

Debtfix Foundation submission regarding update to Retirement policies – specifically KiwiSaver

Debtfix Foundation is New Zealand's hardship and debt solution provider. We are a trusted national service that walks alongside families trapped in financial hardship. We offer trauma-informed, one-on-one debt management, budgeting support, and financial education. Through a client-led and culturally responsive approach, we work to break cycles of debt and restore long-term financial wellbeing for whānau.

We work with a number of KiwiSaver providers as their hardship process provider.

We would like to see a hardship hub established especially for the KiwiSaver Significant Hardship Withdrawal process.

We are all trained financial mentors and we are therefore used to dealing with people who are experiencing hardship. (One of my providers said that one of the benefits of using us is that staff morale has gone up because they are no longer dealing with these cases). We can review cases to see if entitlements are missing, we have a better understanding of the Working for Families and Work and Income system. We have relationships with creditors so understand their hardship processes better.

We are seeing many withdrawals for bariatric surgery and new cars.

We would like consideration made to NOT allow withdrawal of funds for a new car. There is no evidence of a reduction in hardship by having a new car, and only an increase in costs of running a vehicle.

We need more statistics on bariatric surgery and its impact on New Zealanders. Why isn't the Health system better equipped to provide these – it should not need a retirement savings fund to cover this cost.

We cannot ensure that the money is being used for the purpose of the withdrawal.

Whilst costly we do see the benefit of more administration into the paying out of funds where it can be directed to alleviate the actual hardship. We have so many stories over the years from the BFC sector where funds have been used for other purposes rather than the hardship they were meant to alleviate.

The only 'stop' is that a further withdrawal for the same reason will not be permitted.

Attitude and narrative needs to change

Change the name from KiwiSaver to KiwiSuper – people understand that better. This will help stop the 'It's my money. Give it to me' attitude.

There should have more control to say no

Informed decision on withdrawals should be made without the threat of the complaints procedure just because the client thinks they should have access to their funds.

One of the criteria is – Exhaust all other options – but due to complaints being made, this isn't always applied.

e.g. a debt solution is a better option – do that first then we will review, rather than – you could do that but if you want a withdrawal we have to put it through.

Restrict the number of withdrawals per year to 1

This would make people think more carefully about other options and how the money is used.

Restrict withdrawal to a maximum of \$10,000



We need money to stay in the fund to help with their retirement. Withdrawing large funds now depletes it further and moves the problem down the road.

Statutory Declaration

Remove the need for this – they are supplying a lot of personal documents, do we need this as well? What is the purpose of it? If someone is acting fraudulently then the stat dec won't prevent this.

Summary

A hub would be independent, have quality control / standard equal across providers, one provider would not be 'easier' to get a withdrawal from than another, would save time for the member who is actually in need.

Other options to explore can be implemented / controlled more easily through a hub, especially if it the name is changed as well as the narrative.

There will be a central place for hardship withdrawal to be reviewed and assessed and therefore more statistics can be gained and smarter decisions about policy in the future could be made.

Debtfix is well place to continue to build on the hub format, already having 4 providers that we are working with, and in discussions with others too. We are looking at upgraded better software to make the process easier for all parties involved. From the member, the provider all the way to the supervisor.

We look forward to continued discussion around this matter.

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CEO and cofounder of Debt Foundation