwork was conducted in June 2025.

The study found that while the traditional contribution model remains most common, some employers are using total remuneration approaches, either for their entire workforce or specific employee groups. The choice of model is influenced by a complex interplay of factors, such as perceived fairness, cost management, administrative simplicity, and employee relations.

Employers using total remuneration often cited the ability to ensure pay equity, particularly for employees not eligible for KiwiSaver, and to better control overall labour costs. However, they recognised the risks of employee dissatisfaction if the model is not communicated transparently. In contrast, employers using the traditional model emphasised the importance of offering KiwiSaver as a genuine benefit to attract and retain talent, even if it meant additional costs.

Employee engagement with and understanding of KiwiSaver contributions were found to vary more based on individual factors like age and financial literacy than the employer's chosen contribution model. Some employers noted limited employee interest in or appreciation of KiwiSaver, especially among younger and lower-income workers.

Looking ahead to the KiwiSaver changes, the phased increases to the minimum contribution rates received employers' tentative support, tempered by concerns about cost impacts and employee reactions. The extension of coverage to workers under 18 was generally well received and not expected to have a significant impact for most organisations.

To navigate these changes successfully, employers emphasised the need for clear, timely guidance and support from the Government.

This study highlights the complex landscape of employer attitudes and practices regarding KiwiSaver contributions. Navigating the upcoming changes will require a multifaceted approach that balances the needs of businesses, employees, and the broader retirement savings system.

# Background & Objectives

In February 2025, Te Ara Ahunga Ora Retirement Commission commissioned research investigating employer perspectives on a proposed increase in the minimum KiwiSaver contribution rate from 3% to 4% and the inclusion of under 18s and over 65s. The research investigated current contribution levels, decision-making processes, barriers to and benefits of increasing contributions, and preferences for implementing changes over time. A qualitative methodology was used, with a total of 25 online in-depth interviews conducted across a diverse range of industries and business sizes. Read the [full report](#) for more detail on the methodology and findings.

As part of the Budget in May 2025, the NZ Government announced that the default KiwiSaver contribution rates will increase to 4%. This will occur in stages – first going up to 3.5% from 1 April 2026 and then to 4% from 1 April 2028. Under 18s will also be included for employer contributions.

Therefore, Te Ara Ahunga Ora Retirement Commission commissioned this research as a second stage to the sentiment research undertaken in the first phase. This research seeks to examine the changes the new contribution rate policy may have on potential behaviour of employers using a total remuneration model (employer contributions included in the gross salary / wage of employees) compared to the traditional contribution model of KiwiSaver included on top of the salary / wage. Previous [research](#) from the Retirement Commission suggests that total remuneration models are used by 45% of employers to some extent.

This qualitative study will help inform Te Ara Ahunga Ora Retirement Commission's understanding of the use of total remuneration as well as employers' understanding of the term.

## Project objectives

The primary objectives of this qualitative research are to:

- 1) Explore the reasons why employers choose to offer a traditional contribution model or total remuneration packages (e.g. cost management, perceived employee benefits, administrative efficiency).
- 2) Understand how employers communicate total remuneration packages to employees, including the transparency of KiwiSaver contribution components.
- 3) Explore any perceived advantages or disadvantages of offering a traditional contribution model or total remuneration from the employer's perspective.
- 4) Investigate whether employers perceive any differences in employee understanding of or engagement with KiwiSaver under total remuneration versus traditional contribution models.
- 5) Identify any challenges in administering or communicating total remuneration packages.
- 6) Assess employer awareness and understanding of the recent KiwiSaver contribution rate increase.
- 7) Determine the anticipated impact of the KiwiSaver contribution rate increase on employers offering traditional contribution model versus total remuneration, including potential adjustments to salary packages or other benefits.

## Focus of this report

This report compiles the behaviours, perceptions, and feedback of research participants who engaged in a 1-hour interview focusing on their current KiwiSaver contribution method, their

decision-making process, and their reaction to the upcoming increase in contribution rates and extending contributions to employees aged under 18.

The summary presented in this report offers an overview of the topics discussed. It is important to note, however, that it is not necessarily representative of the views of all those who are involved in the decision-making process regarding employer KiwiSaver contributions, and does not aim to measure public opinion regarding this matter.

## Methodology

Qualitative in-depth interviews were conducted to explore employer perspectives on the total remuneration model compared to the traditional contribution model. A total of 15 interviews were conducted with participants involved in decision making processes. Each interview lasted for approximately 60 minutes.

A qualitative methodology was used to gather deeper insights into the perspectives, attitudes, and behaviours of participants. Participants' words and stories are the primary object of analysis, while with quantitative research numerical data is collected across a larger sample of participants.

Participants were recruited via a market research recruitment company, People for Information (PFI), and offered an \$150 incentive or an equivalent donation to a charity of their choice. Fieldwork ran during 12–27 June. The interviews were conducted by five experienced market researchers.

Interview flow was led by a semi-structured discussion guide, which covered topics relevant to the key objectives while retaining the flexibility for moderators to delve deeper into participant responses. The guide covered the following four key areas: the company's KiwiSaver contribution model, the rationale for the chosen contribution model (including decision-making processes and the perceived advantages and disadvantages), the communication and presentation of total remuneration packages to employees, and the potential impact of the KiwiSaver contribution rate increase on remuneration packages.

Participants represented a range of employers in terms of size and industry. This diversity enabled a more comprehensive understanding of employer perspectives on KiwiSaver contribution models.

The tables below show the distribution of participants across industry sizes and types, as well as the ownership type of the business, roles held by decision makers, and contribution model used.

## Participant breakdown

Business size	#
<30	5
30–100	5
100–199	0
>200	5
<b>Total</b>	<b>15</b>

Contribution model	#
Full total remuneration	3
Partial total remuneration	2
Previously used total remuneration	1
Traditional contribution model	9
<b>Total</b>	<b>15</b>

Māori owned	#
Yes	1
No	14
<b>Total</b>	<b>15</b>

Role	#
CEO	2
HR	6
Business owner	4
General manager	4
<b>Total</b>	<b>16</b>

**\*Note:** For Industry and Role type, the total does not add to n=15, as participants were able to multi-select Industry and Role type.

Industry	#
Retail	1
Professional Services / Consulting	2
Manufacturing	2
IT	2
Construction	1
Trades / Services	2
Transport / Logistics	1
Community Services	1
Not for Profit	2
Education	1
Arts	1
<b>Total</b>	<b>16</b>

Participants were selected via a recruitment questionnaire (see Appendix B) to ensure a variety of perspectives on KiwiSaver contribution models and the increase in the employer contribution rate. A copy of the discussion guide can be found in Appendix A.

## Limitations of the study

This research is a qualitative study focused on gathering and analysing words, insights, attitudes, perspectives, and behaviours. It can be contrasted with quantitative research that measures patterns of data across a large sample of participants.

The discussion outlined within this report is reflective of those who participated in the qualitative research discussions. While every effort was made to ensure representation of a variety of participants, each has unique circumstances and perspectives. A qualitative approach is subject to those who are willing to participate in research.

The findings of this qualitative study are intended to inform future quantitative research involving a larger, nationally representative sample.

This report is a descriptive summary of what the participants expressed during interviews. It is not an exhaustive review of the experiences of all those involved in decision-making regarding employer KiwiSaver contributions.

## Notes to consider while reading the report

The language used in this report replicates and reflects the language used by participants.

To protect participants' privacy, we have anonymised the quotes, providing identifiers that outline the business type, size, and industry, and have not disclosed any names or personally identifiable information. Businesses' names have not been mentioned to ensure confidentiality and privacy.



# Findings



# Contexts & Considerations

## Current NZ economy

It is important to consider the current economic climate that employers are operating in when they decide on an increase in employer KiwiSaver contributions.

According to the latest Ipsos Issues Monitor (March 2025), the cost of living is the biggest issue facing our country. This report dives into the issue to understand New Zealanders' views.

Some key insights:

- 1 in 4 New Zealanders are finding it difficult to manage financially.
  - Low-income households are disproportionately affected by financial difficulties.
- Nearly half are worried about their job security. As a result, the majority are spending less.
- The vast majority of New Zealanders are expecting increases in household spending.

The report can be found here: [Ipsos Cost of Living Monitor March 2025](#)

## Small business in New Zealand

New Zealand is a nation of small and micro-businesses, including the self-employed. Loosely defined as those with fewer than 20 employees, there are around 594,000 small businesses in New Zealand, representing 97% of all businesses. With roughly 1 to 5 employees, there are circa 102,000 micro-businesses representing 17% of all businesses. Small businesses account for 27% of employment and contribute over 40% of economic value-add ([www.mbie.govt.nz](http://www.mbie.govt.nz)).

Increasing employer contributions to KiwiSaver could significantly impact NZ small and micro-businesses, given their prevalence and contribution to the economy; any changes would affect them disproportionately. As many small businesses operate with tight margins, increased contributions could strain their resources, potentially impacting hiring and wage growth.

## Perceived business challenges

The employers we spoke to are facing a range of significant business challenges. Many are grappling with reduced revenue, profitability, and demand due to tough economic conditions. Staffing issues are another common theme, with employers struggling to retain experienced senior staff in the face of rising wage pressures, while also having to implement redundancies and cost-cutting measures.

*"We've come out of a really good 10-year period into what has been an exceptionally quiet period. So, as a business, revenues are down and profits are down significantly."*

(General Manager, Trades / Services, >200 employees)

*"Last year was tough, really, really tough. What we were finding is that there was a period where we just couldn't get jobs to price. We normally price like 120 jobs a month, we weren't getting those numbers because they weren't available. So we put a lot of effort into changing that around and then when we were pricing them it's a very cut-throat market at the moment, so the margins we were operating on, you're not operating those margins anymore."*

(General Manager, Construction, 30–100 employees)

[As a result of the minimum wage rising] *"That meant that we lost virtually all of our senior workers overnight. The market would not absorb such inflationary response. So you can see that with small businesses shutting everywhere and that's a flow on response to that impact."*

(CEO, Not-For-Profit Organisation, <30 employees)



Compliance costs and administrative burdens continue to grow, causing frustration.

*“Admin load is through the roof and government is the main cause of most of that. It’s just at a stupid level. Compliance has just grown massively in our industry.”*

(CEO, Not-For-Profit Organisation, <30 employees)

*“Every few years you get more regulation and you get more of the government’s social responsibility being offloaded onto businesses.”*

(Business Owner, Trades / Services, 30–100 employees)

The COVID-19 pandemic has also had lingering impacts in some sectors, where the strategy has had to be redirected.

*“To be honest, after the COVID pandemic we have been hugely impacted. The government shut down the border for 3 years and literally no international students could come on shore, which hugely impacted our business and we are trying to switch the strategy – we are focusing on the onshore students.”*

(Business Owner, Education / Arts, <30 employees)

Overall, the employers describe an uncertain and difficult operating environment, with recovery expected to be slow despite some cautious optimism on the horizon.

# Employer Contribution Models

## Choice of models & rationale

A total remuneration model of employer KiwiSaver contributions appears to be used by few employers in New Zealand, with the traditional contribution model of paying the KiwiSaver contribution on top of the base salary being the more popular choice. Previous [research](#) from Te Ara Ahunga Ora Retirement Commission, however, suggests that total remuneration models are used by 45% of employers to some extent, which includes mixed-method approaches.

Also currently in use by some employers are some mixed-method approaches whereby a portion of employees are receiving total remuneration while the others receive the employer contribution via the traditional approach, on top of their salary.

Regarding the rationale behind these choices, themes emerged around perceptions of fairness, cost management, administrative simplicity, and employee engagement. Employers generally aimed to balance these priorities according to their unique organisational contexts and values.

Most employers did not regularly revisit their approach or discuss potential other ways of managing their KiwiSaver contributions once they were set. The KiwiSaver contribution model had, in some cases, been chosen by past staff who had since left the business and were not reviewed when the next person took over the role of KiwiSaver decision-making.

### *Traditional contribution model approach*

For some who favoured the traditional approach, a strong moral imperative to do right by employees was the driving force. These employers believed that including KiwiSaver in total remuneration would disadvantage staff and undermine the spirit of the scheme as a genuine employee benefit. It was important to these employers that their employees received the full advantage of being able to save for their retirement.

The moral component to the decision to use a traditional contribution model appeared to have two facets to it: the intent to maintain the business' image of fairness and ethics in the eyes of its employees, as well as the intent to positively contribute towards the employees' future.

[Shifting to total remuneration] *"would make employees feel cheated out of money"* [and offering KiwiSaver on top] *"buys you a lot more in loyalty, especially now. I think if you tried to walk that back now, you'd be in all kinds of trouble."*

(General Manager, Construction, 30–100 employees)

*"For most of the long-term staff, we do it this way [offering KiwiSaver on top]. I think it's supposed to be like that because as a company, this is showing kindness to your staff – that you're willing to contribute a little bit regarding their future living plan."*

(Business Owner, Education / Arts, <30 employees)

There was also a sense that using a traditional contribution model and including this when advertising jobs acted to attract applicants, while communicating the approach to existing staff acted to retain them. This aligns with employers' view that the business is offering employees something over and above the salary that is highlighted as a benefit.

*"I'm seeing a little bit more of companies using it as an attractant and for recruitment. So even just looking through Seek often it's one of the first three lines as like a standout in your ad and*

*they'll say they increase Super and even if it's 4% or 7%, it's still better than 3%."*

(HR Manager, Manufacturing, >200 employees)

*"It's a commitment from us. You know, as a business from a cultural perspective around adding value, getting good employees and keeping good employees."*

(General Manager, Trades / Services, >200 employees)

### *Total remuneration approach*

Total remuneration may be used to ensure parity and consistency between those with differing employment statuses within the organisation, or those who have joined KiwiSaver or opted out.

*"The main rationale was to ensure fairness / pay equity between employees on work visas not eligible for KiwiSaver and those who were citizens or residents and eligible."*

(Business Owner / HR Manager, IT, 30–100 employees)

*"We arrived at that decision when it was first implemented because I had people who opted in and people who didn't, and because I had a casual workforce and people coming and going or not on fixed hours and to me it seemed fairer."*

(Business Owner, Professional Services, <30 employees)

Cost and administration advantages, while not the primary driver for most, were a recognised benefit of total remuneration.

*"I think it's just dollars and cents and not wanting the additional costs in the business."*

(HR Manager, Transport / Logistics, >200 employees)

*"At that time, it was around containing the costs, so that was about absolutely knowing that's all that team members are going to cost for the organisation."*

(CEO, Community Services, <30 employees)

The 'all-in-one' nature of total remuneration was an attractive option for some, as the administration side was easier. A few employers also used total remuneration for budgeting and funding purposes.

*"We're total remuneration [because] I can't apply for funding for things that I can't prove. And if I have it on top, I can't apply for it... Without that, that's another 3% we need to find ourselves."*

(CEO, Not-For-Profit Organisation, <30 employees)

Not all employers who (had) used total remuneration were in favour of the model. One employer noted that her organisation's use of it did not align with her personal values – *"I've always thought it is just cheap and miserable as an employer, you know"* (HR Manager, Transport / Logistics, >200 employees) – while another had trialled total remuneration and later switched back to the traditional model, feeling that it was unfair – *"It didn't feel equitable because of the situation we had that not everyone was on the same playing field"* (CEO, Community Services, <30 employees).

### *Mixed total remuneration and traditional contribution approach*

Employers may use a mixed-method approach to KiwiSaver contributions, decided based on factors such as employee salary or status as a permanent employee or contractor.

One employer chose to use the traditional contribution model for permanent employees only, while applying a total remuneration model to contractors to simplify package calculations and maintain transparency of what was being offered by the business.

*"When it comes to contractors, we may not follow the PAYE plus KiwiSaver approach. We can still follow the rules, but it's more like a sacrifice from your own wages or salaries. So we will put this*

*into the contract, let them know that this is what we negotiate, what we agree.”*

(Business Owner, Education / Arts, <30 employees)

Another employer used a split approach – total remuneration for employees earning over \$80,000 annually and the traditional model for those earning under this amount. This decision was made to protect lower-income workers and encourage engagement with KiwiSaver.

*“Because they’re lower earners, you don’t want to penalise them by having a salary sacrifice for their KiwiSaver because they’re the people that you really, really want to do KiwiSaver. The lower earners are the ones you really want to ensure they’ve got some nest egg for when they turn 65.”*

(HR Manager, Transport / Logistics, >200 employees)

### One approach is unlikely to fit all

The interviews showcased the multifaceted considerations that employers navigate when determining their KiwiSaver contribution approach. The dominance of the traditional model is underpinned by a strong commitment to fairness and employee wellbeing. However, the adoption of total remuneration by some points to the challenges of balancing these ideals with pragmatic business realities. Ultimately, the ‘right’ approach is highly context dependent, requiring each organisation to thoughtfully assess its unique challenges and aspirations.

In making decisions about their management of KiwiSaver, employers have many factors to consider and are often caught in a complex balancing act between the ideal treatment of employees and business profitability and sustainability.

## Perceptions of employer contribution models

### *Perceptions of the total remuneration model*

The potential advantages and disadvantages of the total remuneration and traditional contribution methods were discussed; while some employers had no experience using methods other than their current chosen model, common themes emerged regarding the ways the total remuneration or traditional contribution methods may (not) work in certain situations, organisations, and markets.

The reaction from users of the traditional contribution model towards total remuneration was generally negative, particularly owing to the idea of ‘unfairness’ it raised among those who felt that employees would miss out on a portion of their salary under this approach. There was also a sense it could be more difficult to communicate to employees and to manage in terms of administration.

*“Well, then, that would be getting less... I don’t think that’s very fair.”*

(Business Owner, Trades / Services, 30–100 employees)

*“I read some advice ages ago and it kind of said that you shouldn’t do that. I just felt that that was morally wrong.”*

(General Manager, Construction, 30–100 employees)

There was also uncertainty about how total remuneration would work from a legal standpoint for those employees who earn the minimum wage.

*“If you’re talking minimum wage, we’ve got a lot of people on \$25.00 an hour. Now if I was to use your model that you’re talking about now, they would be getting less than they are from me now.”*

(Business Owner, Trades / Services, 30–100 employees)

This raised the question of whether it would be fair or legal for these employees to be receiving less than minimum wage after KiwiSaver contribution is taken out of their total package.

Total remuneration could be seen as potentially more challenging to manage in terms of employee relations and transparency.

*“I think if you are doing that approach, you need to be quite transparent about it. Like, this salary includes this, this, and this, and this is the package and it’s all together and you know, otherwise I think it can feel like you’re kind of being misled if you don’t understand that.”*

(HR Manager, IT, 30–100 employees)

Total remuneration could also be challenging from an administration perspective – the experience of one employer who previously used the model but moved away from it after 2 years was that *“When you are making adjustments, there’s a lot of calculations you have to do to have it included”* (CEO, Community Services, <30 employees). This difficulty, alongside the perception of inequity for employees, contributed towards the decision to move from total remunerations back to the traditional contribution model.

On the other hand, a traditional contribution model employer with no experience with total remuneration imagined that the administration side would be simpler with total remuneration.

*“In terms of the business being able to plan their spend and expenses and outgoings, it’s all packaged into one, then you’re not having to have a separate thing for paying KiwiSaver and forecasting.”* (HR Manager, IT, 30–100 employees)

#### *Perceptions of the traditional contribution model*

One employer using total remuneration raised the idea that a traditional contribution model may look more attractive to potential new recruits, as the employer contribution may stand out and be perceived as more valuable when mentioned separately. Employees looking at a total remuneration model may then feel short-changed.

*“Well, I think that it [total remuneration] could be perceived as a negative. I guess if somebody’s looking in the market and they’re getting a base salary plus an employer percentage, I guess that feels like it could be a bit of value.”*

(Business Owner, Professional Services, <30 employees)

Most participating employers had adopted the traditional contribution model and had never used another model of employer KiwiSaver contributions. This group, therefore, were able to speak about the advantages and disadvantages that they had experienced.

Perceptions of the traditional contribution model were generally positive among its users, though the additional cost to the business was mentioned as a disadvantage.

*“Our remuneration bill is about \$51 million a year. So, you know, it’s a significant cost to us as a business, the percentage of that being the employer’s contribution.”*

(General Manager, Trades / Services, >200 employees)

One cited advantage of the traditional contribution model was the flexibility and ease of using the employer KiwiSaver contribution percentage to drive HR objectives.

*“It was treated as an additional benefit. So it was like, hey, instead of giving you X% increase, we’ll increase your KiwiSaver again. It was a retention strategy, but also sold as a benefit.”*

(HR Manager, Professional Services, 30–100 employees)

However, the major advantage of the traditional contribution model echoed by most employers was the support and consideration that it signifies for the employee and their future financial wellbeing.

*“I think that’s inherently linked to that commitment to the person as well that we actually want to provide you with a base for the future and we want to go above and beyond what our legal requirements are.”*

(HR Manager, Manufacturing, >200 employees)

### *Cultural differences & international comparisons of in employer contribution model choice*

Culturally, New Zealand is different from overseas markets in that the standard practice here is to offer the salary plus the benefits separately on top. In New Zealand, unlike some other countries, the salary range is not always mentioned in job advertisements and there can be a general reluctance to discuss remuneration.

While the expected or ‘default’ system may be total remuneration in some other countries, there is no strong desire to change what is done in New Zealand or assimilate international norms. It may also be that employees have become trained to expect the traditional approach in New Zealand and, as such, changing models, if desired, would be very challenging.

Some employers at NZ-owned businesses using a traditional contribution model reflected that overseas or international companies may have a different way of viewing and managing their retirement savings and superannuation schemes.

*“This is where internationally, I suppose, they look at it in terms of salary sacrificing and how that looks. Like, my understanding it would be that if you work it out as a total remuneration package... that actually works out cheaper often for the business.”*

(HR Manager, Retail, >200 employees)

The sentiment was that total remuneration may more appropriate overseas while not fitting with their idea of what works for them in their own organisation. Decision-makers within NZ-owned organisations may distance themselves from what the norm is in other markets.

*“Australia’s different. Australia, you’ve got the total remuneration perspective of which super is a key part, but New Zealand’s quite immature.”*

(General Manager, Manufacturing, >200 employees)

## **Communications of chosen employee contribution models**

The approach to employer KiwiSaver contributions is usually communicated to employees during the recruitment process, interview stage, or job offer. The KiwiSaver component is spelled out in employment agreements, though the level of emphasis and explanation can vary. Few differences are seen between users of either model at this stage.

### *Presentation of approach to new staff*

A user of the total remuneration approach detailed how and when the model is explained.

*“It’s usually a conversation at the end of the recruitment process before they’re on board and we just let them know that we’re running a total remuneration package and it includes your base pay and the KiwiSaver employer’s portion, as well as the employee portion is removed from that.”*

(Business Owner / HR Manager, IT, 30–100 employees)

Sometimes the use of total remuneration is communicated earlier, at the interview stage.

*“We actually discussed that in the pre-job interview so they were aware of what we can offer.”*

(CEO, Not-For-Profit Organisation, <30 employees)

Across users of both contribution models, the depth of explanation and emphasis on KiwiSaver can differ. Some acknowledged that the KiwiSaver portion of the packages may not always be clearly understood by employees and may not be actively promoted as a benefit or explained in detail. Multiple employers reported that they have never been asked by employees about KiwiSaver and the amount the employer was contributing, and there were few discussions needed about KiwiSaver.

*“New employees are informed that the total remuneration approach is part of the employment conditions. I think it’s one of the conditions of employment – and I’ve never had a question from staff or potential staff.”*

(CEO, Not-For-Profit Organisation, <30 employees)

### *Communication of approach during employment*

Those who have used total remuneration for many years reported limited ongoing communications to employees. One employer spoke about the process of ensuring that employees understood the employer contribution model initially – *“When we first went through and made the changes, we were very clear on how it was going to work. We ran a little workshop before we went through the whole process... Explained how it was going to hit our CFO, come in and talk it through with everybody, so that we could understand exactly how that was going to work.”* But since that initial rollout, *“It very much runs itself, you know. It’s just something that’s worked very well for us and we’ve been really comfortable with it”* (Business Owner / HR Manager, IT, 30–100 employees).

Users of total remuneration are generally confident their employees know that this is the employer contribution method used and how much of their total package is the employer contribution.

*“Yeah, they understand that’s the situation, that’s the market we live in, and that’s why we do it.”*

(CEO, Not-For-Profit Organisation, <30 employees)

*“It includes your 3% employer contribution on the payslip and I know that it does in our payroll.”*

(Business Owner / HR Manager, IT, 30–100 employees)

Most employers had not seen particular evidence of the impact of their chosen model on employee behaviour related to KiwiSaver. However, there was a general sense that the traditional approach of treating KiwiSaver as an additional benefit might encourage greater participation and appreciation.

## **Employee engagement with & understanding & appreciation of employer KiwiSaver contribution models**

### *Employee engagement & understanding of KiwiSaver contribution models*

While employers generally communicate their KiwiSaver approach during recruitment or onboarding, employees’ understanding of and engagement with KiwiSaver itself can be limited under both total remuneration and traditional contribution models.

The contribution model itself does not appear to be a significant driver of employee appreciation of or engagement with KiwiSaver; these are more closely connected to individual factors, e.g. employees’ age, general understanding of KiwiSaver, personal savings / retirement plans, and interest in tracking their finances.

Regarding employees’ lack of engagement in conversations about KiwiSaver, one user of total remuneration said, *“I think it depends on the financial literacy of your employees and the extent to which they understand the whole process, and you know, that’s also impacted by how close they are to retirement themselves”* (Business Owner, Professional Services, <30 employees).



Another user of total remuneration had a different experience of employee engagement, having discussed KiwiSaver with some employees.

*“We have a couple of people that are very pedantic and amongst those, one in particular continually needs to know the breakdown. So we understand that that’s something that she needs and that’s something that we are always available to do.”*

(Business Owner / HR Manager, IT, 30–100 employees)

Some employers spoke of their personal feelings around saving for retirement and the importance of KiwiSaver, with a concern that their employees do not have the same depth of understanding.

*“We’ve had 3 new people start and 3 of them don’t want to join KiwiSaver and I’m thinking, ‘Oh my goodness, why not?’ I’m in it for myself. I’m in a high-risk fund and then obviously as I get older that will reduce, and I’m looking at these guys going, ‘God, you’re in your 20s or early 30s. Why the heck are you not in KiwiSaver?’”*

(HR Manager, Professional Services, 30–100 employees)

This employer identified this lack of employee interest in KiwiSaver as an opportunity for the organisation to provide more education for employees, and wants to move towards providing resources to help employees make informed KiwiSaver decisions.

#### *Employee appreciation of employer KiwiSaver contribution*

Most employers noted that there was a low level of appreciation for KiwiSaver as a benefit overall, regardless of the contribution model being used. This was especially noticed amongst younger staff and those with lower incomes.

One user of the traditional contribution model observed that there seemed to be much more attention and importance placed on the immediate cash being received from salaries rather than on the amount being contributed towards KiwiSaver.

*“Some employees are in a position where they need the money week-to-week, so even though you’re contributing, it feels like missing out. Well, you know that money that you are contributing each week could be absolutely the difference between having something at home and not.”*

(General Manager, Not-For-Profit Organisation, <30 employees)

Another user of the traditional model remarked on generational differences, with younger workers not valuing KiwiSaver as much as older ones closer to retirement and preferring other benefits.

*“You’ve got like 5 to 6 generations in the workforce. And early in their career, they really don’t care about KiwiSaver. But they’re so far off it [retirement], it’s not important. They’d rather have much more leave, sabbaticals, those sorts of things.”*

(General Manager, Manufacturing, >200 employees)

### **Employers want to see employees appreciating the benefit of KiwiSaver and understanding what this means for their future**

The perceived lack of engagement or appreciation from many employees in KiwiSaver indicates that there may be an opportunity for employers under both models to tailor their communications and education initiatives to better meet the diverse needs of their workforce.

Regardless of the contribution model, fostering greater financial literacy and regularly reinforcing the long-term value of KiwiSaver could help drive more consistent engagement.

# Understanding & Implications of Upcoming KiwiSaver Changes

## Awareness & understanding of contribution rate increases

The interviews gauged employers' awareness and understanding of and reactions to two key proposed changes to KiwiSaver: the phased increase in minimum employer contribution rates from 3% to 4% by 2028 and the extension of employer KiwiSaver contributions to employees under the age of 18.

Interview participants were shown the following statements to react to:

- 
- *The default rate of employee and employer contributions for KiwiSaver will rise from 3% of salary and wages to 4% in two steps. **From 1 April 2026, the rate will go to 3.5% and, from 1 April 2028, it will go to 4%.** The increases are being phased in over a 3-year period to help workers and employers plan ahead.*
  - *Employees will be able to **opt down to the current 3% rate** for up to 12 months, if they choose, and still be matched at that rate (3%) by their employer. They may wish to do that, for example, if they feel they are unable for a time to afford an increased contribution. They have the option to reapply for the exemption rate each year.*
- 

All participants were broadly aware of the upcoming increases; however, their depth of knowledge varied. Some demonstrated a solid understanding and mentioned that they had already looked through the details and started planning for the implications, while others had heard of it but were unsure on the specifics.

*"First change I'm aware of, which I think is happening very soon, is the government contribution I think being cut in half, right? So basically dropping from that dollar to 50 cents and then the two increases, which is interesting that we've done it as a staggered approach."*

(HR Manager, Retail, >200 employees)

*"So it goes to 3 and a half percent 1<sup>st</sup> of April next year and then 2028 goes to 4%. And I think from 1 July this year \$521 dollars gets halved, the government contribution."*

(HR Manager, Transport / Logistics, >200 employees)

Those less aware of the details expressed having more pressing, immediately business concerns to manage, meaning that doing research into KiwiSaver changes was not a current priority.

*"I wasn't aware it was going to be phased over a 3-year period. I just to be honest actually thought it was moving from 3% straight to 4% as of the 1st of April."*

(HR Manager, Professional Services, 30–100 employees)

## Comparisons to Australia

Some compared the employer contribution increase to the way the superannuation funds are managed with higher employer contributions in Australia, looking at long-term positive benefits.

*"I think it's good. I used to work in Australia and obviously when the Labour government back in the 80s brought that in... I think that started at 3% or 4% and I think it's up at 10% or 12% now. That's been 30 years now nearly, and that's just created wealth in society where all these super*

*funds now have all this money they can invest back into infrastructure or projects.”*

(HR Manager, Transport / Logistics, >200 employees)

An employer who has lost staff to job offers in Australia believes that as it currently stands, New Zealand is not able to compete with what is offered in Australia regarding superannuation benefits.

*“Not so much for the younger generation, but I think once people get into their 30s, then they start thinking about [retirement savings] particularly with that drive of what’s out there in the big wide world and Australia being one of the key places that we lose people to, that’s a real selling point for people.”*

(HR Manager, Manufacturing, >200 employees)

## Concerns & expected impacts of employer contribution changes

Despite gaps in knowledge, employers generally grasped the broad implications of the change. Most acknowledged potential challenges for their business while retaining an overall positive view of the changes as a whole for the future of NZ workers.

The rise to 4% raised cost concerns for some employers, especially those who are already dealing with tight budgets in the current economy. However, this tended to be seen as inevitable and just something that has to be managed.

*“It’s just another cost effector... So, for me, I’m accepting of it. We don’t have a choice, so we will just absorb that into our business. Like I say, when our wages bill is over \$50 million a year, it’s a big cost, right? It doesn’t sound like a lot when you talk about it on an individual employee basis, but \$50 million? That’s a large sum of money for a company to find.”*

(General Manager, Trades / Services, >200 employees)

*“When we’re looking at going into 4%, I just did the quick calculations and stuff like that. So we already put aside sort of 8 grand, give or take at the moment, and you know it’s going to be increasing to 11 grand... by the time it’s 4% and that’s at the current rates, I mean that’s still, what, 2 years away? So you know that’s additional money that we’re supposed to find and contracts that aren’t necessarily going up.”*

(General Manager, Not-For-Profit Organisation, <30 employees)

Total remuneration users talked about wanting to plan well in advance for the changes.

*“Yeah, that’s why I kind of want to get ahead of it and look at some data from payroll about can we make these changes. I would need to change the budget and that kind of stuff, otherwise people’s pay is going to decrease and that’s not a good look.”*

(HR Manager, Transport / Logistics, >200 employees)

Some employers mentioned costs’ needing to be offset by other parts of the business, passing costs on to the consumer.

*“Every business passes its costs on... So, like you get another percentage in your KiwiSaver or whatever, but then, you know, when you go to the supermarket, is everything then going to go up again, and I’m not just meaning the supermarket – everywhere, right?”*

(HR Manager, Retail, >200 employees)

*“I think that needs to be offset by some savings somewhere else for the business, because businesses can’t just keep doing that... It can only come out of profit. Where else can it come from? I put money aside for my natural gas or my electricity or my insurance. It can’t come out of that. That still has to be paid.”*

(Business Owner, Trades / Services, 30–100 employees)

In some cases, employers were considering a review of the salary budget to help offset the extra costs to the business of the increased employer contribution.

*“We will also look very carefully at what sort of pay scale level [the employee is on] because obviously it changes per pay scale.”*

(CEO, Not-For-Profit Organisation, <30 employees)

Some concerns were raised about the impact of the changes on employees’ KiwiSaver amounts themselves – namely that the KiwiSaver contribution increases to 3.5% and 4% were insufficient.

*“It’s really not going to make much impact, particularly for the people who are in their 40s, 50s, there’s a lot to catch up on from that perspective. I would have liked to have seen them go to 6%.”*

(HR Manager, Manufacturing, >200 employees)

### *Considered changes to contribution model*

After discussing different contribution models and the upcoming changes to KiwiSaver contribution rates, one employer, a traditional contribution model user, stated they may now consider moving to total remuneration. This employer felt the employees did not sufficiently appreciate the current 3% employer contribution. With the increase to 4% being a higher cost to the business, and employees unlikely to see the benefit of this, it was considered that moving to total remuneration may help the business present its KiwiSaver investment as much of a benefit to the employee as their salary.

*“My conversation with the directors is now going to be, well, look, we really should be communicating to our employees total remuneration so they can actually see what you are investing in them. I don’t know whether they’ll move away from a traditional viewpoint or not, but my advice would be that we start to look at total remuneration so that our employees can see, okay, this is being increased.”*

(HR Manager, Professional Services, 30–100 employees)

## **Reactions to employee contribution increase opt-out**

Regarding the possibility of opting out of the employee contribution increase, employers had mixed levels of certainty as to what that would mean for their own contributions. Some stated that they would not match the employee down at 3%, as they felt it would be only fair to remain at the higher contribution rate and contribute the same rate for all staff. Others were unsure whether they want to pay a higher contribution than the employee or not, largely due to cost considerations.

While across the board employers reacted with acceptance of the KiwiSaver updates, there was a small amount of negative sentiment expressed by some around their inability to choose to opt out of the employee contribution unless the employee chooses it.

*“I guess my first thought is that they’re giving the employees a choice, but they’re not giving the employers any choices. Which is, you know, congruent with what governments do.”*

(Business Owner, Trades / Services, 30–100 employees)

Concerned about the effects on administration difficulty, some employers would not match employees’ lowered contribution rates if they chose to opt out.

*“We would want to pay at 4%. Again, unnecessary complexity. What a waste of my time, what a waste of life.”*

(CEO, Not-For-Profit Organisation, <30 employees)

However, this particular employer was also concerned about negative employee reactions to idea of matching the lower contribution rate.

*“The last thing I want is aggravation with staff because that costs me the most. So, we’ll be saying, ‘look, we’ll still do 4’. I’ll tell you that right now because of the potential to have irate staff. Why would I do that?”*

(CEO, Not-For-Profit Organisation, <30 employees)

Some leaned towards not matching employees’ lower contribution purely out of consideration for the employee’s personal financial situation and wishing to keep to the agreed original amount.

*“If the original negotiation is that they pay 4%, I pay 4% if I’ve already agreed with this, they say, ‘Okay, I’m going to need to drop down’ [...] that’s an understanding situation, because everybody has difficulties... If it’s a hardship period, then I think I won’t change [4% employer contribution].”*

(Business Owner, Education / Arts, <30 employees)

*“I think that’s going to make that equity gap even bigger, because if it feels like if you can’t afford it [employee contribution] and you’re struggling from week to week, then you’re getting penalised again in a way because you need to stay at that rate but then for 2 years you’re going to lose another percentage [employer contribution]. Why is it that the employees that are in that position that need to opt down, which is their contribution anyway, why are they then getting penalised?”*

(CEO, Community Services, <30 employees)

One employer expressed uncertainty, likening the situation to having staff over 65 who do not have compulsory employer contributions – a situation where the employer needs to make a choice as to what they contribute because there is no legal obligation to follow.

*“I think I’m going to have some team members that they’ll be just like, ‘Oh, can I opt down?’ But then, I don’t want to feel like they’re getting less. It’s kind of like, I had one team member that he aged out of KiwiSaver at one point before he retired. And so that was like, what do we do? Because we don’t legally have to do this now. So what does that mean?”*

(General Manager, Not-For-Profit Organisation, <30 employees)

This employer, while expecting some employees to want to opt down to 3%, was unsure yet as to whether they would match it, knowing that they are not required to, but with a concern that those employees would then be receiving less than others.

However, some employers, in considering the financial state of the business, felt that they would have to make the choice of matching the employee at the lower contribution rate if they opted out.

*“Had you asked me that question 2 years ago when we were hugely profitable, I would have had a different view on it. My view at the moment, having made a significant number of people redundant over the last 12 months and what the period of time here is looking for us, is if an employee chooses to drop to the 3% rate, we will do the same.”*

(General Manager, Trades / Services, >200 employees)

This response implies that while matching the lower employee contribution rate would not have been the preferred choice, the profitability of the business takes priority.

This employer had a strong concern that the opt-out system could be abused by some. Employers looking to save money could attempt to manipulate their employees’ decision to move down to a 3% contribution rate so that they could match it and not have to pay the 4%.

*“They [the government] have left themselves open a little bit here for, and this would be poor conduct, if an employer wanted to keep their costs down, they could encourage their staff to opt out. So, as an example, with my 600 people I could go to them and go why would you pay 4? Just*

*pay 3%, it's as good as gold, and I've just fixed my own problem."*  
(General Manager, Trades / Services, >200 employees)

### **KiwiSaver changes will have a limited impact on employers' remuneration approach**

While employers will be revising their budgets and communications approaches, they expect to largely be able to adapt to the changes when they happen.

## **Expected & preferred communications to employees**

Across the board the most widely anticipated impact of the upcoming changes to KiwiSaver was the necessity of putting together clear, well-thought-out communications to employees to explain the changes. There was a fear that without clear, proactive communication, the changes could be seen as an unwelcome imposition rather than a benefit. This would most likely take the form of emails, notifications through various organisation-specific communications portals, staff meetings, and in-person conversations.

There was a general expectation that some employees would have heard the news already and have a basic awareness that KiwiSaver changes would be coming. There was also an expectation from some employers that communications and guidance would be provided by the Government for both employers and employees to ensure that everyone involved is aware.

*"Not all of our staff are on email. I'll probably do it as individual letters and say this is what this means for you. And then also put a link to say if you wanted to do a temporary rate reduction, here's the link to know how to go ahead and do that."*

(HR Manager, Transport / Logistics, >200 employees)

*"I think people these days find out about the stuff naturally prior to it happening. We will then roll out like a comms plan across the business, closer to the time, so we haven't consulted on any changes as of yet, but closer to the time we will roll out comms."*

(HR Manager, Retail, >200 employees)

*"I think there will be a general communication piece, but probably talking to people individually where it may be needed."*

(Business Owner, Professional Services, <30 employees)

*"We'll probably discuss it in a staff meeting or I certainly think through our Pay Hero portal it will come through anyway. We're part of Pay Hero and they're pretty good at anything like that."*

(CEO, Not-For-Profit Organisation, <30 employees)

It was important to employers to have some information provided by Government agencies to disseminate to staff. This appeared to be primarily based on a desire to have all the correct details; however, there was mention of a desire to 'pass the buck' and redirect any potential negative employee sentiment towards the Government rather than the organisation decision-makers.

*"Essentially, the Retirement Commission will release something that we will attach or use, or something like that, so that staff understand that it's not us doing it, it is the Retirement Commission. Instead of me going out to everybody and going, 'you now have to pay 4% but you can opt out of it', we will just essentially use the Retirement Commission's own advice."*

(General Manager, Trades / Services, >200 employees)



*“We would communicate it as part of their benefits package but appreciate having approved wording and resources from the Government.”*

(HR Manager, Retail, >200 employees)

A total remuneration user was concerned employees would feel they had been impacted unfairly and was planning the future communications and future salary budgeting carefully to avoid this.

*“My staff don’t know this, but that’s what I’m thinking through. I don’t want the legislation to have a negative impact on them. I don’t want them to feel like they’re negatively impacted by it because that’s not the intention of why we did the approach to KiwiSaver that we did.”*

(Business Owner, Professional Services, <30 employees)

The concern from a total remuneration perspective was that although the model was originally chosen to optimise a level of fairness across the staff, employees may feel that an increase in the proportion of their total salary package being taken out for KiwiSaver would have a negative impact on the amount they feel they gain as a salary. Although this employer had not previously had any negative feedback from employees regarding the total remuneration model, the upcoming changes made her want to tread very carefully around upcoming communications.

## Expected employee reaction to contribution changes

There was an expectation that employees’ choosing to opt out of the contribution increase would depend on their income and life stage. There were also comments about employees’ potentially not liking the changes. With the challenges of the current economy, employees may be less willing to ‘sacrifice’ money from their own salary to put towards their contributions.

*“I would say that we will potentially notice a difference between our part-time and our full-time workforce. We have a lot of students who work for us who might actually want the cash in their hand now, they might choose to opt their percentage down.”*

(HR Manager, Retail, >200 employees)

*“I think that having a default set to 4% for employees perhaps might raise an allergic reaction with a lot of people, given the current climate. I know we have a number of people within our organisation who are currently experiencing financial hardship. And so, to see those people who already feel that that’s stretched by contributing 3% may be quite confronting.”*

(HR Manager, Professional Services, 30–100 employees)

## Reactions to extending KiwiSaver to younger workers

Employers had mixed reactions to the proposal to extend KiwiSaver coverage to 16- and 17-year-olds. Not all were aware of this change. Most of the employers interviewed felt that their organisation would not be impacted due to not currently employing under 18s and being unlikely to do so in the future, primarily due to the nature of the work and qualifications that were required. This change, therefore, carried less importance for employers overall; however, most were able to speak on their general views on the concept of extending KiwiSaver to these employees.

Interview participants were shown the following statement to react to:

- 
- *The Government will extend **the government contribution to 16- and 17-year-olds** from 1 July 2025, **and extend employer matching to 16- and 17-year-olds** from 1 April 2026.*
- 

From the perspective of an employer who does not currently have any staff aged under 18, there was a sense that younger employees are now increasingly part of the workforce, especially in cases



where working or starting an apprenticeship is used as an alternative to completing traditional schooling. This meant that it felt fair to treat them in the same manner as other employees.

*“I can’t see a problem with it personally. And I think there is a lot more 16- and 17-year-olds going out into the workforce. I guess we do crossover into that alternative education space where school has not worked for them and so their options are to either start being employed or join an apprenticeship or something like that.”*

(CEO, Community Services, <30 employees)

*“I mean, I think it’s good, the earlier the better, and the more money that’s going into your KiwiSaver that you know, the better. Like, yeah, I think that’s good news.”*

(HR Manager, IT, 30–100 employees)

Other employers were more sceptical of the need and some disagreed that under 18s should be treated the same as other employees.

*“My first reactions are it’s okay how it is. If you’re under 18, look, that’s odd job territory, in my opinion. You know, you’re part-time work or whatever it is. You’re not really in the workforce, so I think requiring someone to make contributions to the KiwiSaver at that age is probably too soon.”*

(Business Owner, Trades / Services, 30–100 employees)

One employer felt that despite these changes, young people were unlikely to be encouraged to take part in saving with KiwiSaver.

*“Yeah, I can’t see it being taken up. I feel like it might be one of those that that isn’t widely known about or appreciated, I think.”*

(HR Manager, Manufacturing, >200 employees)

There was some speculation that the extension of KiwiSaver for this group could have a substantial cost impact on organisations which rely heavily on an under-18 work force, such as movie theatres and fast-food restaurants.

*“I think that’s quite substantial. If I was running a business and then if half of my workforce was 16- and 17-year-olds, you know, that would be a significant change.”*

(General Manager, Trades / Services, >200 employees)

One employer’s professional viewpoint was influenced by her personal life, with the perspective of her own child’s being impacted by the changes.

*“Look, I think that’s good because my 16-year-old also has a job at the local Pak’nSave. He works in the checkout, so for him to start claiming employer contributions, it’s a good thing, never too early to start.”*

(General Manager, Manufacturing, >200 employees)

### **Strong, clear communications will be key to getting everyone on board**

Employers will seek official communications and guidance from the Government to pass on information to their employees about the upcoming changes in a clear and accessible manner.

There is an appetite for support from trustworthy sources for employers who are keen to ensure they have a solid understanding of requirements and obligations for businesses.

# Conclusion

## *Contribution models*

Employers' choice of model is influenced by a complex interplay of factors, such as perceived fairness, cost management, administrative simplicity, and employee relations. Those using total remuneration often cited the ability to ensure pay equity across their workforce, particularly for employees not eligible for KiwiSaver, and to better control their overall labour costs. However, they also acknowledged the potential risks of employee dissatisfaction and disengagement if the model is not communicated transparently.

In contrast, employers using the traditional model frequently emphasised the importance of offering KiwiSaver as a genuine employee benefit to attract and retain talent. They believed that paying contributions on top of salary sent a clear message about the organisation's commitment to staff wellbeing and long-term financial security. However, the additional cost and the complexity of this approach were recognised trade-offs.

## *Changes to KiwiSaver*

Looking ahead to the proposed KiwiSaver changes, such as the phased increases to minimum contribution rates and the extension of coverage to younger workers, employers expressed a mix of tentative support and apprehension. While most acknowledged the societal benefits of boosting retirement savings, they were acutely concerned about the impact on their bottom line and the risk of employee pushback, particularly in the current challenging economic climate.

For those using total remuneration, the prospect of mandatory increases to KiwiSaver contributions sparked fears of ballooning labour costs and administrative headaches. Some anticipated difficult conversations with employees who might feel blindsided by an effective pay cut. Employers using the traditional model, while somewhat insulated from the immediate cost impact, still worried about the cumulative effect on their wage bill and the ability to offer competitive salaries.

## Key takeaway points

- 1) **Choice of contribution model:** Those using the traditional KiwiSaver contribution model see it as an employee benefit to help attract and retain talent, sending a message of commitment to employees' long-term financial security. Those who prefer the total remuneration model like the consistency it offers between employees who use KiwiSaver and employees who do not.
- 2) **Perceptions of total remuneration:** Non-users of total remuneration packages generally expressed a negative impression of the model, seeing it as unfair to the employee.
- 3) **Cultural differences and international comparisons:** The traditional contribution model appears to be embedded in the NZ business context, although it is acknowledged that the preference may be for total remuneration in other markets internationally.
- 4) **Communication of model:** While the contribution method in use is communicated during recruitment and onboarding of staff, employers generally see a low level of employees' appreciation of the employer KiwiSaver contribution as a benefit. Employees do not tend to discuss or question the contribution model that the employer uses.
- 5) **Contribution rate increases:** The phased increase in KiwiSaver contribution rates from 3% to 4% is welcomed for its societal benefits but raises concerns for businesses about the increased financial burden. Employers feel the pressure to balance these costs, possibly impacting wage growth and hiring.

- 6) **Employee contribution matching:** Employers had a mixed response to the option of matching the employees' contribution if they choose to lower their rate. Those who would stay at the default higher rate for all employees regarded this as fair and equal. Those who would match employees at 3% would do so to save on costs to the business.
- 7) **Future considerations:** Employers see the need for detailed planning and transparent communication strategies to manage employee expectations and understanding in preparation for the changes to KiwiSaver contributions. Government-provided guidance is needed to ensure well-managed transitions.

# Appendix A: Discussion Guide

Retirement Commission

Total Remuneration

Depth Interview DISCUSSION GUIDE

*Job number: 25-009803*

*n=15 (60mins) online interviews*

*Fieldwork period: 12–27 June*

*Moderators:*

- *Aiden Regan*
- *Bart Langton*
- *Jade Phillips*
- *Cameron Robinson*
- *Kerrianne Lindsey*

## Objectives

1. Explore the reasons why employers choose to offer a Traditional Contribution Model or Total Remuneration packages (e.g., cost management, perceived employee benefits, administrative efficiency).
2. Understand how employers communicate Total Remuneration packages to employees, including the transparency of KiwiSaver contribution components.
3. Explore any perceived advantages or disadvantages of offering a Traditional Contribution Model or Total Remuneration from the employer's perspective.
4. Investigate whether employers perceive any differences in employee understanding or engagement with KiwiSaver under Total Remuneration versus traditional contribution models.
5. Identify any challenges employers face in administering or communicating Total Remuneration packages.
6. Assess employer awareness and understanding of the recent KiwiSaver contribution rate increase.
7. Determine the anticipated impact of the KiwiSaver contribution rate increase on employers offering traditional contribution model versus Total Remuneration, including potential adjustments to salary packages or other benefits.

NOTE: The discussion guide is a guide and not a rigid set of questions. The moderator's style is not to go through the guide question by question, but to ensure the desired information is gained from the interviews. The timing for each activity is an approximation.

## Introductions

5 mins

*Purpose: To introduce the interview and get to know the participant*

**Introduction to Ipsos** – Ipsos is an independent market research company, and our client The Retirement Commission would like to understand more about the approach to Total Remuneration in your workplace.

- There are no right or wrong answers in anything we discuss – all views are welcome, whatever you think, and feel is interesting to us
- Reassure and explain confidentiality, note taking, video recording
- These will be used for research purposes only and not be shared outside of our client's organisation.
- Any questions before we begin?

## Context

5 mins

*Purpose: Gaining context for the discussion*

To get us started, can you tell me a bit about

- The business you own/work for – what is its purpose?
- And what is your role? What does it involve?
- How is business at the moment? What are the main challenges? What is working well?
- What does the future look like for the business? What opportunities or challenges can you foresee?

## KS Contribution Approach

5 mins

*Purpose: What is the current KS situation and why, has this changed over time?*

- Can you describe your company's approach to KiwiSaver employer contributions?
  - Employer contribution to KiwiSaver is paid on top of gross salary (traditional contribution model (TCM))
  - Employer contribution to KiwiSaver is included in the employee's gross salary (Total Remuneration approach (TR))

Note: the following additional information can be provided if helpful to distinguish the approach – if two employees have exactly the same role at your organisation, and one is a KiwiSaver member and the other is not a KiwiSaver member, does the company incur a higher cost for the KiwiSaver member compared to the non-KiwiSaver member (if yes then this is the traditional model, if no, then they are following a total remuneration approach)

- What rate do you currently contribute? How come?
- Only TR: Who is Total Remuneration offered to – is it offered to all employees or only specific groups? How come?
- Only TR: How long have you been offering Total Remuneration?

## Contribution Model Rationale

15 mins

***Purpose:** Explores the underlying reasons why employers choose to offer Traditional Contribution Model or Total Remuneration packages. This section delves into the decision-making process, perceived benefits, and consideration of alternative approaches.*

### **Decision-Making Process:**

- What were the main reasons behind the decision to offer a Traditional Contribution Model/Total Remuneration packages?
- Who was involved in the decision-making process and what were their roles?
- What factors were considered (e.g. cost, administrative burden, employee attraction/ retention)?

### **Perceived Benefits:**

- What benefits do you believe the Traditional Contribution Model/Total Remuneration offers to your company?
- What benefits do you believe the Traditional Contribution Model/Total Remuneration offers to your employees?

### **Perceived Challenges:**

- Are there any downsides for either the business or employees regarding the Traditional Contribution Model/a Total Remuneration approach?

### **Alternative Approaches:**

- Did you consider other approaches to KiwiSaver contributions? If so, what were they and why were they rejected?
  - Only TCM: Have you ever used a Total Remuneration approach in the past at this company? If yes what made you change from this approach to the traditional contribution model?
  - Have you worked for a company that has used a Total Remuneration approach in the past? If yes, can you talk about why that approach was selected.

*Probe Simplicity, Transparency – why TCM/TR users perceive the model to be simpler from an accounting perspective, or more transparent to employees. Anecdotally, for TR transparency & simplicity may relate to clarity for the employer regarding total cost per pay period.*

## Communication and Presentation to Employees

15 mins

***Purpose:** Focuses on how employers communicate Total Remuneration packages to their employees. It examines the transparency of the communication, the information provided during recruitment and onboarding, and ongoing communication strategies.*

ONLY ASKED FOR COMPANIES THAT USE TOTAL REMUNERATION PACKAGES (or anyone who answered that they had previously worked at a company with a total remuneration approach)

### **Transparency:**

- How do you explain Total Remuneration packages to employees?
- How do you ensure employees understand the KiwiSaver contribution component?
- Do you explicitly show the KiwiSaver contribution amount separately from the base salary?

### **Recruitment and Onboarding:**

- How is Total Remuneration presented to potential employees during the recruitment process?
- Is it clearly outlined in employment contracts?
- What information is provided to new employees about KiwiSaver and Total Remuneration?

**Ongoing Communication:**

- How do you communicate changes to KiwiSaver contributions (e.g., rate increases) to employees on Total Remuneration?
- Do you provide employees with tools or resources to understand their total compensation package?

**Employee Feedback:**

- What kind of questions or feedback have you received from employees regarding Total Remuneration and KiwiSaver?

**Comparison to Traditional Models:**

- In your opinion, how does Total Remuneration compare to traditional KiwiSaver contribution models in terms of:
  - Cost-effectiveness
  - Administrative burden
  - Employee satisfaction
  - Attraction and retention?

**Impact of KiwiSaver Contribution Rate Increase****15 mins**

***Purpose:** Assesses the employer's awareness and understanding of the recent KiwiSaver contribution rate increase and its potential impact on their remuneration packages. It explores anticipated adjustments and communication strategies.*

Share Slide with information about contribution rate increases:

- The default rate of employee and employer contributions for KiwiSaver will rise from 3 per cent of salary and wages to 4 per cent in two steps. From 1 April 2026, the rate will go to 3.5 per cent and, from 1 April 2028, it will go to 4 per cent. The increases are being phased in over a three-year period to help workers and employers plan ahead.
- Employees will be able to opt down to the current 3 per cent rate for up to 12 months, if they choose, and still be matched at that rate (3%) by their employer. They may wish to do that, for example, if they feel they are unable for a time to afford an increased contribution. They have the option to reapply for the exemption rate each year.

**Awareness and Understanding:**

- Are you aware of the recent increase in the KiwiSaver contribution rate? What are your feelings about this?
- What do you understand the implications of this increase for your remuneration packages to be?

**Anticipated Adjustments:**

- How do you anticipate responding to the increased KiwiSaver contribution rate?
- For TCM: Do you think the increase in contributions will decrease your business profitability (as a result of increased wage/salary costs) or do you think you will offset the cost against future wage increases, or will it be a combination of the two?
- For TR: Do you plan to adjust base salaries, other benefits, or the overall Total Remuneration package?
- What factors will influence your decision? (e.g., budget constraints, employee expectations, market competitiveness)



- If employees opt to drop down to 3% for a period of time, will you continue to contribute at the higher rate, or drop down to 3% during that time.

**Communication Strategy:**

- How do you plan to communicate these changes to employees?
- What challenges do you anticipate in communicating these changes?

**Long-Term Impact:**

- Do you believe the KiwiSaver contribution rate increase will have a long-term impact on your company's approach to using a Traditional Contribution Model/Total Remuneration? (are they are thinking about switching their approach due to the contribution rate increase?)
- Do you foresee any changes in employee attitudes or behaviours as a result of these changes?

Share Slide with information about under 18s

- The Government will extend the government contribution to 16 and 17-year-olds from 1 July 2025, and extend employer matching to 16- and 17-year-olds from 1 April 2026. Noting that they will not be auto-enrolled, but will need to opt-in to receive these benefits.

**Awareness and Understanding:**

- Are you aware of this change? What are your feelings about this?
- What do you understand the implications of this change for your remuneration packages to be? (are they already providing employer contributions to 16 and 17 year olds?)

**Anticipated Adjustments:**

- How do you anticipate responding to the extension?
- What factors will influence your decision? (e.g., budget constraints, employee expectations, market competitiveness)

**Communication Strategy:**

- How do you plan to communicate these changes to employees?
- What challenges do you anticipate in communicating these changes?

**Long-Term Impact:**

- Do you believe the KiwiSaver extension will have a long-term impact on your company's approach to TCM/TR?
- Do you foresee any changes in employee attitudes or behaviours as a result of these changes?

**Close**

Thank you for your time, I think we have covered everything we need to. Your input has been extremely useful.

- Any questions you would like to ask me?
- Remind participant of incentive arrangements – Prime to manage donation or incentive
- Thank and close

## Appendix B: Recruitment Guide

<b>Job Name:</b>	Total Remuneration	15 x 1 hour in-depth interviews
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### Location & Time

- 15 x 1 hour in-depth interviews
  - 12<sup>th</sup>–27<sup>th</sup> June 2025
- Location:
  - 100% Online – Microsoft Teams
- Moderators:
  - Jade Phillips (n=3)
  - Aiden Regan (n=3)
  - Cameron Robinson (n=3)
  - Bart Langton (n=3)
  - Kerrienne Lindsey (n=3)

### Topic / objective

There are two types of methods to handle KiwiSaver employer contributions:

1. Contribution on top of pay: The employer makes compulsory contributions to an eligible employee's KiwiSaver scheme at a rate of x% on top of their salary or wage.
2. Contribution included in pay: The employee agrees that their base pay includes all compulsory employer contributions to their KiwiSaver. The employer's contribution is deducted from their pay, currently at a rate of x%.

The Retirement Commission (TAAO) wishes to understand more about employers who offer Total Remuneration – which is when an agreed salary package includes the value of the KiwiSaver employer contributions and any associated taxes. (It includes base salary, bonuses, commissions, overtime, paid leave, health insurance, retirement contributions, and company perks, among other things.)

They want to know more about how this is presented to employees, why it is offered and what the impact of the recent KiwiSaver contribution rate increase will mean.

Some businesses may offer Total Remuneration to some employees only, and we are happy to include them in the sample.

### Incentive

- \$150 or equivalent donation to charity of choice (PFI to manage incentive – charity donation or \$150 Koha)

### Target Sample

N=15 participants who are involved in the decision-making process regarding offering Total Remuneration to employees. They are likely to be:

- Business Owners
- GMs
- Members of Finance Leadership team
- HR Leads

<b>Industry Type</b>	Financial & Insurance Services, Public Administration & Safety, Accommodation and Food Services, Education and Training, Agriculture, Forestry, Fishing and Mining, Professional, Scientific and Technical Services and more
<b>Business Size</b>	1-9 employees, 10-19 employees, 20-49 employees, 50-99 employees, 100+ employees
<b>Business Type</b>	Including Māori-owned enterprises, New Zealand-owned vs. international (but New Zealand based)
<b>Geographic Regions</b>	North Island, South Island, Auckland, Wellington, Christchurch, rural vs. urban areas
<b>Employer Contribution Rates</b>	Some businesses contributing 4% or more for various employee age groups

Hello, my name is \_\_\_\_\_ from [Recruitment Company]. We are calling on behalf of Ipsos, a market research company who are conducting some research for The Retirement Commission. They are interested to understand more about businesses who offer total remuneration packages to their employees. They are interested to hear about the things you consider when deciding on this approach. The research comprises of participating in a 1-hour interview.

The discussion dates and times are:

- 12th–27th June 2025

To say thank you for taking part, you will receive \$150 for your time or equivalent donation to your charity of choice.

Before I can ask you to participate, I need to ask you a few questions:

Q1. Record gender

Male	1	Continue
Female	2	Continue
Gender neutral / gender diverse	3	Continue
Prefer not to say	4	Continue

Q2. Can you please tell me if you are involved in the decisions being made about how Employer KiwiSaver contributions are handled in the for the business? I am specifically interested in the decision as to whether KiwiSaver is a contribution on top of pay or whether it is included in pay (total remuneration).

Yes, I am the main decision-maker	1	Continue (go to Q4)
Yes, I play a role in decision-making	2	Continue (go to Q4)
No, I am not a decision-maker	3	Continue (ask Q3)

Q3. Would you please be able to direct me to who that person is?

*Note: Only ask if code 3 was selected from Q2. Record decision-maker's name below then thank & terminate.*

Decision-maker:	Thank & terminate
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Q4. As mentioned there are two types of methods to handle KiwiSaver employer contributions:

1. Contribution on top of pay: The employer makes compulsory contributions to an eligible employee's KiwiSaver scheme at a minimum rate of 3% on top of their salary or wage.

2. Contribution included in pay: The employee agrees that their base pay includes all compulsory employer contributions to their KiwiSaver. The employer's contribution is deducted from their pay, currently at a minimum rate of 3%.

How does your organisation handle the KiwiSaver employer contributions?

Compulsory employer contributions are always included in gross salary or wage	1	Continue
Compulsory employer contributions are always on top of the gross salary or wage	2	Thank and Close
We use both types depending on situation or employee	3	Continue
I don't know	4	Thank and Close
Other	5	Thank and Close

Q5. Can you please tell me a little bit more about your role regarding how KiwiSaver is handled (i.e. on top of pay or included in pay)?

*Note: We are looking for people who are quite involved in the process, i.e., someone who makes the final call or influencers to decision makers.*

I am the sole decision-maker	1	Continue
I am one of the joint decision-makers	2	Continue
I influence the decision-making but the final say isn't mine	3	Continue ( <i>discuss with Ipsos</i> )

Q6. And can you please tell me what your role in the business is?

*Note: Ensure recruitment from a range across the sample.*

Finance Team Member	1	Continue
Human Resources / Human Resources Manager	2	
CEO	3	
CFO (Chief Financial Officer / Controller)	4	
COO (Chief Operating Officer)	5	
Business Owner	8	
General Manager	9	
Other ( <i>please specify</i> ):	11	

Q7. And what specific role do you play in decision-making?

*Note: Record role below*

Role in decision-making:	Continue
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Q8. Which region of NZ is your business or head office based in?

*Note: recruit a range of locations.*

Northland	1	Continue
Auckland	2	
Waikato	3	
Bay of Plenty	4	
Hawke's Bay	5	
Manawatu-Wanganui	6	
Wellington	7	
Tasman	8	
Nelson	9	
Christchurch	10	
Otago	11	
Southland	12	
Prefer not to say / don't know	99	Thank & terminate

Q9. Can you please tell me how many employees your company has that are based in New Zealand?

*Note: Ensure range of business sizes*

Less than 30 employees	1	Continue (aim for n=4-5)
30–99 employees	2	Continue (aim for n=4-5)
100–199 employees	3	Continue (aim for n=4-5)
200+ employees	4	Continue (aim for n=4-5)
I don't know	99	Thank & terminate

Q10. And which of these industries does your company fall under?

*Note: Ensure range of industries*

Financial and insurance services	1	Continue
Public administration & safety	2	
Accommodation & food services	3	
Education & training	4	
Agriculture & forestry	5	
Fishing & mining	6	

Professional, scientific & technological services	7	
Other, please specify:	8	
I don't know	99	Thank & terminate

Q11. Please describe your business and the nature of your company – what do you do?

*Open ended*

Business description:	Continue
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Q12. Do any of the following apply to your business?

Māori owned	1	Continue (Min n= 2)
NZ owned	2	Continue
Overseas owned	3	Continue

Q13. How much does the business currently contribute to employees' KiwiSaver?

*Note: recruit range if possible*

3%	1	Continue
4%	2	Continue (n=5)
More than 4%	3	

Q14. I identify my ethnicity as:

*Note: recruit mix*

NZ European or Pākehā	1	Continue
Māori	2	
Samoa	3	
Cook Island Māori	4	
Tongan	5	
Chinese	7	
Japanese	9	
Indian	12	
European	16	
Some other ethnic group (please specify)	17	
Prefer not to say	99	Thanks & terminate

Thank you for your time to complete these questions – we'd love to invite you to contribute to our research by taking part in a 1 hour in-depth interview with one of our researchers! You will need access to the internet, Microsoft Teams, and a quiet place to take part in the interview.

Can you please tell me if you are available to participate? (Yes/No)

\_\_\_\_\_

Arrange date and time for the interview to take place

Date: \_\_\_\_\_ Time: \_\_\_\_\_

### **Final Confirmation**

To assist our researchers in their analysis the interview may be audio and video recorded. Your business and your name would not be included in this report. All information gathered during the discussion is used for research purposes only. Are you still happy to participate in this research?

Confirm acceptance of this: Yes / No

*Remind them of the date and time.*

So that we can send you out an email confirmation of this interview, could I please check these details?

Name: \_\_\_\_\_

Phone: \_\_\_\_\_ (w) \_\_\_\_\_ (m)

Email: \_\_\_\_\_

Interviewer Signature: \_\_\_\_\_ Date: \_\_\_\_\_

If you have any questions about this research, please feel free to contact Dr Jo Gamble (Research Lead at Te Ara Ahunga Ora | Retirement Commission) at **jo@retirement.govt.nz**



