Kiwi Wealth KiwiSaver Scheme Other Material Information

1 December 2022

This document relates to the Kiwi Wealth KiwiSaver Scheme ('Scheme') and should be read in conjunction with the Scheme's Product Disclosure Statement ('PDS').

This document contains material information that is not contained in the PDS or otherwise included in the Scheme's entry on the register of offers of financial products. Further information about the Scheme is contained in the PDS and the Scheme's offer register entry.

The information in this document could change in the future. Please check the offer register at www.disclose-register.companiesoffice.govt.nz for any updates.

See the Glossary in section 10 for the meanings of capitalised terms used in this document. Some terms are also defined in the body of this document.

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Who is involved

In this section Kiwi Wealth Limited ('we', 'our', or 'us') provides a general overview of who is involved in the Scheme.

Manager

Kiwi Wealth Limited is the manager of the Scheme. We are also the issuer of the membership interests in the Scheme. We are responsible for offering membership, accepting applications, allocating interests to members, managing assets, and administering the Scheme. The Scheme is the only KiwiSaver scheme we manage.

Details of our senior leadership team can be found on our website at www.kiwiwealth.co.nz.

Our address and where you can contact us is:

Kiwi Wealth KiwiSaver Scheme Client Success Team
Freepost 210729
PO Box 50617
Porirua 5240

On 30 November 2022, Fisher Funds Management Limited (Fisher Funds) purchased Kiwi Wealth Management Limited and its subsidiary companies (including Kiwi Wealth Limited, the Manager of the Scheme). Fisher Funds is one of New Zealand's largest specialist investment managers. Information on Fisher Funds can be found on www.fisherfunds.co.nz.

The Investment Management Team and how they work

We have delegated the investment management of the Scheme to KWILP under an administration and investment management agreement. However, we retain responsibility for the investments of the Scheme. We may also rely on KWILP to provide other services on our behalf.

The KWILP investment management team is a mixed discipline team, with senior level experience in all aspects of portfolio management across a broad range of global and domestic asset classes.

You can find details about the investment management team on our website at www.kiwiwealth.co.nz.

The activities of the investment management team are governed by the Statement of Investment Policy and Objectives (SIPO).

KWILP may invest the Scheme's assets with a related party, provided that the transaction is conducted on commercial arm's length terms, or is otherwise in accordance with the requirements of the Financial Markets Conduct Act, and subject to the usual principles of prudence, liquidity and diversification.

Registrar

We have delegated responsibility for keeping and maintaining the register to KWILP under an administration and investment management agreement. KWILP has appointed MMC Limited to be the registrar of the Scheme and undertake some of the administration management functions in respect of the Scheme.

Custodians

JBWere (NZ) Nominees Limited is the custodian for most of the Scheme's assets, and may be contacted at:

JBWere (NZ) Nominees Limited
Level 38, Vero Centre
48 Shortland Street
Auckland 1010

BNP Paribas Fund Services Australasia Pty Limited is the custodian for some of the Default Fund's assets, and may be contacted at:

BNP Securities Services
Level 18, State Insurance Tower
1 Willis Street
Wellington 6011

Auditors

The auditor of the Scheme is PricewaterhouseCoopers (PwC). PwC is registered under the Auditor Regulation Act 2011. Other than in its capacity as auditor of the Scheme, the auditor has no relationship with, or interest in, the Scheme.

PwC may be contacted at:

PricewaterhouseCoopers
10 Waterloo Quay
Wellington 6011
PO Box 243
Wellington 6140

Supervisor

Public Trust (Supervisor) is the supervisor of the Scheme. The Supervisor is a statutory corporation and Crown entity established and constituted in New Zealand on 1 March 2002, under the provisions of the Public Trust Act 2001. The Supervisor has more than 140 years' experience in a wide range of services as trustee, executor, manager and attorney. The Supervisor currently administers estates, trusts, funds and agencies. The board of the Supervisor (Board) is responsible for its supervision and management.

The Supervisor's Board can be found at: www.publictrust.co.nz/about-us/meet-public-trust-team. The Supervisor is responsible for custody of the Scheme's assets, and supervising the performance of our functions under the Trust Deed and all relevant law.

The Supervisor may delegate any of its duties, powers or discretions (except for its obligation to supervise the performance by us of its functions under the Trust Deed and the Financial Markets Conduct Act) to any person it nominates, or appoint any person to be its attorney or agent. The Supervisor remains responsible for the acts and omissions of any such person it nominates or appoints.

The Supervisor has nominated the custodians named above to hold the Scheme's assets. The Supervisor retains primary responsibility for the custody of the Scheme's assets.

The Supervisor is licenced pursuant to the Financial Markets Supervisors Act 2011. Full details and conditions which apply in respect of the licence can be found on the Supervisor's website, www.publictrust.co.nz/corporate-trustee-services/meet-our-team/.

The address of the Supervisor is:

Postal address:	Street address:
General Manager Corporate Trustee Services Public Trust Private Bag 5902 Wellington 6140	Public Trust Level 9 34 Shortland Street Auckland

Distributors

The Scheme is distributed by Kiwi Wealth Limited, Kiwi Wealth Investments Limited Partnership and Kiwibank Limited (Kiwibank).

If you are a Kiwibank customer, you can apply online via Kiwibank internet banking and mobile app. If you join the Scheme via Kiwibank internet banking or mobile app, your Scheme account balance will be displayed in your Kiwibank internet banking and mobile app. If you are a Kiwibank customer who joined another way, you can contact Kiwi Wealth to have your Scheme account balance displayed in your Kiwibank internet banking and mobile app.

You can make a voluntary payment to your Scheme account via your bank's internet banking. With Kiwibank, this may be a transfer between accounts instead of a bill payment and will require you to include your Kiwibank access number. With deposits made via a Kiwibank branch, there may be a delay in receiving cash deposits to your Scheme account while Kiwibank attend to reconciliations, and your deposit will not earn interest over this time and may not be received by Kiwi Wealth Limited in time for it to be eligible towards Government contributions.

Where third parties distribute or refer prospective members to the Scheme, we or any of our owner entities may pay a fee to that third party for the referral.

Changes to details

The above details, including the addresses set out above, may change at any time. For up-to-date contact information call the Kiwi Wealth KiwiSaver Scheme Client Success team on 0800 427 384 or email questions@kiwiwealth.co.nz.

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Membership

This section contains more information about membership of the Scheme, including automatic enrolment and opting in, and details relating to the termination of membership.

Overview

Employees can join KiwiSaver through their employer, or by signing up with a KiwiSaver provider.

People who are self-employed or not employed can join by signing up with a KiwiSaver provider.

The parents or legal guardians of an under-18-year-old can sign them up with a KiwiSaver provider. Children must be joined under their own IRD number, not a parent's IRD number. Only the children's parents or legal guardian(s) can sign them up, and if they are 16 or 17, the child must co-sign the application form with one of their legal guardians.

You may have been automatically enrolled or opted in

If you start a new job and you're not already a KiwiSaver member (and you are over 18 and under 65 years of age), your employer will automatically enrol you in KiwiSaver. If you are an existing employee you can choose to opt into KiwiSaver through your employer by providing a completed KiwiSaver deduction notice.

If you have been automatically enrolled or you have opted in to KiwiSaver, you may be allocated to the Scheme, because:

- your new employer has chosen us as their preferred KiwiSaver provider, by agreement with us or by notice to the Commissioner of Inland Revenue; or
- you have not chosen your KiwiSaver Scheme, your employer doesn't have a preferred KiwiSaver Scheme and Inland Revenue has allocated you to the Scheme as one of the Government appointed default KiwiSaver schemes.

If you are automatically enrolled in the Scheme in accordance with the above, you will be deemed by the KiwiSaver Act 2006 to have offered to become a member of the Scheme and as having subscribed for membership of the Scheme. This will be the case unless you have chosen your own KiwiSaver scheme within 62 days of the Commissioner of Inland Revenue receiving the first contribution made to a KiwiSaver scheme on your behalf.

If you've been automatically enrolled because you started a new job, you can either stay in KiwiSaver, or you can opt out by completing an opt-out request form. You have 55 days after the date you start your new job to opt out. This time limit can be extended in some circumstances. You cannot opt out if you opted in (even if your parents or legal guardians opted you in).

All contributions that Inland Revenue receives on your behalf during the 62-day period after the earlier of the date Inland Revenue receives your first KiwiSaver contribution and the date when Inland Revenue is given notice (or otherwise knows) that you are a member of the Scheme will generally be forwarded to the Scheme as soon as practicable after the end of that period. During that 62-day period contributions will be held in an Inland Revenue holding account and will accumulate interest at the Commissioner's rate. The 62-day period may be extended until the amount contributed meets any minimum threshold amount agreed between us and Inland Revenue (there currently is no minimum).

If you are automatically enrolled or opted in through your employer you can still choose your own KiwiSaver provider, provided you do so within 62 days of joining KiwiSaver. If you don't make a choice, you will be allocated to and become a member of a scheme your employer has chosen, or a Government default scheme. However, you can transfer to another KiwiSaver scheme at any time.

Termination of membership

You will stop being a member of the Scheme if:

- Any time after your initial contributions have been received, your member account balance is zero or negative and we give you notice terminating your membership;
- You cash in the full value of your account upon reaching your KiwiSaver end payment date (see *'End payment date'* on page 10 for more information);
- You make a full withdrawal following permanent emigration;
- You transfer to another KiwiSaver scheme or an overseas superannuation scheme;
- The Scheme winds up; or
- You opt out of KiwiSaver (see '*You may have been automatically enrolled or opted in*' above).

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Contributions and Transfers

This section contains more information about contributions and transfers to and from the Scheme, including contribution amounts, taking a savings suspension, and voluntary contributions.

What you pay

If you are an employee you contribute either 3%, 4%, 6%, 8% or 10% of your pre-tax (gross) salary or wages to your KiwiSaver scheme. These are called employee contributions. You are considered an employee if PAYE is deducted from your salary or wages. Your gross salary or wages includes overtime and bonuses but doesn't include accident compensation earnings-related payments, paid parental leave payments or redundancy payments.

You tell your employer which contribution rate you want. If you don't tell your employer your chosen contribution rate, you'll pay the lowest rate – which is currently 3%.

You can change your contribution rate by telling your employer what rate you want to change to. Your new rate will apply to the next payment of salary or wages that is calculated after your employer receives your instruction. You can't make more than one change every three months, unless your employer agrees.

Your employer takes your contributions from your after-tax salary or wages each pay period, and pays them to Inland Revenue, who then pass them on to us.

Contribution rates are set by legislation so the Government could change them at any time.

Taking a savings suspension

You don't have to make employee contributions if you have a savings suspension granted by Inland Revenue.

Employees can stop contributing through their jobs if they have been a member for 12 months or more, for a minimum period of three months and up to a maximum of one year, if they are granted a savings suspension by the Commissioner of Inland Revenue.

You can still make voluntary contributions to the Scheme if you are on a savings suspension.

Information about applying for a savings suspension, and the conditions that apply, is available on Inland Revenue's website www.ird.govt.nz and the Scheme's website www.kiwiwealth.co.nz.

Making voluntary contributions

If you are self-employed, not working, or under 18 you can make your own contributions. These are called voluntary contributions, and you can make them through the Scheme, Inland Revenue, or Kiwibank if you are a Kiwibank customer. You can make regular contributions or lump sum contributions whenever you want to.

Employees can also make voluntary contributions at any time if they want to.

No minimum currently applies to voluntary contributions. We may impose a minimum or change any minimum contribution amount at any time, and will notify you in writing one month prior to changing any minimum contribution amount.

If you are entitled to it, and if the equivalent of approximately $20 per week is received into your member account for the full year, this would qualify you for the full Government contribution. See page 10 for further information on the Government contribution.

We do not require members to make any voluntary contributions. There is no maximum, you can contribute as much as you want.

Making voluntary contributions through Inland Revenue

Contributions through Inland Revenue can be made by using the “Pay Tax” option on your bank’s internet banking facility (you need to include your IRD number, the tax type KSS and period “0” (zero)).

Making voluntary contributions directly to the Scheme

Contributions can be made directly to the Scheme in the following ways:

- by direct debit payment to the Scheme’s bank account which can be set up online through the member’s secure portal; or
- by using the Bill Payments facility in your bank’s internet banking facility.

Your contributions must be accompanied by your IRD number. If you do not include your IRD number, we may not be able to process your payment and credit your member account.

We may impose a minimum contribution amount or increase or reduce any minimum contribution amount imposed (at the date of this document, no minimum contribution amount applies), and will notify you of any such change at least one month before the new minimum contribution amount becomes effective.

What happens if I don’t pay anything?

If you are not an employee, or if you are on a savings suspension, you don’t have to make any contributions to the Scheme. But we may terminate your membership of the Scheme if your member account balance is zero or negative.

If you pay yourself a salary or wage, you may be treated as an employee and an employer for the purposes of KiwiSaver contributions. If this is the case, the requirements described earlier under the heading “What you pay” and below under the heading “What your employer pays” apply.

Do I have to make a payment to open an account?

No, you do not need to make a payment to join the Scheme.

What your employer pays

Your employer must make contributions to your KiwiSaver scheme, except as detailed below. The compulsory employer contribution rate is 3% of your gross salary or wages. Employer contributions are subject to Employer

Superannuation Contribution Tax (ESCT), which may be deducted from those contributions, meaning you may not get the full amount of the contribution in your account.

Your gross salary or wages, on which employer contributions are calculated includes overtime and bonuses but doesn't include accident compensation earnings-related payments, paid parental leave payments or redundancy payments.

Your employer can contribute at a higher rate if they wish.

The employer contribution rate is set by legislation so the Government could change it at any time.

If you are aged 65 or over or under 18

If you are aged 65 or over and eligible to withdraw from KiwiSaver, or if you are under 18, your employer doesn't have to make contributions to your KiwiSaver account – but they can if they wish.

If you joined KiwiSaver (or a complying superannuation fund) before 1 July 2019 and were over the age of 60 when you joined, a five-year membership requirement (also called a five-year lock-in period) also applies before you are eligible to withdraw from KiwiSaver. Your employer must continue to make contributions to your KiwiSaver scheme while you are locked-in. You can opt out of the five-year lock-in period by notifiying us. If you opt out, once you turn 65 your employer can stop their contributions.

If you have made a withdrawal for a life-shortening congenital condition

If you have made a withdrawal for a life-shortening congenital condition, your employer doesn't have to make contributions to your KiwiSaver account – but they can if they wish.

If you are on a savings suspension

If you have been granted a savings suspension then your employer will also cease to make contributions to your KiwiSaver account.

If you are a member of another superannuation scheme

Employer contributions to a registered superannuation scheme for your benefit will count towards compulsory employer contribution entitlements if your employer provided eligible employees with access to that scheme before 17 May 2007 and:

- the employer employed you before 1 April 2008, and before then made or agreed to make contributions to that scheme for your benefit; or
- you are covered by a collective agreement that was in force before 17 May 2007 and remains in force, under which the employer is required to contribute to that scheme for your benefit,

and to the extent that the employer's contributions to the superannuation scheme 'vest' (i.e. are completely allocated to you) no more than five years after they are paid.

Subject to certain conditions, compulsory employer contributions may be split between the Scheme and a complying superannuation fund (as defined in the KiwiSaver Act) if you agree that with your employer. If you do not agree the proportion in which your employer's compulsory contributions will be split, they will be allocated to your KiwiSaver scheme balance first, up to the minimum requirement under the KiwiSaver Act with the remainder then allocated to your complying superannuation fund.

What the Government pays

The Government will pay a Government contribution of up to a maximum of $521.43 per year (the equivalent of approximately $10 per week) if you are over 18, living in New Zealand (subject to certain limited exceptions), and you have not yet reached your KiwiSaver end payment date. This is paid at 50 cents for each dollar you contribute, up to a maximum of $521.43 per year (i.e. from 1 July to 30 June). This means you need to contribute $1,042.86 per year (the equivalent of approximately $20 per week) to receive the maximum Government contribution. In the first year of membership, or the year you turn 18, or the year you reach your KiwiSaver end payment date, the amount of Government contribution paid will be in proportion to how much of the year you were eligible to receive the Government contribution.

The amount of the Government contribution is prescribed by legislation and may change in the future or be abolished completely. If your investment direction contains two or more funds then the Government contribution must be credited proportionately across those funds.

If you are a member of one or more complying superannuation funds as well as a KiwiSaver scheme, the Government contribution will be paid by the New Zealand Government to the relevant scheme provider in accordance with relevant legislation.

Any Government contribution paid to your member account is not taxable to you.

End payment date

Your KiwiSaver end payment date will usually be when you qualify for New Zealand Superannuation (currently age 65). However, if you joined KiwiSaver (or a complying superannuation fund) before 1 July 2019 and were over the age of 60 when you joined, a five-year membership requirement (also called a five-year lock-in period) also applies before you reach your end payment date. You will remain eligible to receive Government contributions while you are locked in. You can opt out of the five-year lock-in period by notifying us. If you opt out, once you turn 65 you will no longer be eligible to receive Government contributions. If you make a withdrawal because you are suffering from a life-shortening congenital condition, you will also be treated as having reached your KiwiSaver end payment date.

Other ways to contribute

We may, at our discretion, accept money transferred from an Australian complying superannuation fund scheme, KiwiSaver scheme, or another NZ superannuation scheme that you are entitled to receive a benefit from. Any such amount you transfer to the Scheme will be paid to your member account.

Transferring from a KiwiSaver scheme or a New Zealand superannuation scheme to the Scheme

You can apply to transfer any amount from another KiwiSaver scheme to the Scheme by filling in an application to join the Scheme. We will contact Inland Revenue and your old provider to arrange a transfer of funds. We will let you know when the transfer has been completed. We do not charge a fee for transfers.

You cannot belong to two KiwiSaver schemes at the same time.

You may also be able to transfer funds from New Zealand superannuation schemes to your Scheme account. Please contact us on 0800 427 384 or questions@kiwiwealth.co.nz with details about the other superannuation scheme, and we will advise you if a transfer is possible, and if so, how to arrange it. A transfer from another superannuation scheme will be subject to the other scheme's approval.

You can transfer retirement savings from Australia to the Scheme

If you have contributed to any Australian complying superannuation funds, and now live permanently in New Zealand, you can apply to transfer your Australian superannuation savings to the Scheme.

Generally the rules for KiwiSaver schemes will apply to money transferred from Australia, with the following differences:

- You cannot make a withdrawal before your retirement age of the money transferred from Australia for the purchase of a first home.
- You will be permitted to withdraw money transferred from Australia from age 60 provided that you have retired (for the purposes of the relevant Australian regulations).
- You cannot transfer the money moved from Australia to a third country.
- Amounts transferred from Australian complying superannuation funds will not count towards your eligibility for Government contribution.

In addition to the above, there are other differences between Australian complying superannuation funds and KiwiSaver schemes which may affect the amount you can get when you can withdraw your savings.

For these reasons, transferring your savings from your Australian complying superannuation fund to the Scheme is an important decision. We recommend that you discuss proposed transfers with your Australian and New Zealand tax and financial advisers as well as your Australian complying superannuation fund provider.

Neither we, the Supervisor nor any other person involved in providing the Scheme to you take any responsibility for any tax or other charges that may arise as a result of you transferring your Australian superannuation savings to the Scheme.

How are contributions processed?

A 'valuation day' is a day on which we value the relevant fund.

Valuation days will generally occur every business day.

We may change the valuation day, or the frequency of valuation days, by giving written notice to the Supervisor.

Contributions will generally be processed as follows:

- contributions we receive before 5pm on a valuation day will be processed based on the value of the relevant fund's assets on that valuation day; and
- otherwise, your contributions will generally be processed using the value of the relevant fund applicable to the next valuation day.

You can transfer savings from the Scheme to Australia

You can only transfer your savings to Australia if you have permanently emigrated to Australia.

Once that transfer is approved by us, all the money in your member account including any Government Kick-Start and any Government contribution will be transferred, and your KiwiSaver account will be closed.

You can only transfer to an Australian complying superannuation fund that will accept the transfer.

This type of transfer is voluntary. You can keep your savings in your KiwiSaver account if you want to.

Generally, the rules of the Australian superannuation scheme you transfer to will apply, but there are some differences to be aware of:

- The age of eligibility for New Zealand Superannuation applies to withdrawals of KiwiSaver transfers. At the date of this document it is 65.
- You can't withdraw your KiwiSaver savings before your retirement age to purchase a first home in Australia.
- You can't transfer your KiwiSaver savings to a third country.

You can transfer savings from the Scheme to another KiwiSaver scheme

If you join a different KiwiSaver scheme we will transfer an amount equal to the value of your member account to your new KiwiSaver scheme, subject to the requirements of the KiwiSaver Act 2006. Once we have transferred that amount to your new KiwiSaver scheme, you will not be entitled to any benefits under the Scheme and we will have no further obligations to you in respect of the Scheme. We are under no obligation to ensure the allocation of any funds transferred to another KiwiSaver scheme on your behalf has been made in accordance with your instructions to the other KiwiSaver scheme.

Rebalancing

If you invest in more than one fund, market movements may result in the proportions of your investment differing from the proportions you chose when setting your investment direction.

Unless you opt out, we will rebalance your account on a quarterly basis (or on a six-monthly or annual basis, at your election) to ensure it remains in line with your chosen investment direction.

We will only rebalance your account if, as at the rebalancing date, the percentage of your account invested in one or more of your selected funds differs by 5% or more from the percentage specified in your investment direction.

For example:

If you have chosen a 50/50 mix of the Conservative Fund and the Growth Fund:

- If, at the rebalancing date, 40% of your investment is in the Conservative Fund and 60% is in the Growth Fund, we will rebalance your account so that 50% is invested in the Conservative Fund and 50% is invested in the Growth Fund.
- If, at the rebalancing date, 46% of your investment is in the Conservative Fund and 54% is in the Growth Fund, we will **not** rebalance your account.

If you have chosen a mix of 10% Conservative Fund, 30% Balanced Fund, and 60% Growth Fund:

- If, at the rebalancing date, 4% of your investment is in the Conservative Fund, 32% of your investment is in the Balanced Fund, and 64% of your investment is in the Growth Fund, we will rebalance your account so that 10% is invested in the Conservative Fund, 30% is invested in the Balanced Fund, and 60% is invested in the Growth Fund.

- If, at the rebalancing date, 6% of your investment is in the Conservative Fund, 32% of your investment is in the Balanced Fund, and 62% of your investment is in the Growth Fund, we will **not** rebalance your account.

Rebalancing will occur as following:

- During March – any quarterly, six-monthly, and annual rebalances occur.
- During June – any quarterly rebalances occur.
- During September – any quarterly and six-monthly rebalances occur.
- During December – any quarterly rebalances occur.

The actual rebalancing dates will be determined at our discretion (for example, quarterly rebalancing may occur mid-month during March, June, September, and December, rather than on the final day of those months.

Any units issued or redeemed as part of a rebalance will be processed using the next available unit price after the rebalance date. Please see pages 11 and 14 of this OMI document for more information about the issue and redemption of units.

Buy/Sell spreads will apply to any units issued or redeemed as part of the rebalancing process. See the 'Fees' section of the PDS and this OMI document for more information.

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Withdrawals

This section contains more information about withdrawals from the Scheme, including when you can make withdrawals, what happens if you die while a Scheme member, and identity information that we need from you to make a withdrawal.

You can generally cash in at the age of eligibility for New Zealand Superannuation

Generally, you will not be able to withdraw your KiwiSaver savings until you reach the age you can get New Zealand Superannuation. The age of eligibility for New Zealand Superannuation is 65, but it could be changed by law. You can usually cash in the full value of your KiwiSaver investment when you turn 65. The date you become eligible to withdraw your savings is known as your end payment date (see page 10 for more information).

You can withdraw all of your member account balance which includes your contributions, any Government contributions, any employer contributions, and transfers from other superannuation schemes, plus or minus investment gains or losses, taxes, and fees.

You can close your account, and take out the whole amount as a lump sum. Or you can keep your account open and set up regular withdrawals to be paid to your bank account weekly, monthly, bi-monthly, quarterly or yearly ($100 minimum), or make occasional lump-sum withdrawals ($500 minimum). We may change the minimum withdrawal amounts and the frequency of withdrawals from time to time. These types of withdrawals must be in increments of $10, subject to the minimums stated above. If requests are received for other amounts, we will round the request to the nearest $10.

Valuation days will occur every business day. The withdrawal amount that is paid to you will in most cases be based on the value of your account on the valuation day after we determine that you are eligible to make a withdrawal. For some withdrawals we require information from third parties, such as Inland Revenue, and in those cases the withdrawal amount that is paid to you will be based on the value of your account on the valuation day after we have received the required information from the third party. Once we have calculated your withdrawal amount, we will redeem sufficient units to pay your withdrawal amount and arrange payment to you. Withdrawal requests will normally be processed within ten business days (from the date of your valid withdrawal request).

If you lived away from New Zealand while you were a member of KiwiSaver, you might have to pay back some of the Government contributions to the Government. For further details please contact Inland Revenue.

If you transfer money from an Australian complying superannuation fund to your KiwiSaver member account, you might be able to withdraw that money when you turn 60.

Call 0800 427 384 or email questions@kiwiwealth.co.nz to request a standard withdrawal form to fill in to apply for a withdrawal.

You might be able to make a withdrawal earlier

You can apply for an early withdrawal for the reasons outlined in the following table. To apply for an early withdrawal, you must provide:

- a completed application form, available from us; and
- evidence to support your application (details are on the forms).

You may not be able to withdraw the full amount in your member account. Generally, you will be able to withdraw your contributions, any employer contributions and any fee subsidies you received prior to 1 April 2009. However, different kinds of withdrawals have different rules – see the table below.

For serious illness, life-shortening congenital condition, and significant financial hardship withdrawals, the Supervisor will review the application and decide whether to approve it. The Supervisor may approve a partial withdrawal, rather than the maximum allowed. To approve a withdrawal application on the grounds of significant financial hardship, the Supervisor must be reasonably satisfied that you are suffering or are likely to suffer from significant financial hardship and that reasonable alternative sources of funding have been explored and have been exhausted.

For a first home withdrawal, you can specify how much of your personal contributions and your employer contributions you want to withdraw, but you must leave $1,000 and any funds transferred from an Australian complying superannuation scheme in your member account.

Type of withdrawal	What it means	The maximum withdrawal allowed	How to apply
Serious Illness	Serious illness means an injury, illness or disability: that results in you being totally and permanently unable to engage in work for which you are suited by reason of experience, education or training or any combination of those things; or that poses a serious and imminent risk of death.	Entire balance	Fill in a serious illness withdrawal form, available from us. The Supervisor will approve or decline the application. They may approve a partial withdrawal or the maximum amount.
Life-shortening congenital condition	If you were born with one of the following conditions: Down syndrome (Down's syndrome); cerebal palsy; Huntington's disease (Huntington's chorea); or fetal alcohol spectrum disorder.	Entire balance	Fill in a life-shortening congenital condition withdrawal form, available from us. The Supervisor will approve or decline the application.

Type of withdrawal	What it means	The maximum withdrawal allowed	How to apply
	You may also be able to make a withdrawal if you were born with another medical condition that is expected to reduce life expectancy below age 65 for people in general who have the condition.		You will need to provide medical evidence about the condition you have.
Significant financial hardship	Significant financial hardship includes significant financial difficulties that arise because of: your inability to meet minimum living expenses; or your inability to meet mortgage repayments on your principal family residence resulting in the mortgagee seeking to enforce the mortgage on the residence; or the cost of modifying a residence to meet special needs arising from a disability of you or of your dependant; or the cost of medical treatment for an illness or injury of you or of your dependant; or the cost of palliative care for you or for your dependant; or the cost of a funeral for your dependant; or a serious illness which you're suffering from.	Entire balance excluding the Government contributions and the Government Kick-Start contribution (if received).*	Fill in a significant financial hardship withdrawal form, available from us. The Supervisor will approve or decline the application. They may approve a partial withdrawal or the maximum amount. The Supervisor must be reasonably satisfied that reasonable alternative sources of funding have been explored and exhausted.
Permanent emigration to Australia	If you have permanently emigrated to Australia you can apply to transfer your KiwiSaver savings to an Australian complying superannuation scheme.	Entire balance	Fill in a permanent emigration to Australia withdrawal form, available from us. We will approve or decline your application.
Permanent emigration to a country other than Australia	If you have moved overseas permanently to a country other than Australia, you can apply for a permanent emigration withdrawal	Entire balance excluding the Government contributions and any funds transferred from an	Fill in a permanent emigration withdrawal form, available from us.

Type of withdrawal	What it means	The maximum withdrawal allowed	How to apply
	from one year after you leave New Zealand.	Australian complying superannuation scheme.	We will approve or decline your application.
Buying your first home	If you've been a member of KiwiSaver for at least three years you might be able to withdraw some of your KiwiSaver savings to put towards buying, in New Zealand, your first home or land on which to build your first home. In some cases you might be able to make a first home withdrawal if you have owned a home before. See section 'Eligibility for First Home Withdrawal' on page 18 for more details.	Entire balance excluding $1,000 and any funds transferred from an Australian complying superannuation scheme.	Fill in a first home withdrawal form, available from us. We will approve or decline your application. We may approve a partial withdrawal or the maximum amount.
Withdrawal to meet tax or other liability on foreign superannuation withdrawal	If you have transferred savings from an overseas superannuation or pension scheme into the Scheme you can apply to withdraw savings from your member account for payment of certain New Zealand income tax liabilities (but not interest or penalties) or student loan repayment obligations resulting from the transfer.	Entire balance excluding the Government contributions and the Government Kick-Start contribution (if received).* However, if the maximum liability is less than the permitted withdrawal amount, you can only withdraw up to the amount of the liability.	Contact us for more information (as conditions apply) and to obtain a withdrawal form. We will approve or decline your application.

*You will only have received a $1,000 kick-start contribution from the Government if you first joined KiwiSaver before 2.00pm on 21 May 2015.

We must comply with any enactment requiring us to release savings from the Scheme, including a requirement to release savings by order of any Court under any enactment (including the Property (Relationships) Act 1976).

If you die while you're a Scheme member

If you die while you're a member of the Scheme we will pay the entire balance of your member account to your estate, following the rules of the Administration Act 1969. This means:

- if your member account balance is more than $15,000, on receipt of appropriate documentation (such as death certificate, probate, letters of administration) we will make the payment when we receive an application from your personal representatives; or

- if your member account balance is $15,000 or less and probate or letters of administration has not been obtained, we will make the payment to the relevant person who is authorised to receive the amount, without requiring the administration of your estate. In these circumstances a death certificate must be presented.

Can anyone else get your KiwiSaver savings?

You are not allowed to give, sell, or lend your KiwiSaver savings to anyone else.

It is possible that we would have to pay some or all of your KiwiSaver savings to someone else in one of the following circumstances:

- Through a Court order under the Property (Relationships) Act 1976.
- Subject to relevant law, if at the time you become eligible to receive a benefit you are a minor, do not have legal capacity, or are (in our opinion) incapable of managing your own affairs, we or the Supervisor may pay the amount payable to another person for your benefit on the terms we or the Supervisor think are appropriate.
- If we have reason to believe you have committed (or you are likely to commit) an act of bankruptcy, you will forfeit entitlement to all your benefits under the Trust Deed. To the maximum extent permitted by law, we shall direct the Supervisor to hold and may direct the Supervisor to apply the benefits which would otherwise have been payable to you for the benefit of you or any of your dependants, as we think is appropriate.
- If, having made reasonable efforts, neither we nor the Supervisor are able to locate you more than five years after your KiwiSaver end payment date and you or your employer haven't contributed to your member account in the last five years, the value of your member account will be deemed to be an unpaid benefit and will be subject to section 149 of the Trusts Act 2019.

Eligibility for First Home Withdrawal

Under the KiwiSaver Act 2006 you are eligible to make a withdrawal for the purpose of purchasing a first home where you have not previously made such a withdrawal from any KiwiSaver scheme, and you satisfy one of the following two criteria:

- at least three years have passed since Inland Revenue first received contributions for credit to a KiwiSaver scheme of which you are or were a member; or
- where no such contributions have been paid via Inland Revenue, you have been a member of a KiwiSaver scheme for a period of three years or more.

If you are eligible to make such a withdrawal then one of following criteria must also apply before you are entitled to make the withdrawal for the purchase of a first home (whether by yourself, or with another person):

- the home is or is intended to be your or your family's principal place of residence in New Zealand or you are purchasing land in New Zealand on which to build your first home, and you have not previously held an estate in land; or
- the home is, or is intended to be, your or your family's principal place of residence in New Zealand, or you are purchasing land in New Zealand on which to build your first home, and you are a "qualifying person" under the regulations made under the KiwiSaver Act 2006; or

- the purchase is made in the circumstances prescribed in regulations under the KiwiSaver Act 2006.

Generally, you must not have previously owned a home to be eligible for a first home withdrawal.

However, you may still be a “qualifying person” and therefore eligible to make a withdrawal for the purchase of a home if Kāinga Ora (formerly Housing New Zealand) notifies us that your financial position is what would be expected of a person who has never owned a home. You are not eligible for a second withdrawal if you have already made such a withdrawal from any KiwiSaver scheme. You can find out more information on the Kāinga Ora website www.kaingaora.govt.nz.

If you are eligible to make a first home withdrawal you may use your KiwiSaver savings withdrawn to contribute towards either the deposit on your purchase or at settlement. If you wish to use the savings for a deposit your solicitor will have to provide some specific undertakings to us about the payment of your savings. We recommend that you speak to your solicitor before you apply to make sure they are able to provide them to us.

If you make a withdrawal for the purpose of purchasing a home, the withdrawal must be paid to your solicitor. We will require from your solicitor, before payment of the withdrawal, a copy of an agreement for the sale and purchase of land showing you as the purchaser together with an undertaking, in a form required by us, relating to the nature of the agreement and application of savings to be withdrawn and returned if settlement is not completed. If you are wishing to build a new home on Maori land or purchase an interest in a dwelling house on Maori land, we will also need you to provide evidence of your right to occupy that land. We may also require other information and documentation.

You may also qualify for a First Home Grant to help with the cost of purchasing a home.

If you are purchasing an existing home the grant is $1,000 for each year that you have been making regular contributions to a KiwiSaver scheme (to a maximum of $5,000). The grant is doubled (up to a maximum of $10,000) if you are purchasing a new home, buying a property off the plans or land to build a new home. You will have to contribute to KiwiSaver for a minimum period of three years to access this grant. Any First Home Grant will be payable by the New Zealand Government and not from the Scheme.

The First Home Grant is restricted by income caps and regional house price caps. For information on the applicable income and regional house price caps please visit the Kāinga Ora website at www.kaingaora.govt.nz/home-ownership/first-home-grant/check-you-are-eligible-for-first-home-grant and check the eligibility criteria.

Verification of identity

Subject to the KiwiSaver Act 2006 you may not be permitted to make any withdrawal until we are satisfied that we have verified your identity and residential address to the standards required under the Anti-Money Laundering and Countering Financing of Terrorism Act 2009.

05

Fees

This section provides more information about the fees and charges that you will pay as a member of the Scheme.

Annual fund charges

The total estimated annual fund charges for the Scheme are as follows:

Fund	Annual Management Fee*(estimate)	Other Fees (estimate)	Total estimated annual fund charges* (as a % of your fund(s) balance)
Cash	0.45%	0.00%	0.45%
Default Conservative	0.48%	0.03%	0.51%
Conservative	0.83%	0.03%	0.86%
Default**	0.37%	N/A	0.37%
Balanced	0.95%	0.06%	1.01%
Growth	1.00%	0.09%	1.09%

* Subject to the minimum described below.

** The annual management fee and annual fund charge figures for the Default Fund are not estimated. An annual fund charge of 0.37% applies to Default Fund investments – unless your Default Fund balance is $1,500 or less, in which case no annual fund charge applies.

We don't charge performance based fees, or separate withdrawal, contribution or establishment fees. Other fees can be incurred and these are detailed below under the heading "Other fees".

Annual management fee

As a member of the Scheme, you pay an annual management fee that covers the ongoing costs and expenses of the management and administration of the Scheme which includes supervisor services, custodian services, administration services, investment management services, registry costs, marketing, auditing, legal fees, printing and postage, and transaction fees paid to Kiwibank for distribution services (if any).

This fee ranges from 0.37% (for the Default Fund, if your Default Fund balance is over $1,500) up to 1% per year of your member account balance depending on the fund(s) in which you are invested, subject to a minimum fee of $40 per year. No minimum fee is charged on investments in the Default Fund. The fee for each fund is set out in the table above.

The amount of the annual management fee you pay may vary (subject to the minimum fee) depending on the funds you are invested in and your member account balance. We show the exact amount of the annual management fee you pay on your monthly reports and on your annual statement. Other than for the Default Fund, you should note it is possible that your annual management fee could exceed the stated percentage as a result of the minimum fee being applied if your member account balance is low.

If the $40 minimum annual management fee applies to your member account (for example, when your account balance is low), the amount you pay is calculated across the fund(s) that you are invested in. As explained above, no minimum annual management fee is charged on Default Fund investments.

Here are some examples of how the minimum annual management fee applies:

- If your member account balance is $4,000, consisting of $3,000 in the Balanced Fund and $1,000 in the Growth Fund, an annual management fee of $40 will apply. This represents the $40 minimum annual management fee, which will be pro-rated so that $30 applies in respect of your Balanced Fund investment and $10 applies in respect of our Growth Fund investment.

- If your member account balance is $1,000 and all held in the Default Fund, no annual management fee applies.

- If your member account balance is $1,000, consisting of $500 in the Default Fund, $200 in the Balanced Fund, and $300 in the Growth Fund, an annual management fee of $20 applies. To calculate this, we initially take the $40 minimum annual management fee and pro-rate it across all funds ($20 to Default, $8 to Balanced Fund, and $12 to Growth). However, because your Default Fund balance is less than $1,500, no fee applies in respect of your Default Fund investment and so the $20 fee is not charged. Instead, only the $8 Balanced Fund and $12 Growth Fund fees apply.

- If your member account balance is $4,000, consisting of $3,500 in the Default Fund and $500 in the Growth Fund, an annual management fee of $17.95 applies. To calculate this, we initially take the $40 minimum annual management fee and pro-rate it across all funds ($35 to Default and $5 to Growth). However, because no minimum annual management fee is charged on Default Fund investments, the Default Fund fee is only $12.95 (being 0.37% of $3,500) instead of $35.

The annual management fee does not cover trading expenses (these are the actual costs incurred in the buying and selling of assets in a fund, such as brokerage), and any fees charged by funds or unit trusts we invest in, or any additional costs reasonably incurred by the Scheme or the Supervisor or a custodian that are not related to the regular and ongoing costs listed above.

The standard annual management fee is generally calculated and accrued daily and deducted from each fund's assets monthly in arrears. Where an investor is subject to an annual management fee that exceeds the stated percentage (as a result of the minimum fee being applied), the portion of the annual management fee exceeding the stated percentage will be deducted from the relevant member's account via redemption of units. Annual management fees will also be deducted from a member's account via redemption of units if a member makes a full withdrawal.

Can the annual management fees change?

Under some circumstances the annual management fee could change. We would need the Supervisor's agreement, and any changes would have to be permitted by the Scheme's Trust Deed, Instrument of Appointment and the KiwiSaver Act. We must inform members of any increase to the annual management fee in advance, and in writing.

We may charge any member, or group of members, fees at a lower rate or amount than is shown in this document or the Scheme's PDS, or waive or rebate such fees to such members.

We may also, with the Supervisor's consent and subject to the Trust Deed and the KiwiSaver Act, change the fee structure for any fund (including, without limitation, adding, changing or removing any member account balance thresholds at which you may become eligible to pay a lower fee). However, the fees for the Default Fund may only be increased by variation of the Instrument of Appointment.

The current 1% fee limit can be increased up to a maximum of 2%, if we and the Supervisor agree that an increase is required to cover additional regular ongoing costs that arise.

Other than stated previously, we and the Supervisor have no ability to increase the annual management fees without the consent of all affected members and, if applicable, the approval of the relevant Government Minister.

Other fees

The annual fund charges (other than the Default Fund annual fund charge) also include an estimate of third-party charges relating to any other funds or assets that a fund invests in. These estimates may change from time to time. No 'other fees' are charged in respect of the Default Fund.

Trading costs

Members will be charged Buy/Sell spreads to reflect the estimated cost of buying and selling underlying investments held by a fund when a member buys or sells units in that fund (including for switching).

The Buy/Sell spread is intended to ensure that any transaction costs associated with members entering or leaving a fund are paid by those members and not the other members in that fund. We do not receive any benefit from it.

The spreads are intended to be:

Fund	**Buy spread*** (Percentage of each contribution added to the unit value when you apply for units in a fund and paid to the fund)	**Sell spread*** (Percentage of each withdrawal deducted from the unit value when you redeem units in a fund and paid to the fund)
Cash	0.02%	0.02%
Default Conservative	0.10%	0.10%
Conservative	0.14%	0.14%
Default	0.13%	0.13%
Balanced	0.13%	0.12%
Growth	0.11%	0.11%

* The Buy/Sell spreads have been rounded to two decimal places. The full Buy/Sell spreads can be found on our website.

We can change Buy/Sell spreads without notice (for example, during stressed market conditions, spreads for funds that have a large proportion invested in fixed interest investments may materially increase). A 'Variable Buy/Sell spread' will apply, and you will pay a lower Buy/Sell spread (than the current Buy/Sell spread), if there are both applications into and withdrawals out of a fund taking effect on the same valuation day (as the fund does not need to buy or sell underlying investments to the extent that there is a netting of applications and withdrawals).

Additional costs, charges and expenses

Both we and the Supervisor are entitled to be reimbursed, in addition to the fee stated above, for all other costs, charges and expenses properly incurred in connection with or in relation to the Scheme where the following apply:

- both we and the Supervisor must consult and agree before such costs, charges and expenses are incurred; and
- a prudent professional supervisor or manager (as appropriate) would consider it reasonable to incur such costs, charges and expenses in order to comply with its obligations and duties under the Scheme's Trust Deed and at law.

However, the above rights for reimbursement do not apply in relation to the Default Fund unless approval is received from the relevant Government Minister.

Since inception, we have never charged any additional costs to the Scheme. However, we retain the right to do so.

How we estimate fees and charges

An estimate has been used to calculate the underlying fund fees 'Other fees (estimate)' above which are included in 'Total estimated annual fund charges (as a % of your fund(s) balance)'. Underlying fund fees have been estimated using end of month holdings and the total expense ratio (TER) stated in the underlying funds' disclosure statements. No 'other fees' are payable in respect of the Default Fund.

An estimate has also been used to calculate the annual management fee for all funds except the Default Fund. The calculation reflects the standard annual management fee charged and assumes that investors are not subject to the minimum annual management fee described in the 'annual management fee' section. No minimum fee is charged on investments in the Default Fund.

As noted above, no 'other fees' are payable in respect of the Default Fund, and no minimum fee is charged on investments in the Default Fund. As a result, the annual fund charge for the Default Fund is not estimated. This means that investors will pay the standard annual management fee of 0.37% for Default Fund investments (unless their Default Fund balance is $1,500 or less, in which case no annual management fee applies).

06

Risks

This section provides a general overview of how risks affect your investment and detail on some risks associated with an investment in the Scheme. General investment risks are also covered in the Scheme's PDS.

What are my risks?

It's important that you invest with realistic expectations – knowing the potential upside, and the potential downside.

All investments have risks. There is a risk that at any time the balance of your Scheme member account could be less than the amount you, the Government, and your employer (if any) have contributed, especially if you have selected a fund or combination of funds with an allocation to growth assets. It is also possible you may not receive the returns you expect. There are risks associated with the Scheme that could affect your ability to recover the amount of your contributions or impact on the returns payable from the Scheme.

There are three types of risk to consider:

- general investment risks;
- specific risks applying to the Scheme; and
- other risks.

General investment risks

Investment necessarily requires the taking of risk, in order to generate an expected return. We take a range of measures to manage this risk including diversification and maintaining high levels of liquidity.

Our investment manager, KWILP, approach is to ensure proper diversification by investing across a number of assets, sectors, countries and industries. KWILP also puts a high value on liquidity – being able to sell assets quickly.

When using external investment managers (including where the Scheme invests in managed funds), KWILP considers diversification, liquidity, cost/fees (either or), potential risk and returns, and tax efficiency. KWILP also considers the credentials and track record and transparency of the external investment manager.

Asset class risk	Main risks	What we and KWILP do to address these risks
Cash and bank deposits	You could get a lower return than expected if: interest rates change; or the bank or issuer is unable to pay the interest or return the principal.	Diversification: KWILP invests in bank deposits with a number of different banks and term deposits over a range of different terms.
Fixed interest: Government and corporate bonds	You could get a lower return than expected if: interest rates change; or the bank or issuer is unable to pay the	Diversification: KWILP buys bonds with a number of different issuers, both NZ and global, and at different maturity dates.

Asset class risk	Main risks	What we and KWILP do to address these risks
	interest or return the principal. Corporate bonds may become difficult or impossible to sell – they can become illiquid. Changes in interest rates can lead to changes in the value of investments and could result in gains or losses.	Duration (a measure that tracks with average maturity of investments) is actively managed against a benchmark
Shares	Share values fluctuate for many different reasons, including company performance, economic factors, and market conditions. This can lead to gains or losses in the value of these investments. Shares can also become difficult or impossible to sell – they can become illiquid.	KWILP buys shares primarily in global companies on world share markets. These are mainly very liquid markets. When selecting shares, KWILP consider among other things: diversification, liquidity, cost, potential risk and returns, and tax efficiency.
Managed funds, collective investment vehicles and investment mandates	Managed funds, collective investment vehicles and investment mandates share some risks with underlying assets as described above, as well as additional risks: the fund manager may not perform as expected, or may go out of business; or if the fund manager is dependent on the expertise and skill of particular individuals, the fund may suffer if those people leave. Managed funds or other collective investment vehicles may have different liquidity than the underlying investments. They may also invest in less liquid investments than what the Scheme generally holds.	KWILP uses external investment managers to get exposure to markets when it's not practical or efficient for them to access directly. When selecting a manager, KWILP considers a range of key factors including their performance track record, management structure, investment process and philosophy, operations, risk management and compliance, transparency, liquidity and fees.
Market risk	Financial markets can fluctuate significantly, affecting returns in most asset classes. You should be prepared for declines in your member account balance, especially in the short term.	We offer different funds, with different exposure to shares, and therefore different levels of risk. You should invest in fund(s) that match your investment timeframe and attitude to risk. If you need help to determine your choice of fund(s) you should seek advice from a financial advice provider. Within the funds, KWILP may make investment decisions to manage market risk.
Currency risk	Some of the assets in the funds, such as international shares, fixed interest or cash are denominated in foreign currencies. Returns can be affected by movements in the value of the	KWILP can use derivatives such as forward foreign exchange contracts, cross currency swaps and currency options to manage some of the currency risk.

Asset class risk	Main risks	What we and KWILP do to address these risks
	New Zealand dollar and the relevant foreign currency. If the New Zealand dollar goes up, the relative value of these assets goes down. If the New Zealand dollar goes down, the relative value of these assets goes up. In some of the funds, KWILP may also take outright foreign currency exposures. Returns on those exposures can be affected by the relative movements in different foreign currencies, separate to the movement in the New Zealand dollar.	
Derivative risk	Permitted derivatives may be used to manage risk in the funds such as interest rate risk or currency risk. Derivatives may also be used to assist with implementing investment strategy as an alternative to investing in the physical asset. There are a range of derivative instruments with examples being forward foreign exchange contracts and interest rate swaps. The use of derivatives may not remove all exposure to risks that are managed. The tax treatment of the derivative may differ from the tax treatment that is applicable to the underlying asset for which the derivative is in place and this may result in a member's after-tax exposure to the relevant currency not matching the target exposure for the funds. There is also a risk that the party with whom the derivative contract is made either defaults on that contract or fails to meet its obligations, resulting in a loss.	Derivatives are permitted to be used for risk management, and efficient investment implementation. As at the date of this document permitted derivatives include interest rate swaps, cross currency swaps, futures and options, forward foreign exchange contracts and currency options. Derivative transactions and positions are independently monitored against relevant limits by the investment compliance team and outcomes reported through to governance bodies. KWILP endeavours to minimise the mismatch in tax treatments. Counterparties for derivatives transactions are regularly reviewed for quality and stability.
Liquidity risk	Is the risk that the Scheme cannot meet financial obligations in a timely manner. This risk arises where there is a mismatch between the maturity profile of investments and the amounts required to pay withdrawals.	KWILP takes reasonable care to ensure we can enter and exit securities within a reasonable timeframe.

Investment transactions and positions are independently monitored against relevant limits by the risk team and outcomes reported to governance bodies.

Specific risks applying to the Scheme

The risks associated with active investment management

KWILP's investment management team uses an active investment management style for the Cash, Default Conservative, Conservative, Balanced, and Growth Funds.

The investment management team's active management approach may not result in the return you or they expect. The day-to-day decisions they make about what assets to buy and sell, and the mix of shares, fixed interest and cash in the funds (the asset allocation) may not work in your favour.

The Default Fund is both actively and passively managed. An active investment management style is used for all other funds, although a passive investment style may be used at times. Where a passive investment approach invests in a very broad range of companies in proportion to their size, an active management approach attempts to get better returns than a passive approach by investing in specific securities that are judged likely to perform better than the wider market. Day-to-day active management decisions made about what assets to buy and sell, and the asset allocation to hold, may not work in your favour. We take steps to control this risk. It is important to note that the asset allocation range specifies an upper limit for shares or fixed interest (depending on the fund) which the investment management team must not exceed. Where there is no corresponding lower limit, it means the exposure to shares may be taken all the way down to zero (even in the Growth Fund). All funds other than the Default Fund and the Default Conservative Fund have no lower limit. The reason for this approach is to give the investment management team the flexibility to reduce exposure in particular to the sharemarket (except for the Default Fund and Default Conservative Fund) if they believe market conditions dictate. This may differ from the asset allocation limits of other KiwiSaver providers which may require they keep a fixed proportion of the fund invested in shares. While the investment management team has the flexibility to alter the allocation to shares, it does not mean they will do so. Typically, a material deviation from benchmark allocations would only be made in unusual or extreme circumstances, and it would be rare that the allocation to shares would be lower than two thirds of its benchmark weight within any given fund.

Active asset allocation for the Default Fund is restricted by the Instrument of Appointment that mandates that the Default Fund must have 45% - 63% in growth assets at all times.

Fund of funds risk

Each of the funds currently invests (and the Default Fund is expected to invest) predominantly in underlying funds within a wholesale managed investment scheme managed by Kiwi Investment Management Limited. KWILP is also the investment manager of those underlying funds. Decisions it makes in respect of those underlying funds may affect your investment in the funds (for example, if withdrawals or switches from the underlying funds are restricted in accordance with the governing document for those funds).

Other risks

The risk that the fund(s) you invest in may be too risky or too cautious

A principal risk associated with investment decisions is being in a fund that is either too risky, or too cautious, for your timeframe and goals. Either way, you risk ending up with less money than you expect or need when you withdraw. If you need help choosing the most suitable fund(s) for you, you should seek financial advice from Kiwi Wealth's team of financial advisers.

Here are some examples:

- Being in a growth or higher risk fund when you need to access your money in the short term – within the next three years – for example to buy your first home. You risk having to withdraw when markets are down, and you could get less than you expected.
- Being in the Cash, Conservative or the Default Conservative Fund when you have a 10 year+ timeframe. You risk missing out on longer-term growth potential, and not having enough to retire on.
- Being automatically invested and not making an active investment choice. You risk not being invested appropriately for your financial goals, timeframe, and your attitude to risk.

To manage this risk:

- Review the fund(s) you are invested in periodically and change them to suit your changing circumstances anytime by logging into myKiwiWealth.

If you need help choosing the most suitable fund(s) for you, you should seek financial advice from Kiwi Wealth's team of financial advisers.

The risk that the rules about KiwiSaver itself might change

KiwiSaver is a Government initiative, governed by the KiwiSaver Act 2006. There is a risk that changes in legislation could affect how KiwiSaver operates and how you benefit. The KiwiSaver system you join today, may be different in the future.

For example, on 1 July 2019 changes were made to the KiwiSaver Act 2006 to:

- Allow over 65 year olds to opt-in to KiwiSaver; and
- Remove the five year lock-in period for members who join KiwiSaver after the age of 60.

Here are some other examples of possible changes that could affect you:

- the age of eligibility for New Zealand Superannuation could be raised beyond 65, meaning you'd have to wait longer to withdraw;
- benefits payable by the Government could be lowered or removed, meaning you might not get as much money as you expect when you withdraw;
- the compulsory contribution rates could be increased, so you might have to pay in more than you expect; and
- tax rates could change, which might affect your returns.

There is also a general regulatory risk. That is, there is a risk that future changes to legislation and regulations as they pertain to tax and other matters could affect the operation of the Scheme or members' benefits. There is also a risk of the Scheme's trust deed being amended in a manner permitted by law that has the effect of reducing benefits.

KiwiSaver is not guaranteed

The Government will not bail you out if your KiwiSaver investment fails.

Additional risks

Other material risks that could affect your investment are:

RISK	DESCRIPTION
Administration risk	The risk of a technological or other failure impacting on the Scheme or financial markets in general.
Tax risk	The structure of the Scheme is such that, although it comprises a number of funds, it is a single portfolio investment entity (PIE) for tax purposes. Accordingly, there is a tax risk that if a fund fails to satisfy the PIE eligibility criteria, and that failure is not remedied within the period permitted under the Income Tax Act 2007, the entire Scheme (including the other funds) may lose PIE status. We have processes to monitor compliance with the requirements for retaining PIE status. Tax risk also exists in relation to the underlying investments of the Scheme and our calculation of the tax payable on any returns it makes. Additionally, there are risks of the rate of tax charged and the basis on which tax is imposed changing, as well as us either over or underpaying tax within the Scheme on your behalf as a result of you providing us with the wrong PIR or not advising us to change your PIR when it needed to be changed.

07

Tax

This section provides more information on the tax consequences of becoming a member of the Scheme, including what taxes you will pay.

Important note

The information in this section is intended as general guidance only. We recommend that you seek professional tax advice regarding your individual circumstances prior to investing so that you clearly understand the tax implications of such an investment.

We recommend that you also monitor the tax implications of investing in the Scheme and not assume that the position will remain the same as it is when you start investing. Neither we, the Supervisor nor any other person accepts any responsibility for the tax consequences of your investment in the Scheme.

What taxes will you pay?

The Scheme is registered as a portfolio investment entity (PIE), more specifically a multi-rate PIE, and the following comments are based on the Scheme remaining a multi-rate PIE.

As a PIE, income earned by the Scheme will be attributed to all members in proportion to their interests in the Scheme. We will pay tax to Inland Revenue on your behalf and undertake any adjustments to your interest in the Scheme to comply with PIE tax requirements.

We calculate your tax on this income based on your prescribed investor rate (PIR), which can be 10.5%, 17.5% or 28%. These tax rates are set by legislation, and you are responsible for making sure we have your correct PIR on record. If you do not tell us your PIR, your income will be taxed at the highest rate.

For information on determining your PIR please visit the Inland Revenue website at www.ird.govt.nz/roles/portfolio-investment-entities/using-prescribed-investor-rates or call them on 0800 227 774.

You can advise us of your PIR at any time, including when it changes, by contacting the Kiwi Wealth Customer Services team on 0800 427 384, or questions@kiwiwealth.co.nz.

Provided that you advise us of your correct PIR, tax paid by the Scheme on income attributed to you will generally be a final tax – for:

- NZ tax residents, Inland Revenue will calculate any PIE tax over/under paid based on the PIR applied and add that to your end of year income tax position as part of its automated year end assessment process. No further action is required where the PIR applied is correct for the year.
- Non-NZ tax residents, if your PIE income is taxed using:
    - the 28% PIR, no further action should be required
    - an advised PIR less than the 28% PIR, you may be required to file a NZ income tax return and be liable Inland Revenue for further tax and penalties

You should note that the Commissioner of Inland Revenue is able to notify the Scheme to disregard a PIR advised by you if the Commissioner considers the rate to be incorrect and will notify the Scheme of the PIR that is to be applied. In these circumstances, we are required to apply the PIR as soon as reasonably practicable. The rate notified by the Commissioner would then apply in respect of your income in the Scheme unless you subsequently notify us of a different PIR.

Calculating PIE tax

The Scheme's tax position for a period is calculated as the sum of its members' tax positions (based on their respective PIRs) for the period. If, in a period, the sum of members' tax positions means the Scheme makes a tax loss, or if the Scheme has more New Zealand tax credits attributed to it than are required to meet its tax liability, generally we will claim a tax credit from Inland Revenue. When received, each member's proportional share of that tax credit will be allocated to that member's account.

As a PIE, any gains made by the Scheme from disposing of shares in New Zealand resident companies and certain Australian resident listed companies will be excluded from its taxable income. Tax on most overseas shares and interests in managed funds held by the Scheme will be calculated using either the fair dividend rate (FDR) or the comparative value (CV) methods, depending on the nature of the investment and any determinations issued by the Commissioner of Inland Revenue.

Under the FDR method, the Scheme derives taxable income equal to 5% of the opening market value of the relevant overseas shares and interests in managed funds at the start of a valuation period. This is adjusted for any quick sales (being relevant overseas shares and interests in managed funds purchased and sold within the same period). Any dividends or other returns flowing from overseas shares and interests in managed funds that are taxed under the FDR method will not be separately taxed in New Zealand. Also under the FDR method, tax deductions may not be made for any losses in respect of holdings in overseas shares and interests in managed funds.

Under the CV method, the Scheme derives taxable income equal to the difference between the value of the relevant overseas shares and interests in managed funds at the end of a valuation period and the value of those shares and interests at the start of that valuation period, with adjustments made for certain gains (including any relevant dividends and tax credits, and any proceeds from disposing of the relevant shares and interests) and costs (including any relevant foreign income tax that is paid or payable and any costs in relation to purchasing the relevant shares and interests).

Most overseas shares and interests in managed funds held by the Scheme are taxed under the FDR method.

Tax payable on the Scheme's other income (eg, interest on bank deposits) will be calculated according to the relevant tax rules. Tax may be imposed in overseas jurisdictions in relation to overseas investments (although this may give rise to a tax credit in New Zealand).

Where the Scheme invests in funds that are themselves PIEs, the funds should attribute PIE income to the Scheme to be taxed in the same way as if the underlying investments had been held by the Scheme directly.

Tax liability

If the balance of your member account is insufficient to meet any tax liability attributed to you under the Income Tax Act 2007, then you will, at our discretion, indemnify us (and where applicable, the Supervisor) in respect of any tax payable.

If you have previously transferred funds from a UK pension plan to the Scheme (UK Transfer) you will be liable for any tax liability that may be incurred as a result of later withdrawing that UK Transfer. You should seek tax advice before transferring funds from a foreign superannuation scheme into the Scheme.

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Powers in the trust deed and at law

This section provides a general overview of some powers in the Trust Deed and at law that may have a material impact on the Scheme.

Further information can be found in the Trust Deed, which is available from the Scheme's entry on the schemes register at www.disclose-register.companiesoffice.govt.nz.

We can change the Trust Deed

We can make changes to the Trust Deed with the agreement of the Supervisor, and within the rules of the Financial Markets Conduct Act, if either:

- the Supervisor is satisfied that amendment does not have a material adverse effect on members; or
- the amendment has been approved by (or is contingent on approval by) a special resolution of members (or, if applicable, of each class of members) that is or may be adversely affected by the amendment.

The Trust Deed could also be amended in any other manner permitted by law.

If the terms of the Instrument of Appointment are not consistent with the Trust Deed, the terms of the Instrument of Appointment override the Trust Deed.

The Scheme could close down

We could decide to close the Scheme in the circumstances provided for in the Trust Deed. The Scheme could also be closed by order of the court (on the application of the Financial Markets Authority or the Supervisor).

If this happens, we will first pay the costs of closing down the Scheme, including paying costs and any withdrawals that have become payable from the Scheme's assets. Then your remaining interest in the Scheme will be transferred to another KiwiSaver scheme. You would be able to choose what KiwiSaver scheme you transfer to.

Changes required by law

We will make changes that are required by law, such as changes to reflect the KiwiSaver Act, the Financial Markets Conduct Act and other legislation we are required to comply with.

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Material Contracts

This section provides a summary of the contracts that we consider to be material in relation to the Scheme under clause 52, schedule 4 of the Financial Markets Conduct Regulations 2014.

Supervisor Reporting Agreement

There is a Supervisor Reporting Agreement between the Supervisor and us.

The Supervisor Reporting Agreement:

- Sets out various detailed reporting obligations that we have to the Supervisor contractually and under legislation.
- Sets out our duties and responsibilities in relation to the investment of the Scheme's assets and in relation to the appointment of any custodian or sub-custodian.

Administration and Investment Management Agreement

There is an Administration and Investment Management Agreement between us and KWILP.

The Administration and Investment Management Agreement sets out the terms of appointment of KWILP as administration and investment manager of the Scheme and the basis on which it carries out the administration and investment management functions of the Scheme. The services provided by KWILP under the Administration and Investment Agreement include:

- Administration services, including dealing with Scheme members, maintaining records, operating bank accounts, reporting, registry management, and performing all other administration management duties as reasonably required by the Manager; and
- Investment services, including investing and managing the assets of the Scheme, monitoring performance, undertaking valuations, keeping accounting records, reporting, and performing all other investment management duties as reasonably required by the Manager.

Registry Services Agreement – MMC Limited

KWILP has signed a contract with MMC Limited to record KWILP's appointment of MMC Limited to carry out certain administration services including registry services and unit pricing.

Trust Deed

The Scheme is governed by the Trust Deed between us and the Supervisor. A copy of the Trust Deed is available on the Disclose Register.

KiwiSaver Default Provider Appointment Notice

Under the KiwiSaver Default Provider (Kiwi Wealth) Notice 2021, we were appointed to provide a default KiwiSaver scheme by the Minister of Finance and the Minister of Commerce and Consumer Affairs. A copy of the Notice is available on the Disclose Register.

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Glossary

In this document, unless the context requires otherwise:

'Currently' means at the date of this document.

'fund' means an investment fund within the Scheme.

'General Partner' means Kiwi Wealth Investments General Partner Limited, the general partner of KWILP.

'KWILP' means Kiwi Wealth Investments Limited Partnership.

'**Manager**', '**we'**, '**our**', and '**us**' means Kiwi Wealth Limited, the manager of the Scheme.

'**PDS'** means the product disclosure statement for the Scheme.

'**PIE**' means portfolio investment entity, a special type of investment vehicle for income tax purposes where tax is usually paid on your behalf at a rate approximating your marginal tax rate.

'**PIR**' means prescribed investor rates, and is the rate the PIE uses to calculate tax on PIE income.

'**Scheme**' means the Kiwi Wealth KiwiSaver Scheme.

'**SIPO**' means the statement of investment policy and objectives for the Scheme.

'**Supervisor**' means Public Trust, the supervisor of the Scheme.

'**Trust Deed'** means the trust deed for the Scheme between us and the Supervisor, as amended from time to time.