

# Policy Report

## KiwiSaver

### *Government Contribution Distributional Analysis*



**TE ARA  
AHUNGA ORA**  
Retirement Commission

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May 2025

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The data discussed in this report was provided by Inland Revenue. Inland Revenue disclosed the information to Te Ara Ahunga Ora Retirement Commission for the purpose of supporting the 2025 Review of Retirement Income Policies. Inland Revenue can disclose this revenue information in accordance with section 18(3) of the Tax Administration Act 1994 as it is 'revenue information' (as defined in the Act) and release of the revenue information will not adversely affect the integrity of the tax system or prejudice the maintenance of the law.



# Summary

The paper assesses the distributional impact of the KiwiSaver government contribution and provides insights based on age, gender, income amounts, income types, and geographic location for the tax years ended March 2022, 2023 and 2024. The findings reflect the distributional impact of the government contribution settings applicable during this timeframe.

Changes to the government contribution settings were announced in the May 2025 Budget and the impact of these changes is addressed in a separate [Policy Note](#).

## Key points

- The government contribution cost \$1 billion in 2024. On average over the past three years:
  - 20% of the total contribution was paid to people with income below \$40,000
  - 40% of the total contribution was paid to people with income between \$40,000 and \$80,000
  - 22% of the total contribution was paid to people with income between \$80,000 and \$120,000
  - 15% of the total contribution was paid to people with income above \$120,000
- In 2024, two-thirds of KiwiSaver members received either a full or partial government contribution.
  - 51% of KiwiSaver members received the full government contribution.
  - 16% of members received a partial contribution (these members on average have lower incomes than those receiving the full government contribution)
- About a third of members did not receive a contribution
  - About 35% did not qualify as they are over 65 or under 18 years
  - Eligible members not receiving a contribution had a median income of just over \$4,000 per year.
- Salary and wage earners are far more likely to benefit from the government contribution than the self-employed. 89% of the contribution is paid to employees and 7% to the self-employed
- The contribution is largely gender neutral as on average men and women receive a similar government contribution
- In regions where income levels are lower, and unemployment levels are higher, fewer members receive the full government contribution
- The government contribution could account for around 20% of the total KiwiSaver balance accumulated over a working life for a low-income earner; about 10% for a median income earner; and less than 5% for high income earners.

# Background

Te Ara Ahunga Ora Retirement Commission (the Commission) is required to undertake a review of retirement income policies (RRIP) every three years. The Terms of Reference for these reviews are agreed by Cabinet. The Terms of Reference for the 2025 review include a focus on government contributions to KiwiSaver<sup>1</sup>, with one area of investigation related to understanding which groups benefit most from receiving these contributions.

To assess the distributional impact of the government contributions, Inland Revenue (IR)<sup>2</sup> provided anonymised and detailed data that would enable insights based on age, gender<sup>3</sup>, income amounts, income types and geographic location for the tax years ended March 2022, 2023 and 2024. This report summarises the key findings from an analysis of the data reflecting the government contribution settings applicable during this timeframe.

## Overview of the government contribution prior to May 2025

Two factors determined whether someone received a government contribution. First, the person had to be eligible (aged 18 to 65 and live mainly in New Zealand) and second, they must have made a contribution to KiwiSaver themselves. If an individual over 18 contributed at least \$1,042.86 of their own money to their KiwiSaver fund during the year 1 July to 30 June, the Government made a contribution of \$521.43. If an individual contributed a lesser amount, a government contribution was 50 cents for every dollar contributed. The Government ceases to contribute once the member reaches the age of 65.<sup>4</sup>

Because only those who make a contribution to KiwiSaver receive a government contribution (either partial or full), to provide context for this paper, we include figures in Appendix A that provide an overview of the contribution patterns of KiwiSaver members, drawing on an analysis carried out using data from a previous customised IR request.<sup>5</sup>

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- 1 Term of Reference 6: Government contributions to KiwiSaver, particularly the costs and benefits of government contributions, and which groups benefit most from receiving these contributions.
  - 2 IR customised data request 7 March 2025 (Retirement Commission RRIP 2025 PR-835). Inland Revenue disclosed the information to the Retirement Commission for the purpose of supporting the 2025 RRIP. Inland Revenue can disclose this revenue information in accordance with section 18(3) of the Tax Administration Act 1994 as it is 'revenue information' (as defined in the Act) and release of the revenue information will not adversely affect the integrity of the tax system or prejudice the maintenance of the law.
  - 3 IR doesn't specifically collect ethnicity or gender data. However, for statistical purposes, it uses the title as a proxy for gender. Gender has been allocated in following manner: 'Male' Includes Mr, Master, Lord, REVFR, Sir; 'Female' includes Miss, Mrs, Ms, Lady, RMTHR, Sister, Dame. 'Other' includes all other titles and where no title is provided. For the purposes of the statistical data presented in this report, 'Other' is excluded.
  - 4 Income Tax Act 2007 version as at 1 April 2025
  - 5 IR customised data request 29 October 2024. Inland Revenue disclosed the information to the Retirement Commission for the purpose of further understanding KiwiSaver scheme demographics. Inland Revenue can disclose this revenue information in accordance with section 18(3) of the Tax Administration Act 1994 (see note 2).



## Changes to the government contribution May 2025

The following changes to the government contribution were announced on 22 May 2025 as part of Budget 2025:

- 16- and 17-year-olds become eligible for the government contribution, if they contribute, for the year commencing 1 July 2025.
- The government contribution matching rate is reduced to 25% (i.e. 25 cents for every \$1 contributed up to a maximum government contribution of \$260.72) from the year commencing 1 July 2025
- Members with an annual income of more than \$180,000 will no longer be eligible for the government contribution, from the year commencing 1 July 2025.

Changes were also made to employee and employer contribution rate settings.

The combined impact of these changes is addressed in a separate [Policy Note](#).

The current report analyses the distribution of government contributions for the period 2022 – 2024 across income bands, income type (employees versus self-employed), age, gender and region. Key findings are presented first, followed by a more detailed analysis section.

# Key findings

Over the past two years, the total cost of the government contribution has increased by 4.5% and 2.3% respectively. This has been driven by a growth in members and relatively more members receiving the full contribution.

About two-thirds of KiwiSaver members receive the government contribution. Of this group, 77% receive the full government amount of \$521.43. The majority (87%) of the total value of the government contribution was paid out as the full amount in 2024.

Of those who do not receive a government contribution, 35% are not eligible due to the age restrictions, and the remainder do not qualify as they haven't made a contribution to KiwiSaver themselves; generally, these members have very low incomes. Those not receiving a contribution have a median income of just over \$4,000 per year.

Around 40% of the total value of the government contribution is paid to people with income between \$40,000 and \$80,000, whose share in KiwiSaver membership is approximately 30% and who represent just under 40% of contributing members.

Due to the cap on the amount paid as a government contribution, other than at very low income levels, on average members across income bands receive very similar contributions from government.

However, the relative benefit in terms of impact on retirement incomes to low and middle income earners is much greater than to those on high incomes. The government contribution could account for around 20% of the total KiwiSaver balance accumulated over a working life for a low income earner and about 10% for a median income earner, compared with less than 5% for high income earners.

The majority of the value of the contribution is paid to employees (89%), whereas self-employed people receive 7% of the value of the contribution. Average government contributions received by the self-employed are about 30% lower than those received by employees, and median contributions are 50% lower. Compared with employees, self-employed KiwiSaver members are less likely to receive the full government contribution (41% versus 62%) and more likely not to receive a contribution (41% versus 19%).

Considering age bands, for all those aged from 18 to 65, the 25–34 age group is the largest (25%) and receives the largest share of the government contribution (24%). On average, the government contribution tends to increase with age. Despite this, the median contribution is at the maximum level of \$521.43 for all these age groups, except the under 25s.

On average, men and women receive a similar government contribution. The median amount received by men has been at the maximum contribution amount of \$521.43 for the past three years, whereas for women it has been slightly below this level, reaching \$520 in 2024. The regional distribution of the government contribution aligns with the member numbers in the regions, however there are lower percentages of members receiving the government contribution in regions where income levels are lower and unemployment levels are higher.

# Key conclusions

As the government contribution requires an individual to make a contribution to KiwiSaver, it provides limited benefit to those on very low income, who are more likely to be non-contributors. However, due to a cap on the amount paid as a government contribution, those earning very high income are not overly advantaged compared to middle income earners. In addition, the relative benefit in terms of retirement outcomes of the government contribution over a full working life is much higher for low and middle income earners than those with high incomes, as the government contribution will form a much larger portion of their final accumulated balance. In the absence of the government contribution, the retirement funds available for low and middle income earners would be significantly lower, constraining their ability to fund their retirement and potentially leading to government costs elsewhere, highlighting that the contribution plays a material role for these groups.

Salary and wage earners are far more likely to benefit from the government contribution than those whose main source of income is from self-employment. This would suggest that more can be done to encourage or make it easier for the self-employed to make contributions.

The maximum cap on the amount of government contribution also seems to make it more gender neutral for those in paid work. However, it does not have a redistributive effect for women who are taking time out of paid work for care responsibilities and for women who may be in part-time work and therefore earning low incomes.

The contribution appears to benefit older members slightly more than younger members, which is due to younger members tending to have lower incomes and being less likely to contribute. From a regional perspective, the amount spent by government on contributions mirrors membership distribution across the regions; however, KiwiSaver members living in areas of higher deprivation are less likely to receive the government contribution or more likely to receive only a partial contribution than those living in less deprived regions where income levels are higher and unemployment levels are lower.

The government contribution is not adjusted for inflation, therefore over time, the primary driver of any increase or decrease in spend would be the number of contributing members in any year.

# Detailed findings

## Analysis of the distribution of full, partial and nil government contributions

Because the government contribution is not inflation adjusted, the increase in total contributions paid by the government is driven primarily by the number of contributing members.

- Over the past two years, the total amount of the government contribution paid to KiwiSaver members has increased by 4.5% from 2022 to 2023, and 2.3% from 2023 to 2024.
- Over the same time period, total KiwiSaver member numbers have increased by 2.8% and 2.2% respectively.
- The number of members receiving a full contribution has grown by 4.3% and 3.9% respectively, while the number receiving a partial contribution grew by 5.2% from 2022 to 2023 but decreased by 7.3% from 2023 to 2024.

In 2024, two-thirds of KiwiSaver members received either a full or partial government contribution.

- 51% of all KiwiSaver members received the full government contribution.
- 16% of member received a partial government contribution.

About a third of members did not receive a government contribution.

- Approximately 35% of members not receiving a contribution do not qualify for the government contribution as they are over 65 (200,038 members) or under 18 (190,642 members) .
- Other members not receiving a contribution are members aged 18–64 who did not make contributions to the scheme, which was approximately 726,000 members in 2024. A previous data request to IR revealed that the vast majority (about 80%) of non-contributors have incomes below \$40,000 per year.<sup>6</sup> See more detail in Appendix A regarding contribution patterns by income and age.

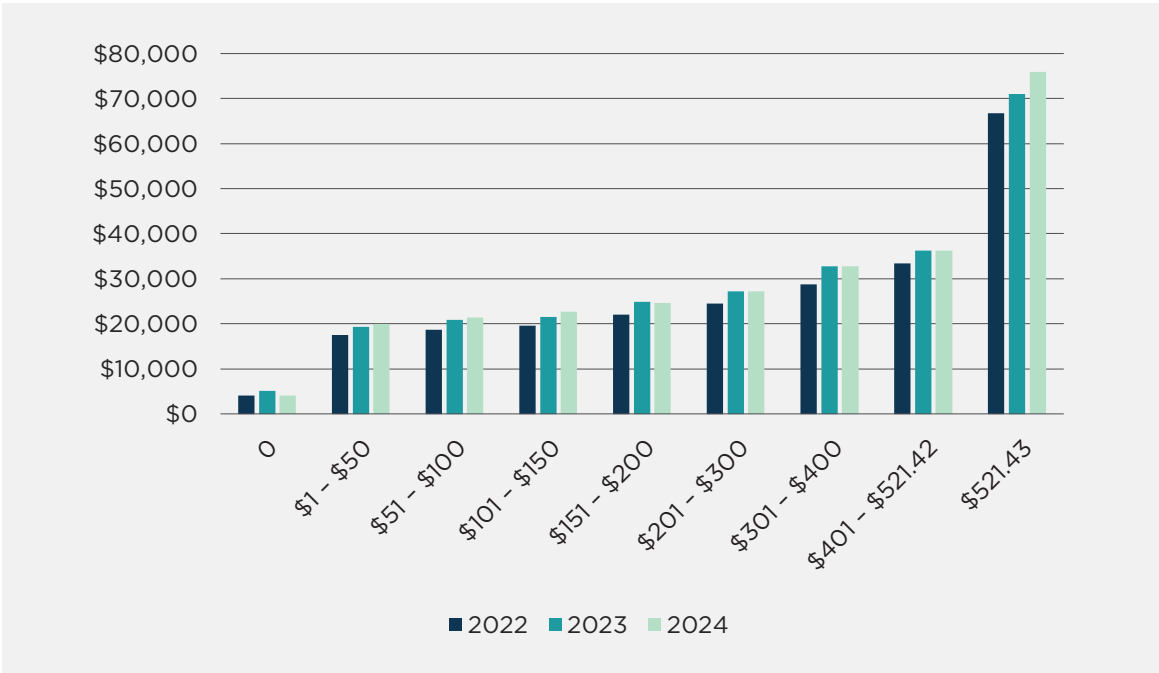
The median income for those not receiving a government contribution in 2024 was \$4,049. Figure 1 confirms that members who do not receive a government contribution tend to have very low income, and that those receiving partial contributions tend to have lower income than those who receive the full contribution. In each year analysed, the median income among those receiving the full contribution is more than double that of those receiving a partial contribution.

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<sup>6</sup> The minimum wage in New Zealand is approximately \$48,000 per year based on a 40-hour work week FTE. Therefore, KiwiSaver members with incomes below this level would include members in part-time paid work, members in paid work for only part of the year, self-employed people on a low income, or those whose only income was from the returns from their KiwiSaver fund.



**Figure 1 – Median income per government contribution band**

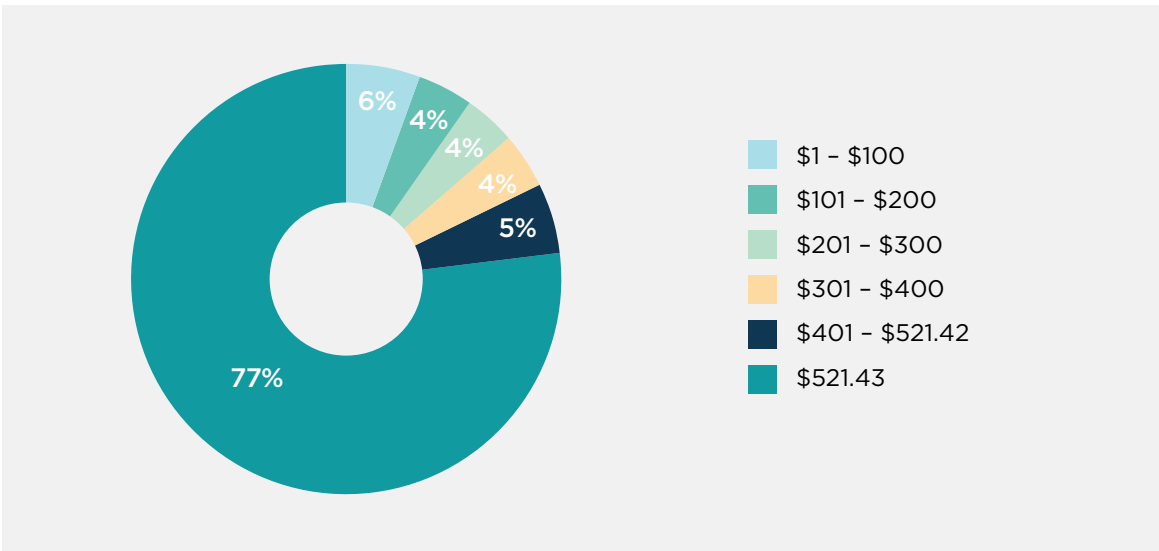


Source: Analysis of data from custom data request IR, 2025

On average over the past three years, 86% of the total value of government contributions was paid out as a full amount (ie \$521.43) with the remainder paid out as a partial contribution.

Of those who receive a government contribution, in 2024 77% of members received the full contribution amount, therefore a relatively small proportion received partial contributions, as illustrated in Figure 2.

**Figure 2 – Percentage of members receiving government contribution in 2024 by contribution bands**

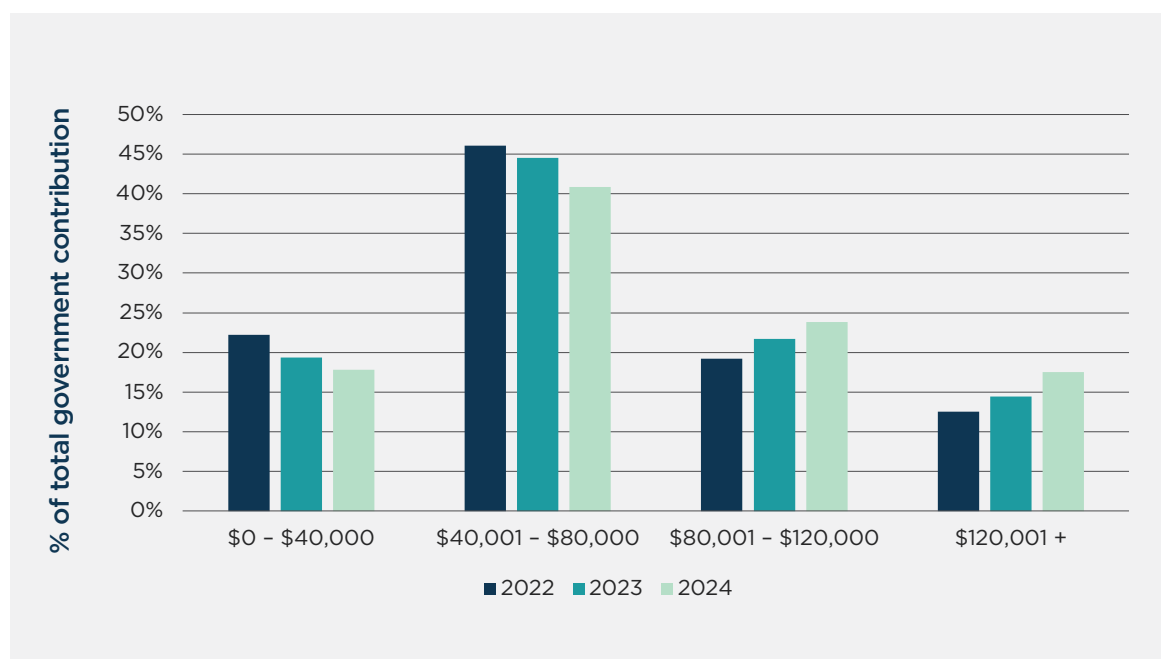


## Income band analysis

Figure 3a provides an overview of the distribution of the total government contribution across income bands over the past three years. In addition, Figure 3b contrasts the distribution of the government contribution in 2024 against the number of contributing members in each income band.

- Those with income below \$40,000 receive on average 20% of the total value of the government contribution. This group makes up approximately 30% of contributing members.
- Those with income between \$40,000 and \$80,000 receive on average 44% of the total value of the government contribution. This group makes up approximately 40% of contributing members.
- Those with income between \$80,000 and \$120,000 receive on average 22% of the total government contribution. This group makes up just under 20% of contributing members.
- Those with income above \$120,000 receive on average 15% of the total value of the government contribution. This group makes up just under 12% of contributing members.
- Since 2022, a smaller percentage of the government contribution has been paid to members with income less than \$80,000, with more going to members with higher income (see Figure 3a). Figure 3c shows that this mirrors the trend in income of members. Average income of KiwiSaver members grew approximately 13% between 2022 and 2024, which is consistent with earnings growth of 12% economy wide<sup>7</sup>.

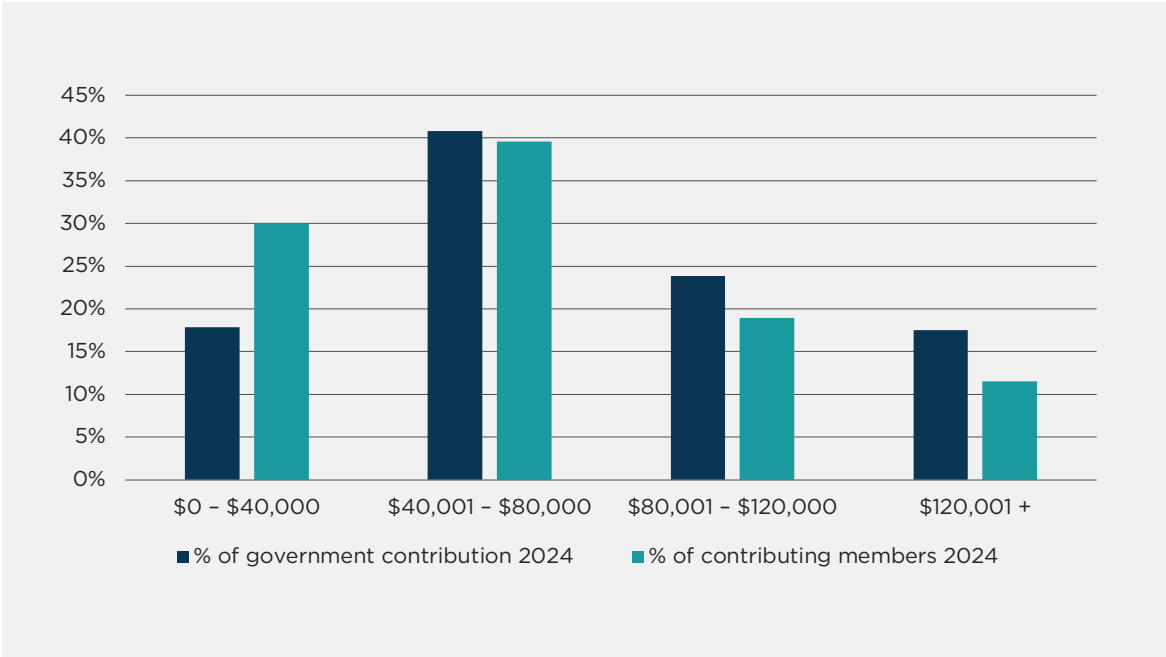
**Figure 3a – Distribution of total government contribution across income bands**



Source: Analysis of data from custom data request IR, 2025

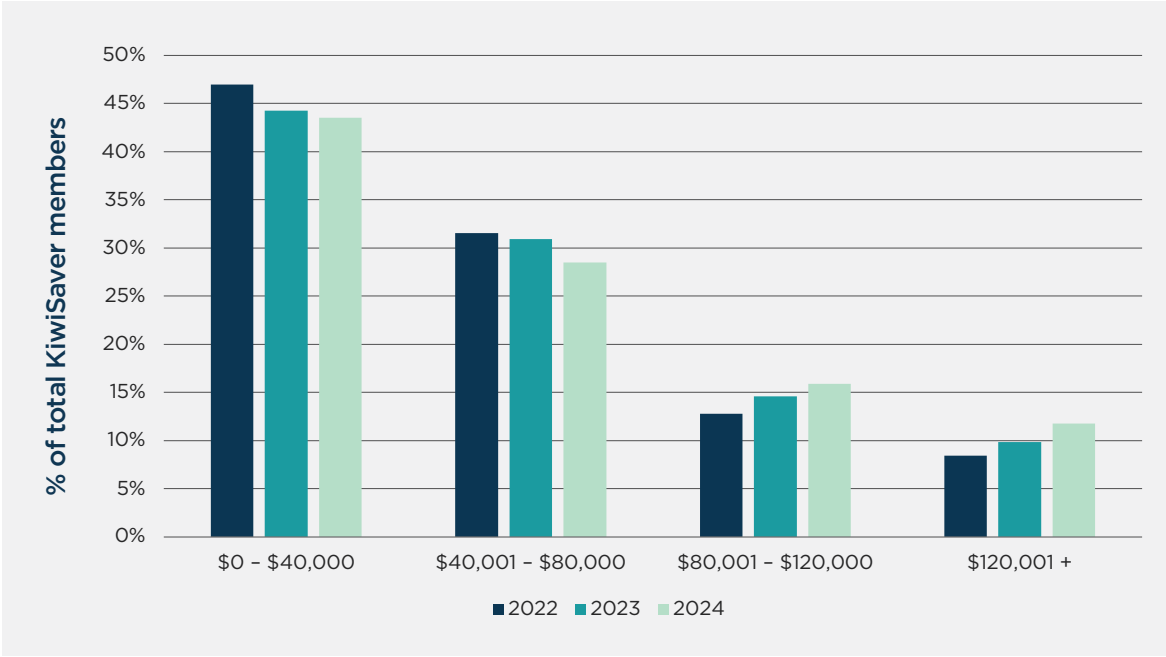
7 [Aotearoa Data Explorer • Earnings for people in paid employment by region, sex, age groups and ethnic groups](#) (HLFS)

Figure 3b – Distribution of total government contribution across contributing members



Source: Analysis of data from custom data request IR, 2024 and 2025

Figure 3c – Distribution of members across income bands

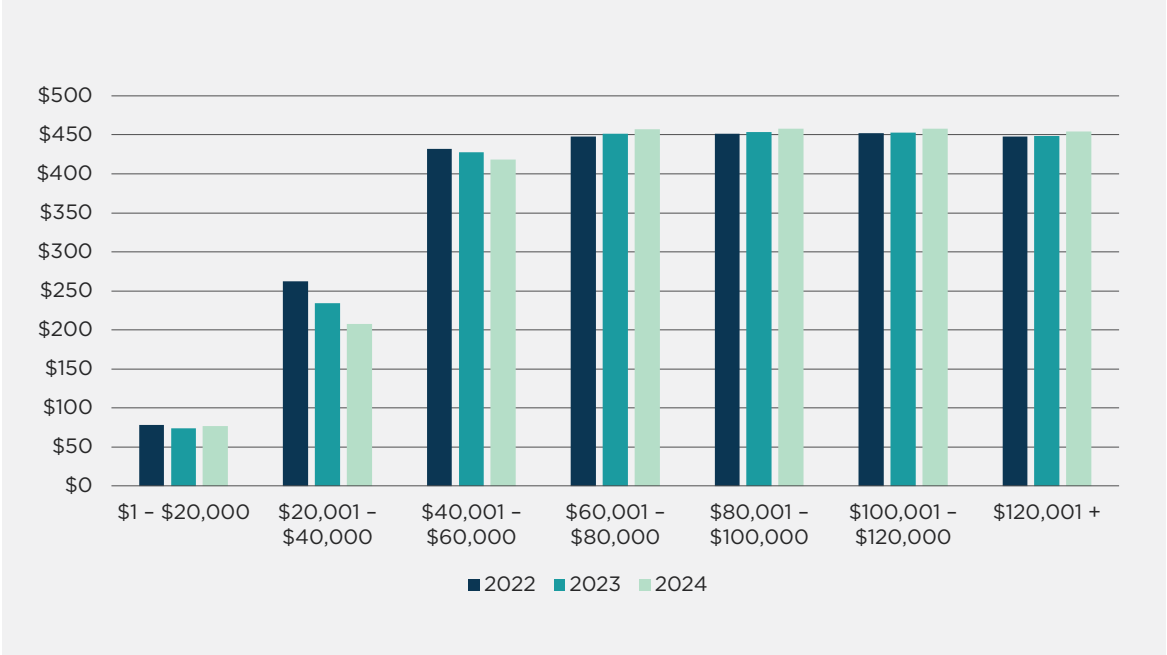


Source: Analysis of data from custom data request IR, 2025



Due to the cap on the amount paid as a government contribution, other than those on income below \$40,000, on average members receive very similar contributions from the government (see Figure 4). Those who earn between \$20,000 and \$40,000 have seen a decrease in the average contribution over the past three years. There has also been a slight decrease in the average amount received for those earning between \$40,000 and \$60,000, however in higher income bands, the average has remained stable.

**Figure 4 – Average government contribution per income band**

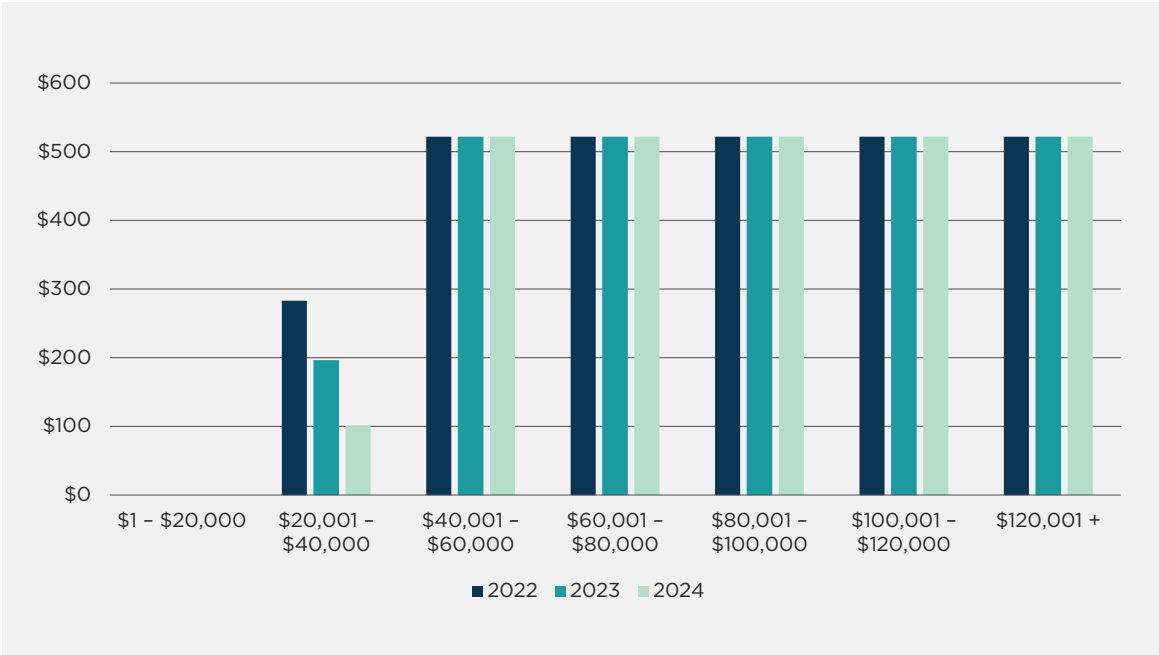


Source: Analysis of data from custom data request IR, 2025

The median government contribution is the maximum contribution amount (\$521.43) for all income bands above \$40,000 (see Figure 5). However, for those with incomes lower than \$20,000, the median contribution is \$0, and for those with income from \$20,000 to \$40,000, the median contribution has declined over the past three years. This could be due to more non-contributors or more people receiving a partial contribution compared to those who receive a full contribution in this income band over time, but we are not able to confirm this with the current data we have access to.



Figure 5 – Median government contribution per income band



Source: Analysis of data from custom data request IR, 2025

### Income type analysis: employees versus self-employed

On average over the past three years, 89% of the total value of government contributions were paid into the KiwiSaver accounts of employees<sup>8</sup>, with only 7% paid into the KiwiSaver accounts of the self-employed. As defined in this study, employees make up about 73% of the KiwiSaver membership base, whereas those who are self-employed account for only 8% of members.<sup>9</sup>

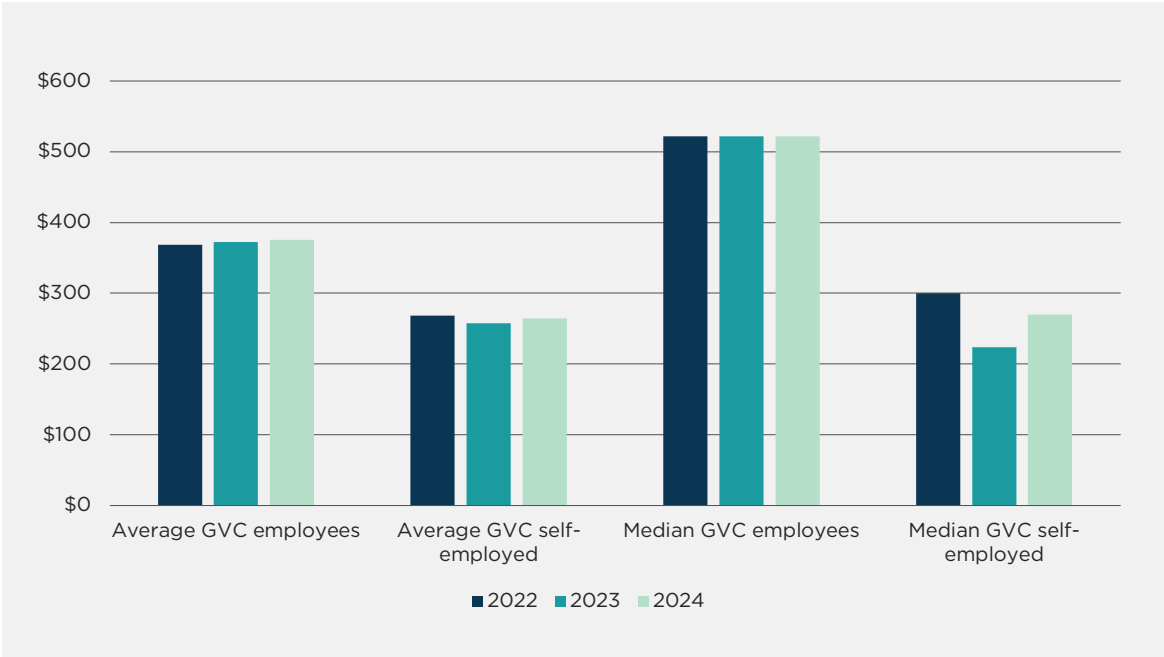
There are large differences between the government contributions received by these two groups, both when looking at the average contribution and the median contribution (see Figure 6). Average government contributions received by self-employed people are about 30% lower than those received by employees, and median contributions are 50% lower.

8 Defined for this study as all those who are taxed via PAYE, which would generally constitute salary and wage earners.

9 For the purposes of this analysis, PAYE reflects salary and wage earners; 'self-employed' includes those earning income from self-employment, rental income and schedular income. Additional categories of income were 'Passive', which reflects those who earn income from interest, dividends and royalties (so this would include those whose only income was from the returns on their KiwiSaver fund; and 'Hybrid', which was where income was from a combination of sources. However, for those earning income from multiple sources, if income from one source was greater than from the two other sources combined multiplied by 1.1, then it was classified as coming from the main source only. The number of members in each of these categories in 2024 was 73% employees, 6% self-employed, 19% passive, 1% hybrid. The proportions are similar for men and women, however slightly more men than women are classified as self-employed (7% versus 5.5%) and more women than men are classified as employees (74% vs 72%).



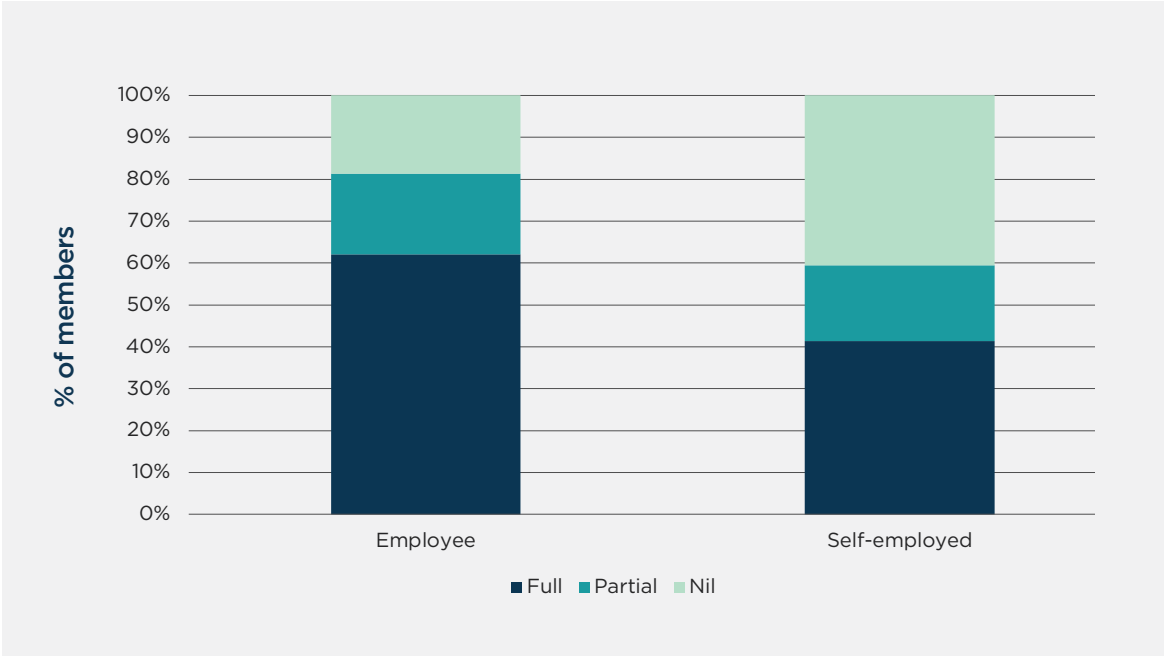
**Figure 6 – Average and median government contribution for employees versus self-employed**



Source: Analysis of data from custom data request IR, 2025

There are differences in the proportions of members receiving the full, partial or no government contribution when analysing employees versus self-employed people (see Figure 7). On average over the past three years, a larger proportion of employees who are KiwiSaver members received the full government contribution compared to self-employed KiwiSaver members (62% versus 41%), whereas a similar proportion received a partial contribution (18%-19%). A much larger proportion of self-employed KiwiSaver members received no government contribution compared to employees who are KiwiSaver members (41% versus 19%).

**Figure 7 – Employees versus self-employed full, partial and nil government contributions**

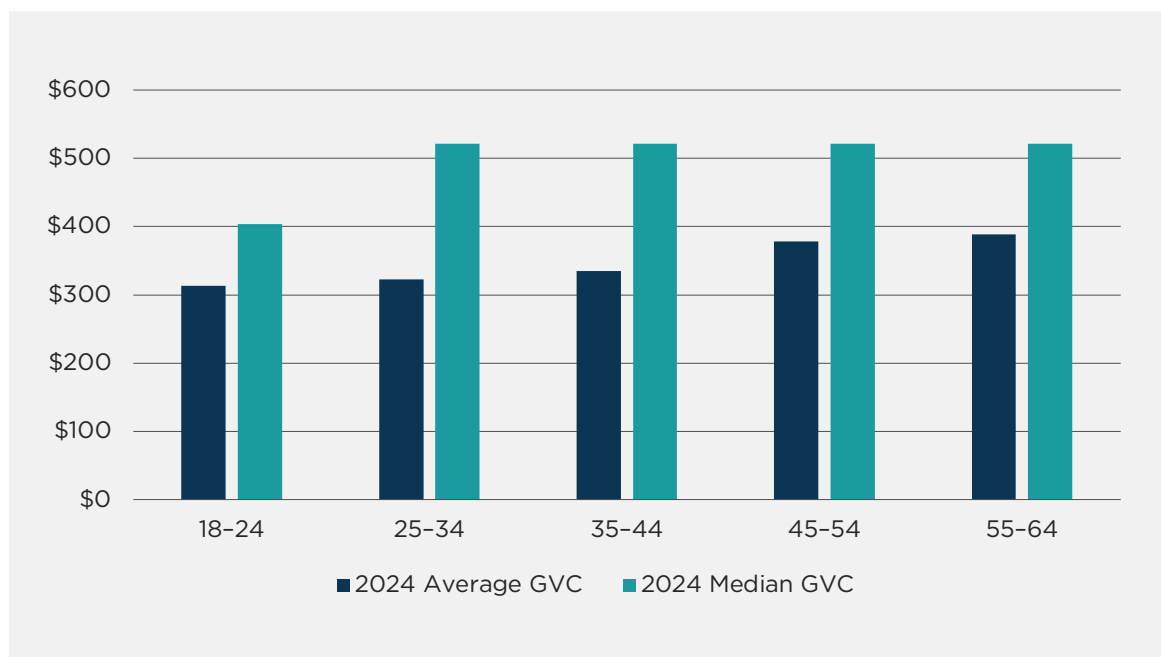


Source: Analysis of data from custom data request IR, 2025

## Age analysis

Younger age groups receive lower government contributions on average compared to older age groups. The median contribution is lower for the group aged 18-24 years, but for all other age groups the median contribution is at the maximum level of \$521.43 (see Figure 8).

**Figure 8 – Average and median government contribution across age bands 2024**



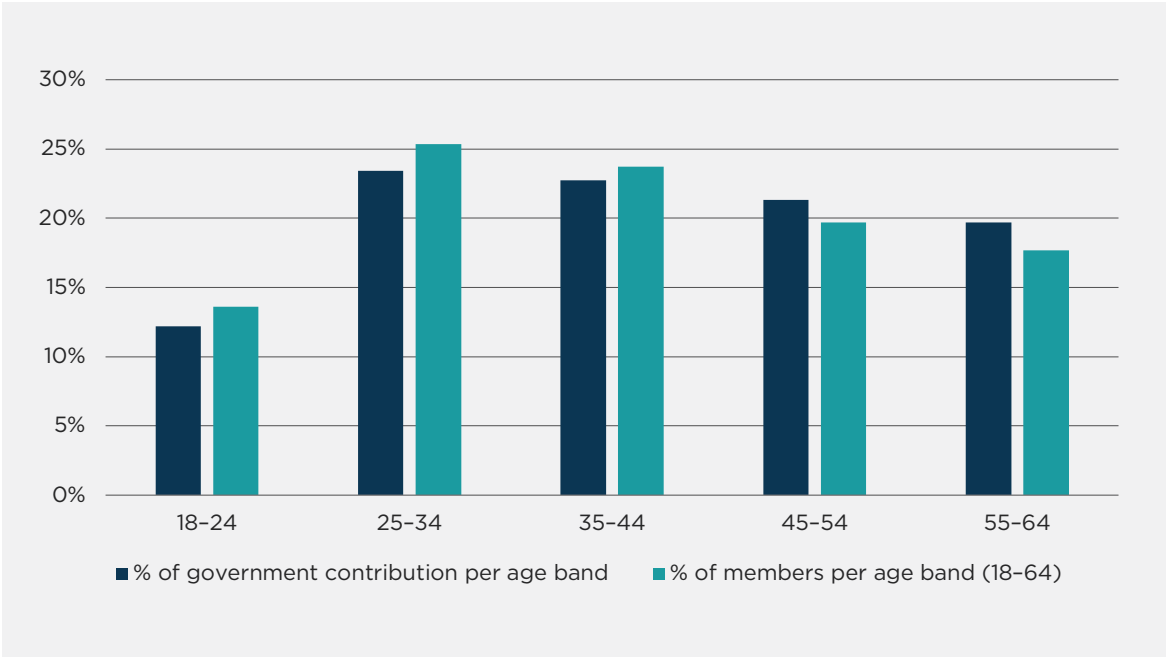
Source: Analysis of data from custom data request IR, 2025

Figure 9 shows the distribution of the total government contribution across age bands 2024.

- The age group that receives the largest share of the total value of the government contribution are those aged 25-34 (23.6%), followed by those aged 35-44 (22.9%). These are also the age brackets with the highest number of members aged 18-64 (25.3% and 23.7% respectively).
- Older age cohorts receive a slightly lower share of the total value of the government contribution (45-54 receives 21.5%; 55-64 receives 19.8%), but there are fewer members in these age cohorts (19.7% and 17.7% respectively).

Those in older age groups benefit slightly more from the government contribution compared to younger age groups when taking the number of members in these age groups into account.

**Figure 9 – Allocation of government contribution across age bands compared to members per age band 2024**

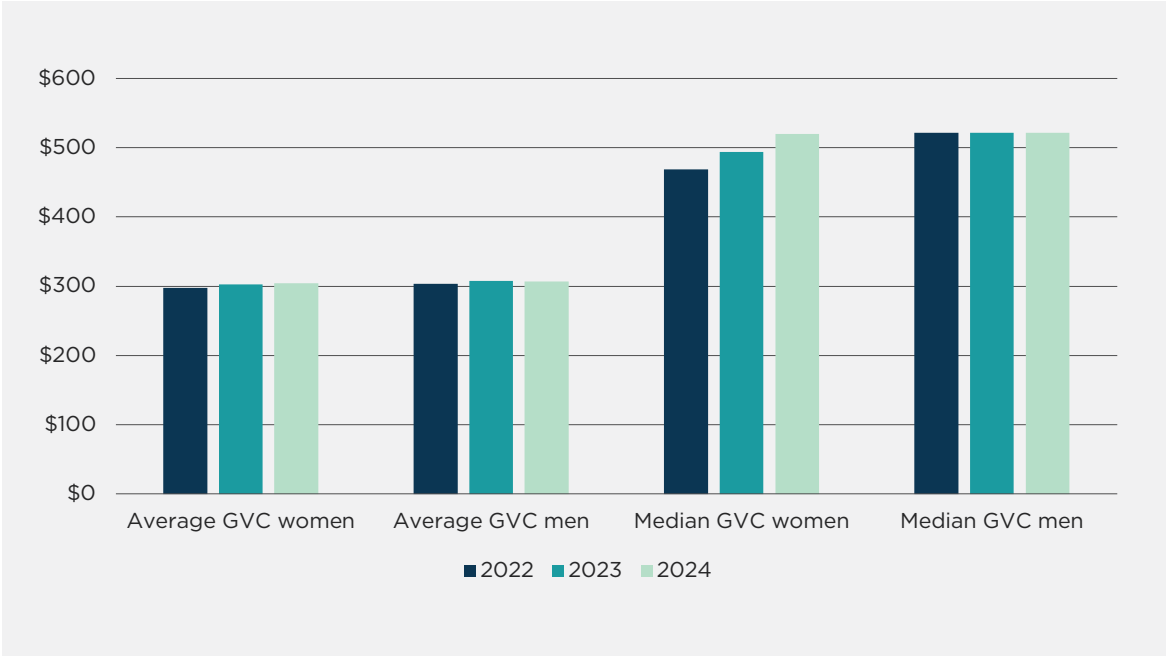


Source: Analysis of data from custom data request IR, 2025

### Gender analysis

The average government contributions are very similar for men and women (see Figure 10). While the median contribution for men has been at the maximum government contribution of \$521.43 for men the past three years, for women it has been slightly below this amount, and reached \$520 in 2024.

**Figure 10 – Average and median government contributions by gender**



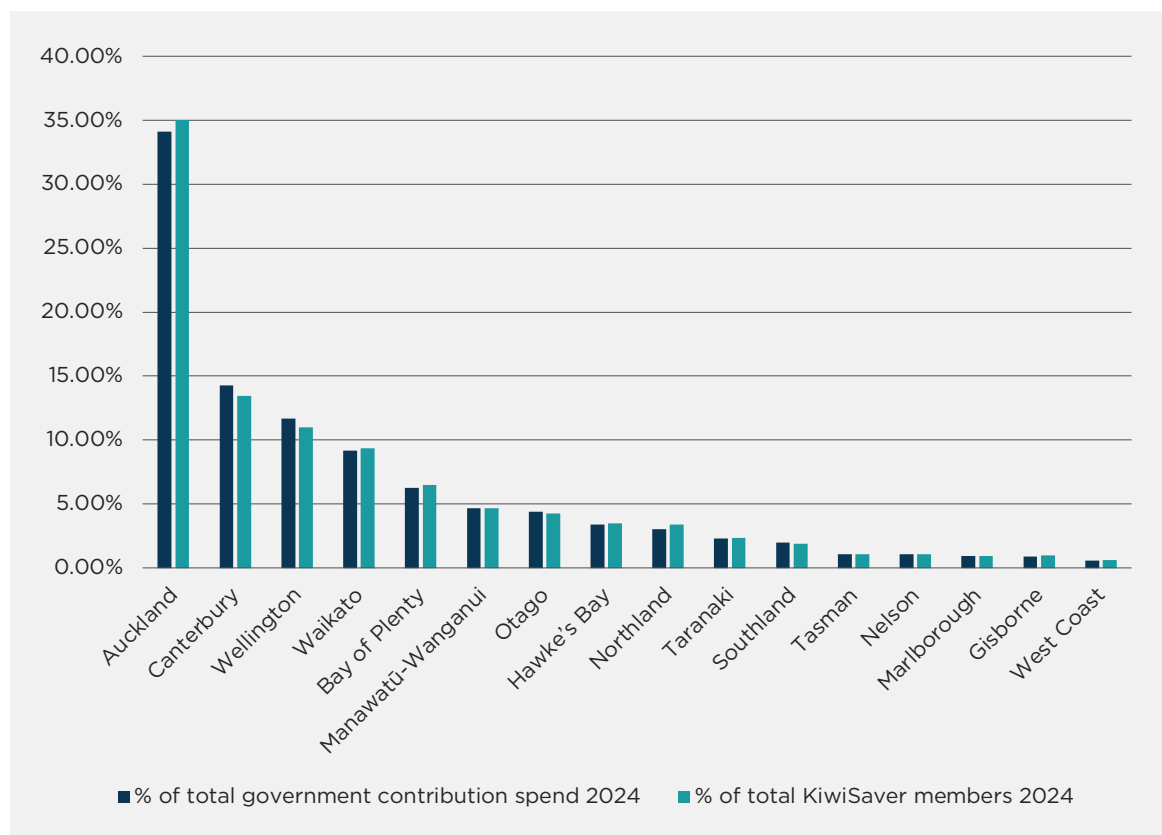
Source: Analysis of data from custom data request IR, 2025



## Regional analysis

The regional distribution of the amount spent by the government on contributions closely mirrors the distribution of members across the regions (see Figure 11).

**Figure 11 – Regional distribution of 2024 government contribution spend compared to distribution of KiwiSaver members per region**



Source: Analysis of data from custom data request IR, 2025

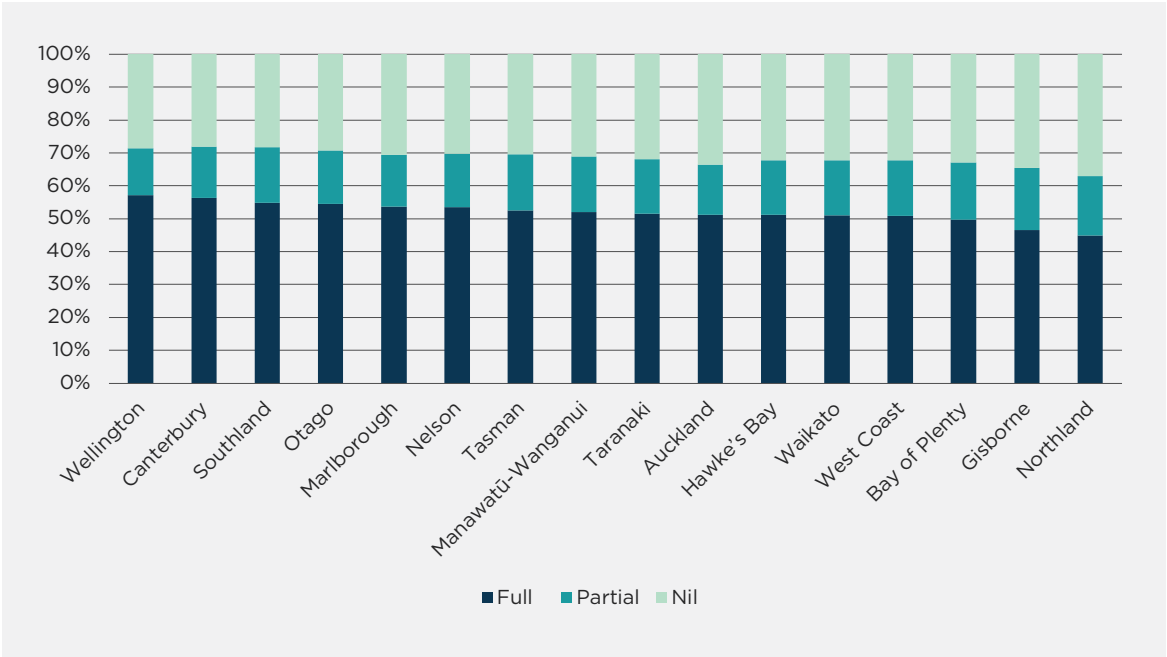
KiwiSaver members in three regions in New Zealand received 60% of the government contribution in 2024. The largest share, 34% of the value of the government contribution in 2024, was paid to KiwiSaver members in Auckland, who represent 35% of all KiwiSaver members. Canterbury KiwiSaver members (representing 13% of the KiwiSaver membership base) received a 14% share of the contribution, while Wellington (representing 11% of the KiwiSaver membership base) received 12% of the government contribution.

While on average 51% of members receive a full contribution and a further 16% receive a partial contribution, there are regional variations (see Figure 12). Wellington and Canterbury are the regions where the highest proportion of KiwiSaver members receive the full government contribution (57% and 56% respectively).

The areas where the highest proportions of members receive either a full or partial contribution are Southland and Canterbury (72% of members in each region). Gisborne and Northland have the highest proportion of members receiving no government contribution (35% and 37% respectively), these are also the two regions in New Zealand with the highest level of deprivation.<sup>10</sup>

<sup>10</sup> [Regional economic activity report](#)

**Figure 12 – Regional variations in percentage of members receiving full, partial and no government contribution**

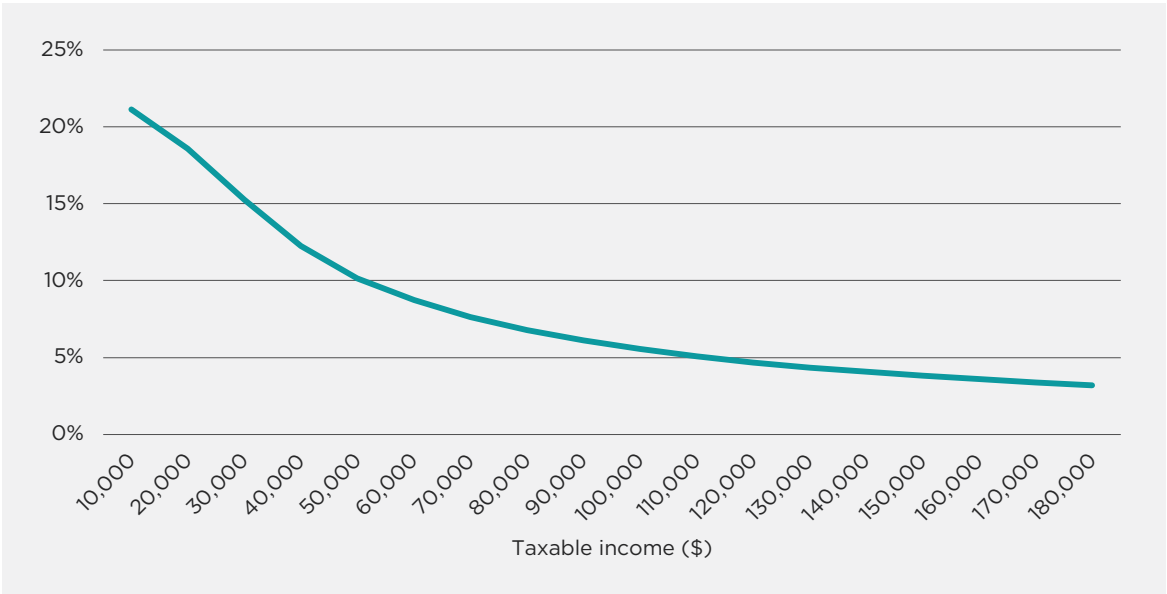


Source: Analysis of data from custom data request IR, 2025

### Distributional impact of the benefit of the government contribution throughout working life

Figure 13 shows the results of modelling to calculate what proportion of the final accumulated KiwiSaver balance at age 65 is attributed to the government contribution across income bands. The results show that on a relative basis, the government contribution forms a much larger portion of the eventual retirement savings balance for low and middle income earners, compared to those on higher income. More details regarding the model are available in Appendix B.

**Figure 13: Accumulated government contribution as a percentage of balance after 40 years**

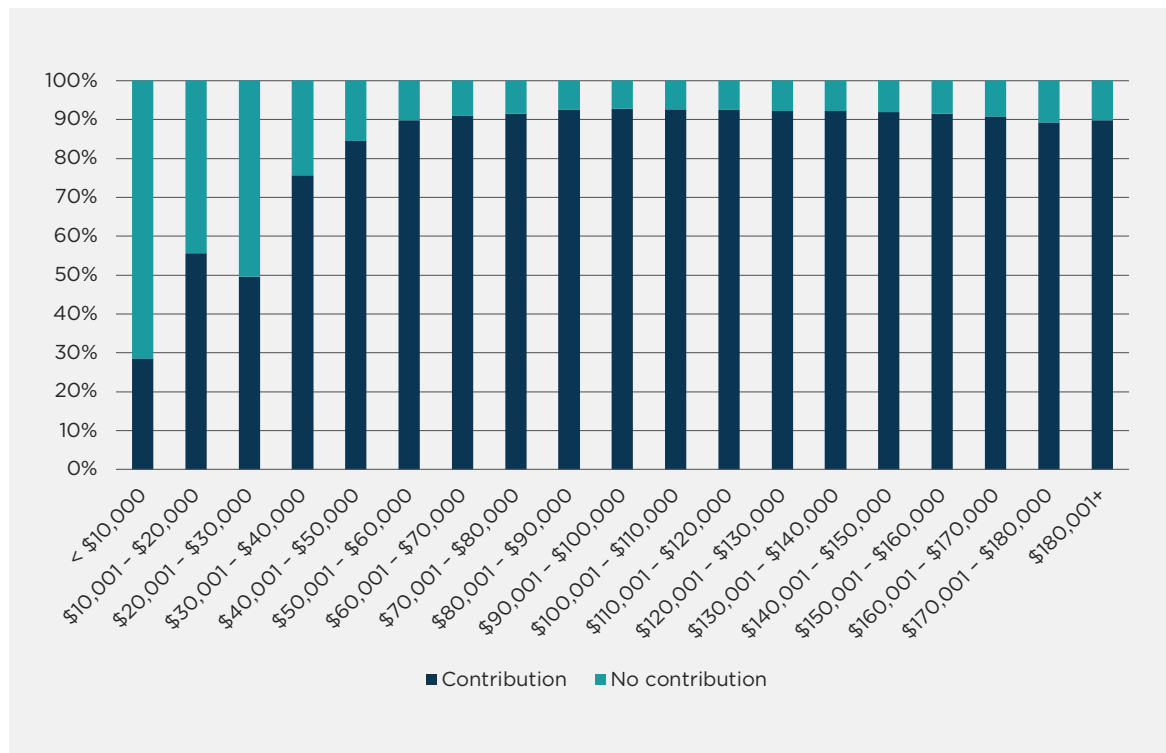




# Appendix A

Figure A1 presents findings from an analysis of contribution by income level, showing that approximately 90% of members with income above \$50,000 per annum make a contribution to KiwiSaver. The percentage making a contribution declines at lower levels of income, particularly for those with income below \$30,000. These contribution patterns are consistent across age bands as illustrated in Figure A2

**Figure A1 – Percentage of contributors versus non-contributors by income level as at end June 2024**



Source: Analysis of data from custom data request IR, 2024

Figure A2 - Contribution status by age group and income level as at end June 2024



Source: Analysis of data from custom data request IR, 2024

# Appendix B

## Government contribution as a percentage of accumulated balance by income level

This report references results from a simple model that accumulates the employee, employer and government components of an individual's KiwiSaver balance over 40 years. Figure 13 shows what proportion of the final accumulated KiwiSaver balance is attributed to the government contribution across income bands.

Figure 13 is based on the following assumptions. These can be varied in the model:

- Interest rate: 5%
- CPI: 2%
- Wage and salary income growth: 3.5%
- Employee and employer contributions: 3%
- Maximum government contribution: \$521.43.

There are no savings suspensions, no withdrawals.

### The model accumulates the components as follows:

KiwiSaver membership begins at the beginning of year one.

Individuals make fortnightly contributions of 3% of their gross wage/salary income.

Employers make fortnightly contributions equal to 3% of the employee's gross wage/salary income (this is assumed to be additional to their income). This is taxed at the relevant Employer Superannuation Contribution Tax (ESCT) rate.

The government contributes half of what the employee contributes, up to a maximum of \$521.43. This is assumed to be paid at the end of each period.

These three components are accumulated separately in the model. The KiwiSaver scheme is assumed to be a Portfolio Investment Entity (PIE) fund and to grow at 5% per annum. An individual's Prescribed Investor Rate (PIR) is applied to the KiwiSaver investment income.

Tax thresholds are adjusted annually for inflation. The rates are kept constant. The 2025/26 thresholds and rates apply in year one.

ESCT rate is determined by gross wage/salary income plus employer contribution (which is assumed to be additional) in the previous year.

PIR is determined by income from wage/salary plus investment income two years prior (in reality, the minimum of the previous two years is used, but in this model, wage growth >0, so income from two years prior will be the minimum).

### **Sensitivity to assumptions**

Several scenarios were considered to test the sensitivity of the results to the main assumptions.

### **Additional notes**

Some employers will add the employer contribution to an employee's income and it will be taxed according to the PAYE tax scale.

KiwiSaver investment income is treated as PIE income. Although most KiwiSaver schemes are PIEs, there are some that are 'widely-held' superannuation schemes. Income from these schemes is taxed at 28%.

KiwiSaver is assumed to be an individual's only investment income. Other investment income will affect the PIR.

## Te Ara Ahunga Ora Retirement Commission

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