**Kiwisaver for kids: what you should know**

Written by R. A. Stewart

Some people may be asking if they should sign their kids up for kiwisaver. My answer to that question is a resounding “Yes” though some people might have a different opinion.

Kiwisaver is New Zealand’s retirement scheme. Anyone who is a New Zealand resident or citizen can join and take full advantage of the incentives the government provides for members of kiwisaver. There is no age restriction. Anyone can join from newborn to those already in retirement. However, the incentives do not kick in until a child reaches the age of 18 and stop at age 65, the retirement age in New Zealand.

An under eighteen year old or over sixty five year old in employment can make contributions toward their kiwisaver through their wages; this could be 2%, 3%, 4%, or 8% of their gross wages but their employer has no obligation to contribute to their kiwisaver, even though some choose to.

There is the option of making voluntary contributions toward kiwisaver and this is something which a lot of people do.

What are the benefits of someone under eighteen signing up for kiwisaver?

There are many and the number one reason is that it will improve a child’s financial literacy. It will help them understand how the markets operate and why their kiwisaver balances go up and down.

Another benefit of kids joining kiwisaver early is that it will give their relatives an opportunity to contribute to their kiwisaver; this means that by the time a children reaches eighteen, they may have a more than useful kiwisaver balance.

It is possible to use some of your kiwisaver to purchase your first home but you have to have contributed toward kiwisaver for at least five years. It is not known if the years prior to a member’s eighteenth birthday count. Generally, most home deposit withdrawals are made by those aged over thirty so it may not be such a big deal.

Those aged under 30 are able to access their kiwisaver for a rental bond. The bond is returned to the kiwisaver account after it is returned by the landlord.

The other ways kiwisaver can be accessed prior to turning 65 is in the case of a terminal illness or going overseas permanently. Many folk have made kiwisaver withdrawals due to hardship and this number has increased during the Global Financial Crisis but it should only be as a last resort.

Investors have to go through a lot of hoops in order to access their retirement savings prior to retiring. The purpose of kiwisaver is to build a nest egg for your retirement and to access it early really defeats the purpose of it.

Some people argue, "You can't take it all with you," or "I am young." This kind of think will lead to certain outcomes. You will be dead and leave your family with financial issues to deal with or you will be broke. The habit of saving money is a habit which will enable you to get the most out of life and the sooner this habit is formed the better off your kids will be in the long run.

Their future self will thank them for it.

About this article: You may use this article as content for your blog/website or ebook. The information in this article is of the writer’s own opinion and may not be applicable to your own personal circumstances., therefore, discretion is advised.

Check out my other articles on www.robertastewart.com