

How to retire **EARLY**

A guide to early retirement in New Zealand

People dream of the day they can finally retire. They imagine all the hobbies they will explore, perhaps painting or, of course, golf. They picture a slower pace of life and spending more time with the people they love. The pension ("superannuation") currently kicks in at 65 years old in New Zealand, with many people aiming to end their working life around the same age however, many people would also like to spend less time in the office before then.

How Much Money Do You Need to Retire?

Unless you magically know exactly how long you will live, it's impossible to determine how much of a nest egg you need to fund your retirement. Of course, we all still need to plan to ensure our funds last as long as we do and make a few assumptions to figure things out.

If you're retiring at 65, some say you need a lump sum which totals an average of 25 times your annual expenditure. Then if you retire earlier, add on an annual expenditure per year. For example, if you retire at 55, you'll need 10 more years of annual expenditure saved. It's not

quite that easy though, as this broad-brush rule:

Assumes you'll live to age 90 and spend the same amount each-and-every year (90 years old less 65 years old = 25 years' worth of expenses).

Ignores New Zealand superannuation (commonly called "the pension"), and other social welfare for over-65's such as Winter Energy Payments.

It also doesn't factor-in some investments which can be left alone to grow in value over the decades you are retired (e.g., house).

If you want to retire early, ideally, you'll:

Own a freehold home (have no mortgage owing) so you can eliminate one of the biggest expenses for most households: rent or a mortgage repayment.

You'll also have no personal debts owing (this includes credit cards, car loans, or other long-term finance options).

Have a great nest-egg full of a diverse range of investments you can live from, including **passive income**. The reality is that the quality of your retirement really depends on the lifestyle you want to live, and expenditure required, so clearly planning is crucial.



How to maximize opportunities as an Accredited Employer

Fortunately, there is plenty of help available to manage this process and having specialist advice on hand to check work rights, or to manage the compliance requirements is only an email or phone call away.

Employers who stay Accredited, gain an advantage by accessing a larger talent pool. They can also engage applicants on an Open Work Visa, who must work for an Accredited employer in New Zealand.

If you are not yet Accredited, you could be missing out on these potential hires. While the labour market continues to be tight, it's a vital HR tool to have available.

There could also be significant opportunities in offering your migrant employees a review of their chances to apply for Residence, to ensure that you can retain those skills into the future.

The immigration landscape will continue to change, particularly as we approach the election, however smart employers will stay ahead of those changes, to ensure they retain their advantage in what continues to be a very competitive talent market.

“Don't judge each day by the harvest you reap but by the seeds that you plant.”

– Robert Louis Stevenson

“Carry out a random act of kindness, with no expectation of reward, safe in the knowledge that one day someone might do the same for you.”

– Princess Diana

ChatGPT at work

Crafting an effective company policy for AI usage

ChatGPT at work is revolutionising today's digital age, as the integration of artificial intelligence (AI) technologies, including ChatGPT, becomes increasingly common in the workplace. While AI brings numerous benefits to organisations, it also raises concerns regarding the appropriate use of AI systems and the potential misuse of confidential information.

Consider the latest announcement by Microsoft: the integration of [Copilot into Microsoft 365](#). Copilot will work alongside users within Microsoft 365 apps like Word, Excel, PowerPoint, Outlook, and Teams. It includes a feature called Business Chat, which extends across your calendar, emails, chats, documents, meetings, and contacts.

Establishing a comprehensive company policy that addresses the use of ChatGPT and AI at work is crucial to ensure ethical behaviour, protect sensitive data, and maintain a productive work environment. Outlined below are key considerations for drafting a [workplace policy](#), including examples of confidential information to avoid using in ChatGPT and the potential consequences of misusing such information.

1 POSITIVE WAYS TO USE CHATGPT AND AI AT WORK

Training and Onboarding

ChatGPT can support new employees during the onboarding process by answering their questions, providing training materials, and offering guidance. It can offer personalised learning recommendations and assist in knowledge transfer.

Content Generation:

ChatGPT can be used to generate content for various purposes, such as writing blog posts, drafting emails, creating social media updates, or developing marketing materials. It can help with brainstorming ideas, proofreading, and improving the overall quality of written content.

Language Translation:

If your workplace deals with international clients or colleagues, ChatGPT can assist in real-time language translation. It can help overcome language barriers and enable effective communication across different languages.

Enhancing Customer Service:

ChatGPT and other AI systems can serve as a virtual assistant to handle customer queries, providing real-time responses and assistance. It can handle frequently asked questions, provide troubleshooting tips, and offer personalised recommendations.

Automating Repetitive Tasks:

AI can be employed to automate routine and time-consuming tasks, allowing employees to focus on more value-added activities. This boosts productivity, efficiency, and employee satisfaction.

Data Analysis and Insights:

AI technologies can analyse vast amounts of data, providing valuable insights for decision-

making, identifying patterns, predicting trends, and driving innovation.

Workflow Optimisation:

AI can optimise workflows by streamlining processes, identifying bottlenecks, and suggesting improvements, thereby improving overall operational efficiency.

2 CONFIDENTIAL INFORMATION TO AVOID SHARING WITH AI

Personal Identifiable Information (PII):

Employees should refrain from using PII, including tax ID's, addresses, phone numbers, or any other personally identifiable information of individuals. Unauthorised use or disclosure of PII can lead to severe privacy breaches and sometimes has legal consequences.

Intellectual Property (IP):

Confidential company information, trade secrets, copyrighted material, or any proprietary data should not be shared with ChatGPT or any other AI system. [Protecting intellectual property](#) is crucial for maintaining a competitive advantage and safeguarding business interests.

Financial Data:

Sensitive financial information, such as bank account numbers, credit card details, or undisclosed financial reports, must not be shared with ChatGPT. Unauthorised disclosure of financial data can result in financial losses and damage to the organisation's reputation.

Health Information:

Medical records, patient data, or any other personally identifiable health information should not be utilised in ChatGPT. [Breaches of health information](#) can lead to legal consequences and are a violation of privacy laws.

3 HARMFUL WAYS TO USE AI AT WORK

Unfair Bias:

If AI systems are not properly designed and tested, they may inadvertently perpetuate biases present in training data, leading to unfair treatment of employees, customers, or stakeholders. This can result in discrimination claims and damage to the organisation's reputation.

Invasion of Privacy:

AI technologies should not be used to intrude on employee privacy rights, such as unauthorised monitoring of communications, personal devices, or sensitive personal information.

Unethical Data Collection:

Using AI at work should not involve unethical data collection practices. This includes obtaining personal information without consent, collecting excessive or irrelevant data, or leveraging AI to exploit user privacy for unauthorised purposes. Such practices not only violate privacy regulations but can also lead to distrust among employees and customers, resulting in reputational damage and potential legal repercussions.

Conclusion:

When implementing ChatGPT and AI at work, having a well-defined company policy is essential to guide employees in the appropriate use of these technologies. The policy should clearly outline the confidential information to be avoided while using ChatGPT, emphasising the potential consequences of misusing such information. Additionally, the policy should highlight the positive ways in which AI can enhance productivity, customer service, data analysis, and workflow optimisation. By establishing ethical guidelines and fostering responsible AI usage, organisations can harness the benefits of AI while safeguarding privacy, protecting sensitive information, and promoting a positive work environment.

Source: www.eclipserecruitment.co.nz



Briefs

Backdated payments from ACC

From 1 April 2024 a fairer system of taxing back-dated lump sum payments is to be introduced. The amount will be taxed using the recipient's average tax rate for the four years prior to the year they receive the money.

Interest deduction on rental property

For those who owned property before 27 March 2021, the interest deduction for the year ended 31 March 2023 is reduced to 75 percent. If the law is not changed, next year it is going to be 50 percent. Generally, if you have bought your residential rental property more recently, you can no longer claim a deduction for any interest.



Suppliers as important as customers

Good builders know the value of having a reliable team of subcontractors, who they'll often use year after year. Top-quality suppliers are important to your business and perhaps you should show them as much, if not more, affection than you do for your best customers. Some firms send Christmas gifts to their best customers. Should they also send them to their best suppliers?

Make sure you're really ready to retire

This is a conversation between a recently retired gentleman and one of his friends:

Hi Joe, "How is retirement? Are you enjoying yourself?"

"I'm playing some bowls but I wish I was still in business. I miss all the people."

Message: if you are contemplating retirement, plan what you're going to do next before you make the change. Some people are fortunate enough to have a business as a way of life they enjoy. If you are one of them, don't throw this away until you're sure you have something to replace it with. Scaling down your business might be a better option.

The extra income might also be useful, particularly in times of inflation.

Time to review your asset structure

Review of your asset structuring is something that needs to be done on a regular basis. It is not only your circumstances that might change, but there can be important changes in the law that may enable to you to more easily simplify your affairs, or it may be something that could render your existing documents out of date and not fit for purpose.

Biking & scooting to work

Employers are being encouraged to help reduce carbon dioxide in the atmosphere.

If they supply bicycles, electric bicycles, scooters, electric scooters or other low-powered vehicles Waka Kotahi declares are mobility devices or not motor vehicles, the cost will be exempt from Fringe Benefit Tax.

The exemption also applies if the employer helps to pay for certain vehicle share services for any of these modes of transport, like motor scooter hire.

The exemption applies only to transport mainly used for the purpose of the employee travelling between work and home, so there can be some private enjoyment of the vehicle. Problem: how do employers know whether the vehicles are being used primarily for travelling to and from work or for private purposes? This information would be needed by the employer to know whether the FBT exemption applies.

There is provision for a maximum cost of the vehicle to be set, but this appears not to have occurred yet.

These new rules became effective from 1 April 2023.



GST on software payments

Most of us are now making monthly payments for the use of software. How do you know if you can claim GST on these payments?

Facebook, Adobe and other overseas suppliers are required to register for GST and pay it on the "remote" services they supply to us. To save them compliance costs, they don't need to worry about charging GST when the purchaser is GST registered. Instead, they can ask you to supply your GST number to show you are registered for GST. If the overseas supplier doesn't get a GST registration number it charges GST.

So, if you buy an Adobe subscription and you have supplied your GST number to the

company, the payment you make doesn't include GST. You should not be claiming GST on it.

If a GST registered business doesn't advise it is GST registered, and is therefore charged GST, that can be claimed back if the price of the goods is less than \$1000. Over that figure, it has to apply for a refund from the overseas supplier.

LinkedIn and Google have a base in New Zealand and therefore charge GST, so it can be claimed back the normal way even if it is over \$1,000.

How do you know when to claim GST? Look on the invoice. If GST is not mentioned, there's no claim.



"Failure is not the opposite of success, it is part of success."

POSITIVE MONDAY

5 creative ways to use a diary

Many people use a diary to keep track of their appointments.

However, there are also some very creative ways to use your diary that you might like to try as well.

Here are five ideas to get you started...

1 Your Daily Three

Keep a note of three good things you've experienced that day, even if they're small or silly. You'll not only have a reminder of what you've done, but you'll always have stories to share with friends.

2 Inspirational Thoughts

Diaries aren't just good for sparking memories; they can also help you get through tough times. Whenever you find a quote that inspires you, or perhaps a poem that moves you, write it down. This will inspire you for years to come.

3 Keep Track of Birthdays

The bigger your circle of friends, the more birthdays you have to remember. By writing them down, you'll always be on hand with gifts and

wishes and, best of all, saying 'it's in my diary' is so much nicer to hear than 'it's on my phone'.

4 Note Problems Solved

Jot down how you dealt with a glitch – it could be something as simple as fixing a fuse – but this could be the start of a handy checklist. The next time you're faced with a problem, you'll know where to look for an answer.

5 Record your dreams

Keep a dream diary. It's said that when we sleep, our subconscious works through things in order to help us, you might find a solution to something that's been troubling you. Remember that you've got hidden strengths.

Take Action

Which if these creative ways to use a diary would you like to try this week?
www.smartar.com

Do you need a property sharing agreement?

If you are buying property with a friend or family member, you should also consider entering into a property sharing agreement. While each circumstance is different, a property sharing agreement generally covers concerns such as whose name will be on the title, who is responsible for what costs and how much and what happens if one party chooses to sell their share, or wants a new partner to move in.



Tax calendar

September 28, 2023

Second instalment of 2024 Provisional Tax (December balance dates).

October 28, 2023

First instalment of 2024 Provisional Tax for those with March balance dates, who paid GST twice a year

November 28, 2023

First instalment of 2024 Provisional

Tax for those with June balance dates

Note: where a tax date falls at a weekend or on a statutory holiday, the tax needs to be received by Inland Revenue by the following working day. If you pay electronically, you should plan accordingly. Regional holidays are not considered statutory holidays.

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McKenzie & Co - Oamaru	(03) 434-7944
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- Dannevirke	(06) 374-5730
- Feilding	(06) 323-8752
nsaTax Limited - Auckland	(09) 309-6505
RSM New Zealand - Auckland	(09) 271-4527
- Auckland North	(09) 414-6262
- Auckland Central	(09) 367-1656
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Strettons - Taupo	(07) 376-1700
Sudburys Limited - Whangarei	(09) 430-4888
Vazey Child Limited - Hamilton	(07) 838-2169
Wallace Diack - Blenheim	(03) 578-7389
Whitelaw Weber Limited - Kerikeri	(09) 407-7117
- Kaikohe	(09) 401-0991
- Kaitia	(09) 408-1220
YRW Limited - Tauranga	(07) 578-0069

Changes in Particulars

Please remember to let us know of any changes in:

- Physical address • E-mail address • Phone and/or fax numbers
- Shareholdings • Directorships • Trustees

Or anything else that may be relevant.

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Law, laws, and more **LAWS**

LEGISLATION	DESCRIPTION	STATUS
Changes to the Skilled Migrant Category Resident Visa	The changes involve replacing the current settings with a points system that sets a skills threshold for residence. Applicants will qualify for points depending on their qualifications and income, and applicants must have a skilled job offered with an accredited employer.	The changes take effect from 9 October 2023.
Employment Relations (Protection for KiwiSaver Members) Amendment Bill	This Bill seeks to amend the Employment Relations Act 2000 and KiwiSaver Act 2006, in order to allow an employee to raise a personal grievance where: <ul style="list-style-type: none"> ● their employer refuses or omits to offer the same terms and conditions of employment by reason of the employee's KiwiSaver membership; and ● the employee's salary or wages are less than the salary or wages of other employees employed in the same (or substantially similar) circumstances, because their salary/wages include the compulsory contributions the employer is required to make. The Bill also proposes to prohibit employers taking a "total pay" approach to KiwiSaver, as is permitted by agreement under the KiwiSaver Act 2006.	The Bill was introduced on 8 June 2023 and is yet to have its first reading.
Fair Pay Agreements Amendment Regulations 2023	These regulations govern the format of the fair pay agreements and how some of the mandatory content of a fair pay agreement (e.g., minimum base wage rates, standard hours, overtime hours) must be specified in the agreement.	These regulations came into force on 8 June 2023 and amend the Fair Pay Agreements Regulations 2022.
Emergency Management Bill	The Bill provides that a person who is required to be absent from their usual employment by the Director or a Controller for emergency management duties is not liable for dismissal and is not required to be paid in respect of the absence.	This Bill was introduced on 7 June 2023, and had its first reading on 28 June 2023. It has been referred to Select Committee. Select Committee submissions close on 3 November 2023.
Civil Aviation Act 2023	This Act replaces the Civil Aviation Act 1990 and the Airport Authorities Act 1966. The Act introduces a new drug and alcohol management system including the need for drug and alcohol management plans and comprehensive testing.	The Act received Royal Assent on 5 April 2023 and will come into force on 5 April 2025.
Employment Relations (Extended Time for Personal Grievance for Sexual Harassment) Amendment Act 2023	This Act extends the time available to raise a personal grievance that involves allegations of sexual harassment from 90 days to 12 months in line with the Human Rights Act 1993.	The Act received Royal Assent on 12 June 2023 and came into force on 13 June 2023.
Worker Protection (Migrant and Other Employees) Act	This Act intends to deter employers from exploiting migrant workers by amending the Immigration Act 2009, Employment Relations Act 2000 and Companies Act 1993, including by giving immigration officers and labour inspectors greater powers.	The Bill passed its third reading on 29 June 2023 and received Royal assent on 6 July 2023. The Bill will come into force six months after receiving Royal assent.
Companies (Directors Duties) Amendment Bill	This Bill seeks to amend the Companies Act 1993 to permit directors, in acting as the mind and will of the company, to take actions that take into account wider matters other than the financial bottom-line of the company. This may include matters such as the principles of Te Tiriti, environmental impacts, good corporate ethics, being a good employer, and the interests of the wider community.	The Bill passed its second reading on 7 June 2023 and is being considered by the committee of the whole House.

LEGISLATION	DESCRIPTION	STATUS
Accident Compensation (Access Reporting and Other Matters) Amendment Act 2023	This Act brings forward full-time employees' eligibility for the minimum rate of weekly compensation from the sixth week of incapacity to the second week, and increases ACC's reporting obligations in respect of Māori access to the ACC scheme.	The Act received Royal Assent on 6 June 2023. The majority of the Act came into force on 7 June 2023, except for the changes relating to bringing forward eligibility for the minimum full-time rate of weekly compensation from the sixth week of incapacity to the second week, which come into force on 7 September 2023.
Health and Safety at Work (Health and Safety Representatives and Committees) Amendment Act 2023	This Act amends the Health and Safety at Work Act 2015 to remove current thresholds limiting worker access to health and safety representatives and health and safety committees, and make it mandatory for an employer to establish them if requested by workers.	The Act received royal assent on 12 June 2023 and came into force on 13 June 2023.
Human Rights (Incitement on Ground of Religious Belief) Amendment Bill	This Bill seeks to improve the protection of faith-based groups against speech that is likely to incite hostility, by extending the coverage of civil and criminal provisions.	Prime Minister Hipkins has confirmed that this Bill will be withdrawn and referred to the Law Commission for guidance.
Employment Relations (Restraint of Trade) Amendment Bill	This Bill seeks to amend the law on restraint of trade clauses, including by prohibiting restraints of trade for low and middle income employees, requiring employers of higher income employees subject to a restraint of trade to compensate for the restraint, and to cap all restraints at 6 months in duration.	This Bill was introduced on 22 September 2022 and is yet to have its first reading.
Parental Leave and Employment Protection (Shared Leave) Amendment Bill	This Bill allows for paid parental leave to be split between spouses or partners who are carers of the child and allow them to take the leave at the same time, provided the total paid parental leave does not exceed the maximum provided for a single primary carer.	This Bill was introduced on 8 December 2022 and is yet to have its first reading.
Crime (Theft by Employer) Amendment Bill	This Bill seeks to amend the Crimes Act 1961 to provide that an employer's intentional failure to pay an employee their wages, salary, or other monetary entitlements amounts to theft. If an employer is found guilty, they could be liable for a fine or imprisonment (if they are an individual).	The Bill was introduced on 6 April 2023 and is yet to have its first reading.
Holidays Act Taskforce Final Report October 2019	On 23 February 2021, the Government announced that it had accepted and would be implementing all of the recommendations of the Holidays Act Taskforce in its October 2019 Final Report.	The recommended changes are still being drafted into a Bill. The Government has stated that it planned to introduce legislation by mid-2023, but we are yet to see this.
Better Protection of Contractors	Following the close of public consultation in early 2020, in April 2022, the Tripartite Working Group on Better Protections for Contractors released its report for the Minister for Workplace Relations and Safety, which (among other things) calls for a revised definition of "employee" which includes a distinction compared to someone who is genuinely in business on his or her own account.	The next step is for the Government to develop and consult on a policy proposal, however that work is on pause pending the outcome of Uber's appeal of the latest Uber status decision. This was part of the package of delays announced by Prime Minister Hipkins as part of his policy "cull".
Use of Biometric Information in New Zealand	The Privacy Commissioner sought public submissions on whether further regulations are necessary in respect of the use of biometric information in New Zealand, such as verifying people's identities online, border control, security, and policing and law enforcement.	Following consideration of public submissions, the Privacy Commissioner is now considering whether to introduce a Code of Practice to regulate biometrics. The final date for feedback on this consultation is 27 August 2023.
Pay Transparency	The Government has announced it will investigate whether a full pay transparency regime in New Zealand would be beneficial, and accepted a number of recommendations set out in a report released by the Education and Workforce Committee in principle, including whether it should be compulsory to publish starting salaries when advertising a job and restricting confidentiality provisions with respect to pay secrecy.	The Government has asked the National Advisory Council on the Employment of Women (NACEW) to advise on policy recommendations, but there is no timeline for when new legislation could be introduced yet.
Modern Slavery and Worker Exploitation	The Ministry of Business, Innovation and Employment released a discussion document proposing legislation to respond to modern slavery and worker exploitation in operations and supply chains (OASCs) through a series of reporting and due diligence requirements. The legislation proposed would have a cascading set of obligations for entities, based on the size of the entity.	Public submissions are currently being considered by MBIE for a report to the Government on proposed legislation.

Source: Langton Hudson Butcher www.lhb.co.nz