

3 April 2020

COVID-19: KiwiSaver hardship applications

If you're suffering financial stress due to COVID-19, you may have considered withdrawing some of your KiwiSaver funds through a significant financial hardship application.

While you may qualify for a withdrawal, taking that money now could severely impact your quality of life in retirement. We urge you to consider the following options first.

- The [Government COVID-19 support package](#), which at 2 April includes:
 - Leave and self-isolation support
 - Wage subsidy scheme
 - Mortgage holiday and business finance support schemes
 - Business cash flow and tax measures
 - Wider \$12.1 billion package
 - Support for Māori communities and businesses

You can call the free Government helpline to ask about other help that may be available: **0800 779 997** (8am to 1am, 7 days a week).

- If you've lost your job, can't work at the moment or your income has been reduced, you may qualify for a benefit or other financial help from Work and Income. If you're struggling to meet your living costs or had an unexpected bill they might be able to help even if you are employed. Even if you don't think you qualify, you should contact Work and Income to talk about your situation. Visit the Work and Income website for more information about [financial support and eligibility criteria](#).
- The [Sorted website](#) has tips, guides and tools to help you work through money problems. You can also email office@sorted.org.nz
- The MoneyTalks helpline gives you access to expert financial mentors via phone, text, live chat and email. Visit the [MoneyTalks website](#), phone 0800 345 123, email help@moneytalks.co.nz, or text 4029.

- Banks and other financial service providers are willing to work with customers who are struggling financially. This may include restructuring loans or giving access to short-term credit. Borrowers have a legal right to ask for changes to their repayments when they are experiencing unforeseen hardship.

Avoid making a decision based on fear. Emotional situations tend to lead to poor financial choices, so consider all other options before turning to your long-term KiwiSaver investment. Withdrawing that money now will not only crystallise any recent losses due to the effects of COVID-19, but will also mean you lose out on future returns.

For example, a 35-year-old earning \$80,000 who has contributed 3% to a KiwiSaver balanced fund since 2007 could have a current balance of \$100,000. If they withdraw \$30,000 now, they could have \$47,000 less by the time they turn 65.

Members can make their own calculations using Sorted's [KiwiSaver Savings Calculator](#).

However, if you decide to proceed with a KiwiSaver significant financial hardship application, you need to contact your provider. You will have to go through an application process that includes providing evidence that you're suffering significant financial hardship as a result of COVID-19.

In the current Level 4 lockdown situation, some elements of the process may be simplified. Talk to your provider about your situation as they have options to help you complete the forms and make a declaration.

Be careful if you're intending to give your KiwiSaver money to someone else, especially someone you've never met in person – you may be the target of a scam or fraud.

For more information about hardship withdrawals see the [IRD's KiwiSaver webpage](#).