BUSTING HARDSHIP MYTHS INCLUDING KIWISAVER WITHDRAWALS

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PURPOSE OF THIS PRESENTATION

UNDERSTAND CRITERIA FOR SIGNIFICANT FINANCIAL HARDSHIP UNDER CCCFA AND KIWISAVER ACT

RECOGNISE THE IMPACT OF KIWISAVER HARDSHIP WITHDRAWALS

LEARN HOW MENTORS CAN PROVIDE BETTER SUPPORT AND SOLUTIONS

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DEFINING FINANCIAL HARDSHIP

- CCCFA: Missed living expenses, risk of repossession or eviction
- KiwiSaver: Defined under Section 228 of the KiwiSaver Act 2006

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KIWISAVER SIGNIFICANT FINANCIAL HARDSHIP CRITERIA

- Cannot meet minimum living expenses
- Mortgage provider is enforcing sale of home
- Need to modify home for special needs
- Need to pay for medical treatment (self or dependent)
- Suffering from serious illness
- Need to pay funeral costs for a dependent
- Palliative care required (self or dependent)

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COMPARING CCCFA AND KIWISAVER CRITERIA

- CCCFA: Consumer lending protections
- KiwiSaver Act: Accessing retirement savings under strict criteria
- Some criteria overlap, but KiwiSaver is more medically and care-focused

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THE HIDDEN COST OF KIWISAVER WITHDRAWALS

- Reduces retirement savings
- Lost compound interest over time
- Difficult to rebuild withdrawn funds
- Increases long-term vulnerability

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KIWISAVER HARDSHIP APPLICATION PROCESS

- Submit via scheme provider or via Debtfix
- Provide statutory declaration and full budget
- Must show no other resources available
- Supervisor makes the final decision

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KIWISAVER HARDSHIP APPLICATION PROCESS – DOCUMENTS NEEDED

- Three months recent bank statements for ALL bank accounts
- Current debt statements – not screenshots
- Recent proof of income
- Evidence of costs (e.g. quotes, invoices)
- Evidence of hardship letters to creditors if applicable, including outcomes
- Evidence of decline of finance if applicable
- Evidence of decline of W&I assistance, if applicable

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COMMON PITFALLS IN APPLICATIONS

- Incomplete documentation
- Weak budget evidence
- No exploration of alternative support options
- Insufficient narrative around hardship

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ROLE OF FINANCIAL MENTORS

- Build a realistic, sustainable budget
- Help prioritise essentials over discretionary spending
- Negotiate with creditors
- Refer to Work and Income and / or local support services

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ALTERNATIVES TO KIWISAVER WITHDRAWALS

- Hardship grants from Work and Income
- Hardship assistance from creditors
- Food support and emergency grants
- Mortgage or rent payment deferrals
- Debt solution options and consolidation
- Local charities or iwi trusts

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MENTOR CHECKLIST BEFORE KIWISAVER APPLICATION

- ✅ Exhausted all other funding options?
- ✅ Hardship provisions from creditors utilised?
- ✅ Receiving correct entitlements?
- ✅ Is this essential to survival?
- ✅ Future retirement impact discussed?
- ✅ Documentation complete and detailed?
- ✅ Are creditor negotiations underway?

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CASE STUDY: MARIA

- Solo mum, facing rent arrears
- Mentor negotiated rent holiday + hardship support
- Reviewed entitlements
- KiwiSaver preserved, stress reduced

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CASE STUDY: JAMES

- Job loss, mortgage default risk
- WINZ emergency support + bank hardship relief
- Avoided KiwiSaver withdrawal, kept house

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KEY TAKEAWAYS

- KiwiSaver withdrawals should be a last resort
- Mentors must understand and differentiate hardship criteria
- Strong documentation and budgeting essential
- Mentor action can prevent unnecessary withdrawals

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WHERE TO GET HELP

- Fincap tools and templates
- Sorted.org.nz hardship calculators
- Work and Income emergency assistance
- Local grant and community support services

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QUESTIONS & DISCUSSION