



28 March 2018

This document provides additional information about operational aspects of the BNZ KiwiSaver Scheme (Scheme). It covers topics such as joining the Scheme, contributions, withdrawals, transfers and tax. It should be read with the current Scheme Product Disclosure Statement (PDS), the Statement of Investment Policy and Objectives (SIPO) and any other information available at bnz.co.nz/kiwisaver or held on the Scheme's Disclose Register entry at disclose-register.companiesoffice.govt.nz/disclose

Joining the BNZ KiwiSaver Scheme

In most cases you will be able to join the Scheme if you are a New Zealand citizen or entitled to New Zealand permanent residency and living or normally living in New Zealand. However, there are some circumstances when you can join the Scheme if you are not living or normally living in New Zealand. These exceptional circumstances apply if you are an employee of the State services (within the meaning of the State Sector Act 1988) and are:

- serving outside New Zealand;
- employed on New Zealand terms and conditions; and
- serving in a jurisdiction where offers of KiwiSaver scheme membership are lawful.

If you are joining KiwiSaver for the first time, you will need to be under the age of eligibility for New Zealand Superannuation (currently 65) when you join. If you are joining the Scheme by transferring from another KiwiSaver scheme, you are able to transfer to the Scheme even if you are over this age.

Contributions

Tax on contributions

Your contributions to the Scheme are made from your after tax pay so there is no additional tax payable on those contributions. The Government member tax credit contributions are not taxable.

Your employer is required to withhold Employer Superannuation Contribution Tax (ESCT) from all contributions they make on your behalf to your Scheme account.

The rates of ESCT that are deducted from employer contributions are set out under Determining the ESCT rate at: <http://www.ird.govt.nz/payroll-employers/make-deductions/deductions/super-contributions/esct.html>

Member tax credit (MTC)

MTCs currently paid to eligible members by the Government are set out in the Scheme PDS.

In most cases, you need to be principally residing in New Zealand to qualify for the MTC, although overseas Government workers, charity workers, and some volunteers may also qualify. If this might apply to you, get in touch with us so that we can help you work out whether you qualify for a MTC.

The MTCs are for contributions made in each year 1 July to 30 June. MTCs will reduce proportionately for any part of the MTC year that you:

- were not a KiwiSaver member; or
- were under the age of 18; or
- ceased to principally reside in New Zealand; or
- were over your Qualifying Age¹.

Your MTC will be based on the number of days in each MTC year during which you qualified for it.

No MTCs will be paid in respect of amounts transferred to the Scheme from an Australian complying superannuation scheme. You don't have to do anything to get paid the MTC, as we'll apply for it on your behalf. However, you do need to tell us if your principal place of residence stops being New Zealand, or if you otherwise stop being eligible for the MTC.

¹ Your Qualifying Age is the date you reach the age of eligibility for New Zealand Superannuation (currently age 65) and have been a member of a KiwiSaver scheme (and/or a member of a Complying Superannuation Fund) for at least five years.



Inland Revenue holding account

When you first become a KiwiSaver member, Inland Revenue will hold any contributions they receive for you until you've been a member of KiwiSaver for three months. Once you've been a KiwiSaver member for three months they will pass these contributions plus interest to us.

It can take up to three months for your employer or employee contributions to reach your Scheme account. This is because your employer generally only passes contributions on to Inland Revenue on the 20th of the month following their deduction, and then Inland Revenue takes some time to process and check the contributions before it passes them on. During the time your employer or employee contributions are held by Inland Revenue they will earn interest which will be passed to us with your contributions.

If you have any questions about the amount of your contributions held by Inland Revenue, or the total amount of your employer or employee contributions that they have processed, you can contact Inland Revenue directly.

Contributions holiday

If you are employed, and are making regular contributions to your KiwiSaver account from your wage or salary, you can take a break from contributing to KiwiSaver by applying to Inland Revenue for a contributions holiday after you have been a member of a KiwiSaver scheme for twelve months. Your contributions holiday can be for a period of between three months and five years.

If you are suffering, or are likely to suffer, financial hardship and Inland Revenue has received at least one contribution from you, you can apply to Inland Revenue for an earlier contributions holiday. If granted in these circumstances, your contributions holiday will be for a maximum of three months (or a longer period, if Inland Revenue agrees).

Your employer can also suspend the contributions it makes for your benefit while you are on a contributions holiday. You can apply for another contributions holiday when one expires. You can also revoke or reinstate your contributions holiday at any time by notifying your employer.

Withdrawals

Generally, you will not be able to withdraw your KiwiSaver savings until you reach your Qualifying Age. However, there are some circumstances in which you may be able to make an early withdrawal as follows:

Buying your first home

You may make a one-off withdrawal from a KiwiSaver scheme to purchase your first home if:

- the land or house you are purchasing is in New Zealand;
- it has been at least three years from the date Inland Revenue received your first contribution to a KiwiSaver scheme, or you have been a member of one or more KiwiSaver schemes or Complying Superannuation Funds for a combined total period of three years or more;
- the land or house is, or is intended to be, your principal place of residence; and
- you have never held an estate in land (there are some detailed rules regarding when a person holds an estate in land).

The purchase of an interest in a building on Maori land qualifies as a first home where:

- the building's intended principal use is occupation as a private residence; and
- the building is or is intended to be your principal place of residence.

To make a first home withdrawal, there is a process that must be followed and certain information must be provided. Any withdrawal request should be made at least ten business days before the funds are required. You are not able to make a first home withdrawal after your property has settled.

Your lawyer or conveyancing practitioner must provide a copy of the sale and purchase agreement (agreement), and give undertakings on your behalf. The undertakings and process will differ depending on whether the agreement is conditional or unconditional. Please refer to the Home Purchase Withdrawal Application form at

bnz.co.nz/kiwisaverhomepurchaseapplication for further information on the detailed requirements.

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Other Important Information



Your membership of the Scheme will continue after a first home withdrawal is paid from your KiwiSaver account. A balance of at least \$1,000 must remain in the KiwiSaver account along with any amounts transferred from an Australian Superannuation Scheme (where applicable).

KiwiSaver HomeStart grant

If you qualify for a first home withdrawal, then under current Government policy, you may apply to Housing New Zealand for a KiwiSaver HomeStart grant. Terms and conditions apply. The KiwiSaver HomeStart grant is administered by Housing New Zealand and grants are paid by Housing New Zealand. For more information on the KiwiSaver HomeStart grant visit the Housing New Zealand website hnzc.co.nz

Significant financial hardship

You may apply to make a significant financial hardship withdrawal.

Generally, you should make an application only if you are not able to meet your normal essential living expenses (but there are other specific criteria in the KiwiSaver Act).

You'll need to complete a withdrawal request and a statutory declaration of your assets and liabilities and provide evidence that you are suffering or are likely to suffer significant financial hardship as defined under the KiwiSaver Act, and that all reasonable alternative sources of funding have been explored and exhausted.

Your application is subject to approval by the Supervisor. The Supervisor can limit the withdrawal amount to a lesser amount than what is available in your KiwiSaver account (if it decides that a lesser amount is all that you need to alleviate your hardship). If you make a significant financial hardship withdrawal, it will exclude any Government kick start contributions of \$1,000 and MTCs. It can include any amounts transferred to your KiwiSaver account from an Australian Complying Superannuation Scheme, but only to the extent that the New Zealand sourced contributions able to be withdrawn (which will be paid to you first) are insufficient.

Your membership of the Scheme will continue after your significant financial hardship withdrawal is paid.

Serious illness

You will need to complete a withdrawal request (including a statutory declaration) and provide evidence (such as medical evidence) that you are suffering from a serious illness as defined in the KiwiSaver Act to support your withdrawal request.

Permanent emigration (except to Australia)

You will need to complete a withdrawal request (including a statutory declaration) and provide evidence that confirms you have permanently emigrated.

General

When a withdrawal is paid from your Scheme account, the amount you receive will reflect the unit price value of the redeemed units at the time, less any fees, taxes, expenses and other deductions from your account. The unit price may go up or down between the date on which you submit your withdrawal request, the date on which it is approved or received, and the date on which the relevant units are actually redeemed.

Contributions that qualified for a MTC when made to the Scheme will continue to qualify even if, before the MTC for the relevant year is paid, those amounts have been withdrawn.

You cannot withdraw your MTCs:

- before you (or your personal representative or other relevant person) give us a statutory declaration stating the periods for which you have had your principal place of residence in New Zealand; or
- if we have notice that your claim for a MTC is wrong because you have not met the residence requirements for certain periods.

How to request a withdrawal

You can request a withdrawal by completing the relevant withdrawal form and dropping it into us or sending it to us. Please contact us if you'd like us to send a withdrawal form to you, or you can download the forms from our website bnz.co.nz/kiwisaverearlywithdrawals

It may take some time to consider an early withdrawal request and we may come back to you to ask for further evidence to support your application.

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Other Important Information



Payment

You will normally receive payment of your withdrawal within ten business days of your application being approved.

Transfers

You can transfer your savings between KiwiSaver schemes at any time, even if you are 65 years or over, no longer living in New Zealand and no longer a New Zealand citizen or entitled to live in New Zealand.

In certain situations, set out in the KiwiSaver Act, you may be required to transfer from the Scheme to another KiwiSaver scheme in accordance with your choice and the default allocation principles prescribed in the KiwiSaver Act.

Other information

For other information relating to how KiwiSaver operates, please see the Government's KiwiSaver website kiwisaver.govt.nz and the KiwiSaver and retirement section on the Commission for Financial Capability's website: sorted.org.nz/must-reads/category/kiwisaver-and-retirement

Tax

Because the Scheme is a portfolio investment entity, the amount of tax you pay is based on your prescribed investor rate. Further information about how the Scheme is taxed, can be found at: <http://www.ird.govt.nz/toii/pie/individuals/how-tax/pie-investors-individual-tax.html>

This document has been prepared to meet the requirements of section 57(1)(b)(ii) of the Financial Markets Conduct Act 2013 (FMCA). Investments made in the BNZ KiwiSaver Scheme do not represent deposits or other liabilities of Bank of New Zealand ("BNZ") or any other member of the National Australia Bank Limited group, and are subject to investment risk, including possible delays in repayment and loss of income and principal invested. None of BNZ or any other member of the National Australia Bank Limited group, the Supervisor, any director of any of them, the Crown or any other person guarantees (either fully or in part) the performance or returns of BNZ KiwiSaver Scheme or the repayment of capital. National Australia Bank Limited, the ultimate parent of BNZ, is not a registered bank in New Zealand, but is a licensed bank in Australia and is therefore subject to the supervision of the Australian Prudential Regulation Authority. BNZ Authorised Financial Advisers' Disclosure Statements are available on request and free of charge.