

# KiwiSaver early withdrawals – a consumer guide

February 2025

KiwiSaver is a savings scheme to help people save for their retirement and buy their first home.

KiwiSaver members can withdraw their savings when they reach the eligibility age (currently 65 years of age). A member may be able to make a withdrawal before the eligibility age but there are strict rules around when a member can do this.

The main grounds to make an early withdrawal are when the member:

- > is in significant financial hardship
- > has a serious illness
- > is buying their first home
- > has a life-shortening congenital condition
- > has permanently moved overseas.

Information about other types of early withdrawals is on [Inland Revenue – Te Tari Taake’s website](#).

## What is the application process to withdraw KiwiSaver funds?

The rules about when a member can make an early withdrawal, how much the member can withdraw, and the application process all differ depending on the type of withdrawal the member wants to make. We encourage members to contact their KiwiSaver provider, before they submit a withdrawal application, to discuss their reasons for wanting to make an early withdrawal.

For some types of early withdrawals, the supervisor of the KiwiSaver scheme (not the KiwiSaver provider) is responsible for deciding whether the member can make an early withdrawal. The provider gives the member’s withdrawal application to the supervisor, and the provider informs the member of the supervisor’s decision on the application.

A withdrawal can only be approved if the member meets the withdrawal criteria set out in the KiwiSaver Act 2006.

## What is FSCL's role?

FSCL can consider complaints about KiwiSaver scheme supervisors, such as complaints about the supervisor's decision to decline a withdrawal application.

FSCL cannot require the supervisor to approve the application, but we can encourage the supervisor to reconsider the application if we conclude the supervisor did not make a reasonable decision or that it made a mistake that affected the outcome of the application.

If we conclude the supervisor's decision was reasonable, we're very unlikely to uphold the complaint and will suggest to the member that they should discontinue the complaint.

FSCL can also consider complaints about KiwiSaver providers that are FSCL scheme members – for example:

- > concerns that the provider unreasonably delayed handling the KiwiSaver member's withdrawal application
- > the provider's decision to decline a withdrawal application (in cases where the provider (not the supervisor) is responsible for deciding the withdrawal application).

If the KiwiSaver provider is not a FSCL scheme member, we'll refer the KiwiSaver member to the dispute resolution service that their KiwiSaver provider belongs to.

## Financial hardship and serious illness

We have consumer guides about significant financial hardship withdrawals and serious illness withdrawals on [our website](#).

## Buying a first home

A KiwiSaver member may be able to withdraw some of their savings to help buy their first home if they have been a KiwiSaver member for at least three years. The withdrawal is paid to the member's lawyer's trust account to be used at settlement or, in some circumstances, to pay the deposit.

In limited circumstances, a member that previously owned a home may be eligible to make a first home withdrawal (sometimes known as a 'second chance'). Before applying for a first home withdrawal, the member first needs to

apply to [Kāinga Ora](#) who will determine whether the member is a qualifying previous home owner.

Members should contact their KiwiSaver provider before they commit to buying a property to discuss the eligibility criteria and the withdrawal process. If the correct process is not followed, the funds may not be available when needed to pay the deposit or the rest of the purchase price at settlement.

### **Life-shortening congenital condition**

A member may be able to withdraw all or some of their savings if they have a life-shortening congenital condition (a condition present from birth). If the member makes a withdrawal, they will no longer be eligible for government contributions or compulsory employer contributions.

A member can apply for a withdrawal if they have Down syndrome, cerebral palsy, Huntington's disease, or fetal alcohol spectrum disorder.

A member can also apply for a withdrawal if they have a congenital condition that is expected to reduce the member's life expectancy, or the life expectancy for people with the condition, to below the New Zealand superannuation age (currently 65 years of age).

The member's application must include a medical certificate issued by a doctor, and the member may need to give further medical evidence to support their application.

### **Permanently moved overseas**

A member that has permanently moved overseas may be eligible to withdraw their savings or transfer them to an overseas superannuation scheme. There are different rules for withdrawals and transfers depending on whether the member has moved to Australia or to a different country.

If a member has permanently moved to Australia, they can transfer their savings to an Australian superannuation scheme.

If a member has permanently moved to a different country (not Australia), they can withdraw their savings once they have been living overseas for a year. Alternatively, the member may be able to transfer their savings to an approved overseas superannuation scheme. The member cannot withdraw or transfer tax

credits they have received or any funds that were transferred from an Australian superannuation scheme to KiwiSaver.

### **More information about KiwiSaver**

Information about KiwiSaver is on [Inland Revenue – Te Tari Taake’s website](#) and Te Ara Ahunga Ora Retirement Commission’s [Sorted website](#).

Financial Services Council NZ have developed non-binding industry guidelines about:

- > first home withdrawals
- > serious illness and life-shortening congenital condition withdrawals
- > significant financial hardship withdrawals.

The guidelines were developed to bring consistency across the industry and to drive good customer outcomes. FSCL consider the guidelines when investigating complaints. The guidelines are available on the [Financial Services Council NZ’s website](#).

All KiwiSaver providers have a licensed supervisor to make sure they meet required standards. KiwiSaver providers and supervisors are monitored by the [Financial Markets Authority – Te Mana Tātai Hokohoko](#).