

# SuperEasy KiwiSaver Superannuation Scheme

## Other material information

Dated: 31 March 2020

This document contains material information relating to the offer of membership in the SuperEasy KiwiSaver Superannuation Scheme (**Scheme**) that is not contained in the Product Disclosure Statement for the Scheme (**PDS**) or the other documents contained in the Scheme's entry on the register of offers of financial products. Further information about the Scheme is contained in the PDS and on the Scheme's register entry.

The information in this document could change in the future. Please check the offer register at [disclose-register.companiesoffice.govt.nz](https://disclose-register.companiesoffice.govt.nz) for any updates.

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## 1 More information on the Scheme and those involved in the Scheme

This section sets out additional information relating to the Scheme, and those involved in providing it.

### The Scheme

The Scheme was established in 2007.

### Trustee and issuer

Local Government Superannuation Trustee Limited (**LGST, Trustee, we, our, or us**) is the sole corporate trustee of the Scheme.

We are responsible for managing the Scheme and we are the issuer of membership interests in the Scheme. We are also the trustee of the Local Government Superannuation Scheme. We do not carry out any business other than acting as trustee of the two schemes.

Currently, the directors of LGST are:

- Cynthia Margaret Bowers, Waipawa
- Robert Roythorne Gallagher, Auckland
- Nicola Jane Harrison, Nelson
- Joshua Tracy Hicks, Gore
- Basil James Morrison, Paeroa
- Graeme Robertson Mitchell, who is the licensed independent trustee (**LIT**) for the Scheme.

Our directors meet formally a minimum of four times per year, and at other times when required.

The ultimate holding company of LGST is Civic Financial Services Limited (**Civic**). Civic is also the administration manager of the Scheme (see below for more information).

The board of directors of LGST is limited to six directors. Directors are appointed as follows:

- New Zealand Local Government Association Incorporated has the right to appoint two directors
- Civic, the New Zealand Society of Local Government Managers Incorporated, and the New Zealand Council of Trade Unions Incorporated each have the right to appoint one director
- the directors, by resolution, are required to appoint a sixth director who must be a LIT (see below).

Further biographical information about the directors of LGST is included at the end of this section.

### **Licensed independent trustee**

As a 'restricted' scheme under the Financial Markets Conduct Act 2013 (**FMCA**), at least one of our directors (or, where we have more than one trustee, at least one trustee) must be a LIT. Licences are granted by the Financial Markets Authority (**FMA**), and are subject to conditions, including regular reporting to the FMA.

Currently, Graeme Robertson Mitchell is the licensed independent trustee director for the Scheme. His biographical information is set out below.

### **Administration manager**

Civic's obligations, as administration manager of the Scheme, include the following functions, which they carry out on our behalf:

- management of the Scheme
- maintenance of records and accounts
- administering the Trustee's requirements
- processing of contributions received
- production of annual financial statements and statements of members' benefits, amongst other reporting.

Currently, the directors of Civic are:

- Anthony Trevor Gray, Havelock North
- Michael Clifford Hannan, Auckland
- Anthony John Marryatt, Christchurch
- John Barry Melville, Wellington
- Basil James Morrison, Paeroa

Civic's directors meet formally 5 times a year, and at other times when required.

Further biographical information about the directors of Civic is included at the end of this section.

### **Custodian**

We are the custodian for the Scheme, as we hold its assets on trust in our capacity as trustee.

## **Auditors**

The Office of the Auditor-General, which is the Scheme's auditor, has appointed Silvio Bruinsma of Deloitte Limited, Chartered Accountants, to undertake the audit of the Scheme. Silvio Bruinsma has a full licence under the Auditor Regulation Act 2011 and his firm Deloitte is registered under that Act.

## **Solicitors**

Dentons Kensington Swan are the solicitors for the Scheme.

## **Further information about our directors**

### *Basil Morrison (CNZM JP) – Chairman*

Mr Morrison was appointed in 2008 by Civic. He is a Director of Civic, and has had an extensive career in Local Government as an elected Representative on the District, Regional and National scene including being President of Local Government New Zealand and as such has a wide range of contacts in Central Government as well as Local Government. He has served as a commercial Director on a number of companies, and is also currently a Director of Local Government Mutual Funds Trustee Ltd, an Auckland Council Independent Hearings Commissioner, Waikato Regional Council Hearings Commissioner, Member of the Thames-Coromandel District Council Hearings Panel, Member of the Waitangi Tribunal, Member of the Hurunui/Kaikōura Earthquakes Recovery Review Panel and Honorary Consul for Uganda.

### *Robert Gallagher (BE and BCom) – Director*

Mr Gallagher was appointed in 1991 by the New Zealand Council of Trade Unions. He has over 30 years' experience in local government and extensive trade union roles including past Vice President of PSA. He also holds director, statutory trustee and governance roles with voluntary organisations.

### *Cynthia Bowers (CMinstD) – Director*

Ms Bowers was appointed in 2002 by Local Government New Zealand. She has been a member of the New Zealand Institute of Directors since 2011. She was involved in local government politics from 1995 to 2016, was Deputy Mayor of Hastings District Council from 2001 – 2016, is a company director and business woman, and has held governance roles with several voluntary organisations.

### *Nicola Harrison (B Com (Hons)) – Director*

Ms Harrison was appointed in 2012 by New Zealand Society of Local Government Managers. She has been a member of the New Zealand Institute of Chartered Accountants since 1993. She worked in the banking sector until early 2010 when employed by Nelson City Council as Chief Financial Officer and became Group Manager Corporate Services in 2014.

### *Tracy Hicks – Director*

Mr Hicks was appointed in 2015 by Local Government New Zealand. He is currently Mayor of the Gore District Council, a role which has been a full time one since 2005. He is an LGNZ national councillor representing the lower South Island, and a director of EquiP, LGNZs centre of excellence. Being elected Mayor in 2004 was a continuation of his association with local government which began in 1980 when elected to the Maitua Borough Council. Tracy was elected to the inaugural Gore District Council as a Maitua ward member. Retailing has always played a big role in Tracy's life so after two terms he stood down to concentrate on the establishment of a new retail store in Gore. 1999 saw Tracy elected to the Southland Regional Council. Two terms of focusing on regional resource management challenges saw Tracy's return to territorial government in Gore which continues to this present day. Tracy was appointed as a trustee to the Community Trust of Southland in 2005 and chaired the trust for six years, finishing his term in 2015.

### *Graeme Mitchell (BA,CA,FCAANZ) – Licensed Independent Trustee*

Mr Mitchell was appointed as a director on 1 April 2016, and was appointed as a trustee of the Scheme in 2012. He is a member of the Institute of Chartered Accountants of Scotland and currently holds the status of Fellow Chartered Accountants Australia and New Zealand. He is a member of the Institute of Directors, and was a Partner in Deloitte New Zealand for 28 years specializing in Audit and Assurance until November 2008. He is a director of Retired Income Group of Companies and the Provincial Growth Fund Ltd. He is also Appointed Independent Member Porirua City Council Audit and Risk Management Subcommittee, Independent Member and Chair of the Human Rights Commission Audit Committee, Independent Member Kainga Ora Audit Committee and Member of the Ministry of Education Audit Committee. He is licensed as an independent trustee under the FMCA. Graeme is also the Honorary Consul General for Norway.

## **Further information about the directors of Civic**

### *Anthony Marryatt (BBS) – Chairman of Directors*

Mr Marryatt was appointed as a director in 2008. He is a retired member of Chartered Accountants Australia and New Zealand, and has been a Chief Executive in Local Government for 20 years including Hamilton City Council and Christchurch City Council. He left Christchurch City Council on 30 November 2013.

### *Tony Gray – Director*

Appointed as a director in 2014, a Fellow of Chartered Accountants Australia and New Zealand and a Chartered Member of the Institute of Directors. He is currently an adviser to the Hastings District Council. Has held CFO roles and senior commercial positions in a number of organisations including Television New Zealand Ltd, Mighty River Power Ltd and Te Runanga o Ngai Tahu Ltd and until recently Hastings District Council. He has extensive governance experience being a former Director of Sky Network Television Ltd, Clear Communications Ltd, Team Talk Ltd, Broadcast Communications Ltd (now Kordia), Ngati Apa Developments Ltd, Maungaharuru Tangitū Ltd and Kaiwaka Company Ltd and an Advisory Board Member of Origin Earth Ltd. Tony is currently a Director of the Eastland Group Ltd and its subsidiaries Gisborne Airport Ltd, Eastland Port Ltd and Eastland

Network Ltd and Chair of the Eastland Group Audit and Finance Committee, Chair and Director of Ngati Pukenga Investments Ltd, a Director of Artemis Nominees Ltd, Quality Roding and Services (Wairoa) Ltd, Local Government Mutual Funds Trustee Ltd, Chair of Tatau Tatau o Te Wairoa Commercial Ltd and Chair of Establishment Board, Hawkes Bay Food Innovation Hub.

*Michael Hannan – Director*

Mr Hannan was appointed in 2006. He is a senior Associate Member of ANZIIF and holds a Certificate in International Management (CIM), “Insead” France. He has had 40 years’ continuous service in the General Insurance Industry including 13 years overseas in senior management positions and concluding with three years as Chief Executive of New Zealand Insurance Co. Ltd (NZI).

*John Melville (BSc FIAA) – Director*

Mr Melville was appointed in 2013. He is a Fellow of the New Zealand Society of Actuaries and a Fellow of the Institute of Actuaries, Australia. He has business experience in life and general insurance companies and in actuarial consulting practices. He has served as an expert witness for companies, for trustees and for the Crown. His experience includes terms as Government Actuary and as a member of the Government Superannuation Fund Appeals Board. He has served as President of the New Zealand Society of Actuaries and as Chairman of Workplace Savings New Zealand.

## **Senior Management Information**

*Ian Brown – Chief Executive of Civic*

Mr Brown was appointed Chief Executive of Civic on 20 March 2017. He has worked in the insurance and superannuation industry since 1987 and most recently from 2005 to March 2017 was Superannuation Manager for Civic before taking on the role of Chief Executive.

## **Changes to directors**

Our and Civic’s directors may change from time to time. The current names and addresses of the directors may be obtained from the Companies Office website [www.companies-register.companiesoffice.govt.nz](http://www.companies-register.companiesoffice.govt.nz).

## **2 Additional information about membership**

This section provides additional information about joining the Scheme and when you will cease to be a member.

### **Joining the Scheme**

*Joining KiwiSaver generally*

To be eligible to join KiwiSaver, you must be:

- a New Zealand citizen or eligible to be in New Zealand indefinitely in terms of the Immigration Act 2009; and
- living or normally living in New Zealand.

You can also join KiwiSaver if you are a state services employee who is serving outside New Zealand, on New Zealand terms and conditions, in a jurisdiction where offering KiwiSaver membership is lawful.

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), you will be automatically enrolled in KiwiSaver. You can choose to enrol in KiwiSaver at any age, even if you have already turned 65.

If you are already a KiwiSaver member, you can transfer your savings between KiwiSaver schemes at any time, even if you do not meet the above general criteria. However, to join the Scheme you will need to meet the criteria below. If you are already in KiwiSaver you should consider any benefits you currently receive before switching schemes. You should also seek financial advice.

### *Joining the Scheme*

As the Scheme is a restricted scheme, membership is limited to certain individuals.

In order to join the Scheme, you must:

- be employed by a Local Authority or a Council Controlled Organisation;
- belong to, or be employed by, the New Zealand Society of Local Government Managers Incorporated, New Zealand Local Government Association Incorporated, or Civic;
- be employed by Jardine Lloyd Thompson Limited; or
- be an immediate family member of, or wholly or partially financially dependent on, a person in one or more of the classes of persons described above.

'Immediate family member' in relation to a person means a spouse, civil union partner, de facto partner, parent, child, step-parent, or step-child.

The reference to a particular employer in the paragraphs above includes any administrator, successor, or assign of that employer.

To become a member of the Scheme, please contact us, or your employer, for an application form.

### **Opting out**

If your employer has chosen the Scheme as their preferred KiwiSaver scheme, and you are not already a KiwiSaver member, you will automatically be enrolled into the Scheme when you start employment. If you have been automatically enrolled, you can choose to opt-out anytime between 13 and 55 (inclusive) days after which you started your new job. If you are incorrectly enrolled (referred to as an 'invalid enrolment'), the process set out in the KiwiSaver Act 2006 will be followed.



## Termination of membership

You will stop being a member of the Scheme when:

- you die;
- you withdraw your full benefit entitlement from the Scheme and cease to have an entitlement under the Scheme;
- you transfer to another KiwiSaver scheme and cease to have an entitlement in the Scheme;
- we determine that you are no longer entitled to be a member because:
  - the balance in your account reaches zero; and
  - we give you a notice in accordance with the KiwiSaver Act that your membership is terminated; or
- any date prescribed by law on which you cease to be a member.

## 3 Additional information about contributions

This section sets out how you, your employer, and the Crown make contributions to the Scheme. Contributions are governed by the KiwiSaver Act 2006, and may change in the future.

### Member contributions

*What do I have to contribute?*

If you're employed, KiwiSaver contributions are normally taken out of your pre-tax (gross) salary or wages at a rate of **3%, 4%, 6%, 8%, or 10%**. If you do not choose a rate, you will contribute at 3%. This means that your contributions will be deducted from your pay after tax has been paid by your employer and transferred to Inland Revenue (at the same time and in the same way as PAYE is deducted and recorded). Inland Revenue will then transfer the amount to the Scheme, where they will be invested in in your chosen investment option/s within the Scheme (details of the investment options are set out in Section 6 and the PDS).

If you do not choose a rate, you must contribute at 3% of your before-tax salary or wages.

You can change your contribution rate to one of the other rates described above at any time. You will need to notify your employer, and the new rate will only apply from the next salary or wage payment after your employer receives that notice. You can change your rate once every three months, unless your employer agrees to you changing it more frequently.

If you do not receive salary or wages, you may choose to make voluntary contributions (described below).

Any member of the Scheme can make voluntary contributions by regular or lump sum payments. The minimums are as follows:

- the minimum lump sum contribution is **\$500**
- the minimum additional regular contribution is **\$520** per annum
- the minimum increase in additional regular contributions is **\$260 per annum**.

Any additional regular or lump sum contribution you make may or may not attract a subsidy from your employer. Additional regular contributions are paid to Inland Revenue on a monthly basis.

You may also be able to transfer savings from an existing New Zealand superannuation scheme, other KiwiSaver scheme, or Australian complying superannuation fund. To transfer from an Australian complying superannuation fund, you will need to have permanently emigrated to New Zealand.

When you join the Scheme for the first time, Inland Revenue will hold any contributions you make via your employer in an interest-bearing account until the later of:

- three months after receiving the first of those contributions; or
- the date when the amount contributed reaches any minimum initial contribution amount agreed between us and Inland Revenue (currently, no such agreement has been made).

Inland Revenue then transfers your contributions together with any interest to the Scheme. Any contributions made after the later period above will be transferred via Inland Revenue once processed (along with any interest payable under the KiwiSaver Act).

*When can I stop making contributions?*

You can stop making contributions if:

- you take a 'savings suspension', subject to some restrictions; or
- you give your employer a 'non-deduction notice', once you reach your Qualifying Date (see page 13).

*Savings suspension*

You may apply to Inland Revenue for a savings suspension (to suspend contributions to the Scheme) if:

- at any time after Inland Revenue receives the first contribution in respect of you, you are suffering (or are likely to suffer) financial hardship – in which case if a savings suspension is granted, the duration of that holiday will be three months (or a longer period if Inland Revenue agrees); or
- twelve or more months have passed since the earlier of:
  - the date Inland Revenue received the first KiwiSaver contribution in respect of you;
  - the date a KiwiSaver scheme first received a contribution in respect of you; or

- the date you first joined a complying superannuation fund,

in which case if a savings suspension is granted, the duration of the holiday will be a minimum of three months and a maximum of one year.

When the savings suspension period expires, you can apply to Inland Revenue for another savings suspension (there is no limit on the number of successive savings suspension).

#### *Non-deduction notice*

Once you reach your Qualifying Date, you may give your employer a 'non-deduction notice' requiring the employer to stop deducting contributions from your salary or wages.

A non-deduction notice is valid for the first payment of salary or wages after the notice is given to your employer and applies until you revoke it. You cannot revoke a non-deduction notice within three months of giving it, unless your employer agrees. A non-deduction notice can be obtained from the KiwiSaver website at [www.kiwisaver.govt.nz](http://www.kiwisaver.govt.nz).

### **Employer contributions**

Generally, your employer must contribute to your KiwiSaver scheme, provided you:

- are contributing from your salary or wages to the KiwiSaver scheme;
- are 18 years or older; and
- have not reached your Qualifying Date.

If you're entitled to compulsory employer contributions, as at the date of this document your employer must contribute at least 3% of your gross salary or wages. Your employer may contribute additional amounts to the Scheme on top of any compulsory employer contributions. Employer superannuation contribution tax is deducted from employer contributions (see section 8 of this document for further information about tax).

Employer contributions to other schemes for your benefit may also count towards compulsory employer contribution entitlements in other limited circumstances set out in the KiwiSaver Act.

Your employer will not be required to continue to contribute once you either reach your Qualifying Date or cease being eligible for Government Contributions as a result of making a withdrawal before that date (although they may choose to do so). You can keep contributing to the Scheme after your Qualifying Date.

### **Crown subsidies**

#### *Government contributions*

If you are contributing to the Scheme, you will be eligible for an annual KiwiSaver Government contribution if you:

- are aged between 18 and your Qualifying Date; and

- are mainly resident in New Zealand or are a Crown employee living overseas or volunteering (or working for token payment) for specified charitable organisations.

You will stop being eligible for Government contributions from the earlier of your Qualifying Date and the date you make a withdrawal other than a withdrawal for the purposes of purchasing your first home, significant financial hardship, serious illness, permanent emigration to another country, retirement withdrawal of Australian savings from age 60, or because of your death.

The Government contribution rate is 50 cents for each dollar contributed to a maximum \$521.43 per Government contribution year (1 July – 30 June), based on the number of days in the year you were eligible. Employer contributions do not count towards the Government contribution entitlement.

We will claim the Government contribution annually on your behalf. When you withdraw from the Scheme (excluding permanent emigration withdrawals other than to Australia, or transfers to another KiwiSaver scheme), we will claim for your benefit of the Government contribution for the period since the commencement of the relevant Scheme year.

When we receive each Government contribution, we will:

- apply it to the investment option/s you have chosen (or the investment option you have been allocated) in the same proportion as other contributions; or
- add it to your benefit if you are withdrawing your full account balance from the Scheme.

In some circumstances, after you have withdrawn Inland Revenue may pay your Government contribution to you directly.

### *Kickstart*

Prior to 2.00pm on 21 May 2015, when a member first joined KiwiSaver they were eligible to receive an upfront Crown contribution of \$1,000 (**Kickstart**). The Kickstart was removed by legislation effective from 21 May 2015.

### **Accounts**

Two accounts will be maintained in the Scheme under your name, your 'member's account' and your 'employer's account'.

Any contributions you make to the Scheme will be credited to your member's account and any contributions your employer makes will be credited to your employer's account. If you transfer a lump sum from another superannuation scheme or KiwiSaver scheme of which you have been a member (including an Australian complying superannuation fund), that sum will be divided between your accounts as agreed between the various parties (which includes you) at the time.

## 4 Additional information about withdrawals

This section sets out how you can withdraw your investment in the Scheme. Withdrawals are governed by the KiwiSaver Act, and may change in the future.

Once we are satisfied you have become entitled to a benefit and apply for a withdrawal, we will normally process the withdrawal within 1 to 4 weeks. You may withdraw part or all of the amount you are entitled to withdraw. Subject to the KiwiSaver Act, we may set terms and conditions for partial withdrawals (such as limits on how often a partial withdrawal can be made, and how much is required to be withdrawn). Currently, the minimum amount for a partial withdrawal is \$1,000.

### Retirement

You will be eligible for a retirement benefit (equal to all of your funds) when you reach your **Qualifying Date**. If you first joined a KiwiSaver scheme or complying superannuation fund before 1 July 2019, your Qualifying Date is when you reach the later of:

- New Zealand superannuation qualification age (currently 65); or
- five years' membership of a KiwiSaver scheme (or complying superannuation fund, if you transferred to a KiwiSaver scheme). From 1 April 2020, you are able to opt out of this 5-year lock-in period any time after you reach the New Zealand superannuation qualification age, in which case you will no longer be eligible for Government contributions once you turn 65 and your employer could stop their contributions. Membership of a KiwiSaver scheme or complying superannuation fund will be based on the earlier of when you first joined such a scheme, or when Inland Revenue received a contribution in relation to you.

If you first joined a KiwiSaver scheme on or after 1 July 2019, and were not previously a member of a complying superannuation fund, your Qualifying Date is when you reach the NZ superannuation qualification age (currently 65).

Your retirement benefit is available to be paid to you as a tax paid lump sum.

You can elect to take the part or all of your retirement benefit at this time, or transfer it to another scheme, or continue to remain a member of the Scheme and take part or all of your retirement benefit at a subsequent date. When you wish to have part or all of your retirement benefit paid you should make a request in writing to us (see the PDS for our address).

### First home ownership withdrawal

You may be eligible to make a withdrawal to use as a deposit on your first home in New Zealand, or an interest in a dwellinghouse on Māori land. We will need to be satisfied that the purchase is for your principal place of residence and:

- three years or more have passed since Inland Revenue received the first contribution to a KiwiSaver scheme in respect of you; 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.

If you would like to purchase land on which to build your first home, you must apply the first home withdrawal towards the purchase of the land and not towards the building of the home.

The following types of ownership will be ignored for the purposes of the withdrawal:

- holding an estate in land as a bare trustee;
- holding a leasehold estate;
- holding an interest in Māori land; and
- holding an estate in land as a trustee who:
  - is a discretionary, contingent, or vested beneficiary under the relevant trust; but
  - has no reasonable expectation of being entitled to occupy the land as the principal place of residence for the person or the person's family until the death of the person who currently occupies the land (the occupier) or the death of the occupier's survivor.

You may also be eligible to make a withdrawal if you have previously owned your own home (including land) and Housing New Zealand confirms that you are now in the same position as a first home buyer in terms of income, assets and liabilities. More information can be found on the Housing New Zealand website at [www.hnzc.co.nz](http://www.hnzc.co.nz).

You must leave at least \$1,000 in the Scheme after the withdrawal. In addition, savings transferred to your account from an Australian complying superannuation fund (other than any investment returns since the transfer) cannot be withdrawn.

A first home withdrawal must be paid firstly, from your savings (excluding any Kickstart and Government contributions) and secondly, from the Government contributions.

You may only make a first home ownership withdrawal once.

### **KiwiSaver HomeStart Grant**

If you qualify for a first home ownership withdrawal, you may also be eligible for a KiwiSaver HomeStart Grant. The grant will entitle members who qualify, based on a household income limit and regional purchase price caps, to a Crown subsidy of:

- if buying an existing home: an amount of \$1,000 for each year of contributions (subject to a minimum of three years' contributions) up to a maximum of \$5,000 per member; or
- if buying a new home: an amount of \$2,000 for each year of contributions (subject to a minimum of three years' contributions) up to a maximum of \$10,000 per member.

You (the KiwiSaver member) must have a 10% deposit which can include the money you can withdraw through the first home ownership withdrawal, the KiwiSaver HomeStart Grant, and any funds or cash savings you may have. If you qualify, then the grant must be applied

towards the purchase of your home in New Zealand, or an interest in a dwellinghouse on Māori land, which must also be your primary place of residence for at least six months.

For up to date and complete information on household income limits and purchase price caps, visit the Crown's website [www.kiwisaver.govt.nz](http://www.kiwisaver.govt.nz) or the Housing New Zealand website [www.hnzc.co.nz](http://www.hnzc.co.nz). KiwiSaver HomeStart Grants are paid by Housing New Zealand and not from the Scheme.

### **Significant financial hardship**

If you suffer significant financial hardship that, in our opinion, justifies withdrawing some or all of your savings from the Scheme, you will be entitled to receive a hardship benefit.

'Significant financial hardship' includes significant financial difficulties that arise because of:

- your inability to meet minimum living expenses;
- your inability to meet mortgage repayments on your principal family residence resulting in the mortgagee seeking to enforce the mortgage on the residence;
- the cost of modifying a residence to meet special needs arising from your or your dependant's disability;
- the cost of medical treatment for an illness or injury of yours or your dependants;
- the cost of palliative care for you or your dependant;
- the cost of a funeral for your dependant; or
- you suffering from a serious illness (see below).

This benefit entitles you to withdraw up to the full amount of your savings (excluding any Kickstart payment and any accumulated Government contributions) and allows you to remain a member of the Scheme.

We will need to be satisfied that reasonable alternative sources of funding have been explored and have been exhausted. We can also direct that the amount withdrawn be limited to a specified amount that, in our opinion, is required to alleviate the particular hardship.

A significant financial hardship application must be in the form required by us and must include a completed statutory declaration covering your assets and liabilities. We may also require that any other documents, evidence or information produced in support of the application are verified by oath or statutory declaration. This amount will be paid to you as a tax paid lump sum.

### **Serious illness**

If we are reasonably satisfied that you are suffering from serious illness, you will be entitled to receive a serious illness benefit.

'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.

This benefit entitles you to withdraw all or part your funds (including any Kickstart payment and any accumulated Government contributions) and allows you to remain a member of the Scheme.

A serious illness withdrawal must be in the form required by us. We may also require that any other medical matter asserted in support of the application for withdrawal is verified by medical evidence and that any other documents, evidence or information produced in support of the application are verified by oath or statutory declaration.

### **Permanent emigration (other than to Australia)**

After one year from the time you have permanently emigrated from New Zealand you can withdraw your funds (excluding your Government contributions and any savings transferred from an Australian complying superannuation fund) or transfer them to an authorised foreign superannuation scheme (none have been authorised as at the date of this document).

A permanent emigration withdrawal application must be in the form required by us and must include:

- a statutory declaration completed by you to the effect that you have permanently emigrated from New Zealand; and
- proof to our satisfaction that you have departed from New Zealand and you have resided at an overseas address at some time during the year following departure from New Zealand.

We may also require that any other documents, evidence or information produced in support of the application are verified by oath or statutory declaration.

### **Permanent emigration to Australia**

If you permanently emigrate to Australia, you can transfer all of your Scheme savings (including your Government contributions and any Kickstart payment) to an Australian complying superannuation fund. As it is not compulsory for Australian complying superannuation fund providers to accept KiwiSaver savings, we recommend first confirming with your Australian superannuation provider that they will accept a transfer. A bank transfer fee may be charged and your Australian complying superannuation fund provider may also charge a fee.

A permanent emigration withdrawal application must be in the form required by us and must include:

- a statutory declaration completed by you to the effect that you have permanently emigrated to Australia; and



- proof to our satisfaction that you have departed from New Zealand and you have resided at an Australian address at some time during the year following departure from New Zealand.

We may also require that any other documents, evidence or information produced in support of the application are verified by oath or statutory declaration.

## **Death**

Should you die while a member of the Scheme, a death benefit is payable as a tax paid lump sum. The benefit will be the amount held in your member's account and employer's account (if any).

We will:

- on application by your personal representative, pay to that person an amount that is equal to the value of your savings the date on which the application is accepted as part of your estate; or
- if the requirements of section 65 of the Administration Act 1969 are met and your account balance is less than a prescribed amount (currently \$15,000), pay to the relevant person any sum authorised by that section, subject to that Act.

This may involve payments being made to your dependants or to your legal personal representative, depending on the circumstances applying at the time.

## **Retirement withdrawal of Australian savings from age 60**

You may withdraw the amount that was transferred from an Australian complying superannuation scheme (excluding any investment earnings received from those savings since the transfer), when you reach age 60 and have 'retired' under relevant Australian legislation.

## **Tax liability and student loans**

If you have transferred from a foreign superannuation scheme, there are rules in place that may allow you to withdraw an amount to cover any New Zealand tax liability and/or student loan repayment obligations that relates to the transfer.

The application must be made within two years of the liability for tax or student loan repayments being assessed. The application must be in the form required by us. It must be accompanied by a completed statutory declaration in respect of the transfer and resulting tax liability, and any other documents or information that we require.

## **Release of funds required under other enactments**

We have to comply with the provisions of any enactment that requires the release of funds from the Scheme. This includes a court order made under any enactment, including a property sharing order made under the Property (Relationships) Act 1976.

## Transfer to another KiwiSaver scheme

You may transfer your SuperEasy KiwiSaver Superannuation Scheme entitlement to another KiwiSaver scheme at any time. You must transfer your full entitlement (including any Kickstart payment and any accumulated Government contributions), as you can be a member of only one KiwiSaver scheme at any one time. If you become a member of the Scheme because your employer has chosen the Scheme as their preferred provider and your employer then decides to choose another KiwiSaver scheme, you will remain in the Scheme unless you elect to transfer to the new scheme.

## 5 Additional information about risks

All investments carry risk. There are risks associated with the Scheme which could affect your ability to recover the contributions made by you, the Crown, or your employer at any given point in time, or impact on the level of returns payable from the Scheme.

This section sets out additional information on risks that may affect the Scheme that is not contained in section 4 of the PDS for the Scheme ('What are the risks of investing?'). Accordingly, this section should be read in conjunction with section 4 of the PDS.

Investment risk	Description
	Events affecting investments cannot always be foreseen. An example of this is the pandemic announced as a result of the spread of COVID-19 (novel coronavirus). The spreading of COVID-19 has resulted in a negative impact on local and global markets, affecting the value of the assets. Underlying assets will rise and fall in value and returns from time to time may be negative.
Cash	The principal risk of investing into cash is that the return will not keep pace with inflation. Therefore the investment into cash may erode the value or purchasing power of your investment.
Fixed income	The main issuers of fixed income security are governments, corporations, local authorities and banks. The creditworthiness of the issuer and the term to maturity are the principal determinants of the interest rate a security will pay to the investors. Changes in interest rates will affect the market value of the fixed interest securities. Accordingly, the value of these assets may fall below the value of the original amount invested.
Shares	As investors' equity investment is ranked lower than the money owed to the company's creditors and bond holders, these investments are considered to be more risky. The principal risks of investing in shares are economic performance of a particular sector or company and changes in the general market sentiment and opinion.

Investment risk	Description
Investment return risk	<p>Property</p> <p>Property investment is influenced by a range of factors including demand for the location, the quality of the property, the general economy, market sentiment and, for listed property investments, the sharemarket.</p>
Product risk	<p>Changes made by the various parties involved in the operation of the Scheme may have an adverse effect on the Scheme's performance. Changes may include changing the objective or characteristics of the Scheme, the asset allocation, third parties appointed to provide services, and fees.</p>
Counterparty risk	<p>The risk that a party to a contract (including an investment contract) defaults or a third party fails to properly provide services for the Scheme, or fails to complete transactions with the underlying fund managers, or there is a dispute in relation to a contract, or that such a person becomes insolvent and is placed into receivership, liquidation or statutory management or the Scheme otherwise becomes unable to meet its financial obligations. If this occurs, a member may not recover the full amount of their investment in the Scheme.</p>
Legislative and regulatory risk	<p>The risk that any change in the relevant laws, regulations or rules may adversely affect the Scheme, the suitability of the Scheme for members, the value of the assets of the Scheme or the returns to members from the Scheme. For example, contribution rates, Crown incentives, withdrawal rules and the tax treatment of investment income may change from time to time. When legislation or Crown policy changes, we and the administration manager will cooperate to make such amendments necessary to the Trust Deed, and such other changes to the administration of the Scheme, as we may consider necessary or desirable in light of those changes.</p>
Operational and administration risk	<p>If the administration manager, we, or any service providers experience a failure of processes and procedure (including systems failures or suspension of withdrawals from their funds), fraud, business disruption or any other form of unforeseen external event (including insolvency, receivership, liquidation, statutory management or voluntary administration), this may affect your investment in the Scheme.</p>
Short term investment risk	<p>The risk is that in some years, and over certain periods of time, the target return will not be achieved. Superannuation funds like the Scheme have long term investment timeframes. Funds are invested in market driven portfolios and fluctuations of returns will occur on a regular basis. Therefore in the short term the Scheme may or may not achieve its target investment return.</p>
Increase of management expenses	<p>The risk of increased management expenses due to additional compliance costs to meet ongoing and future legislative requirements or one-off expenses e.g. new computer system, instigated with the aim of future savings to the Scheme. We will closely monitor management expenses to ensure these remain at a reasonable level for the Scheme.</p>

Investment risk	Description
Concentration risk	The risk that the Scheme's investment assets may be concentrated to a particular issuer, investment vehicle or type of investment vehicle, geographical area or industry. Funds that have concentrated investment assets are generally subject to higher credit and default risks than funds having a more diversified portfolio. The value of such funds may be subject to greater market volatility.
Risk of losing Portfolio Investment Entity (PIE) status	The risk that the Scheme loses its PIE status and becomes subject to tax on net investment income at a flat rate of 28%, rather than on members' own PIE rates.

Unforeseen risks may also arise in the future. The impact that future economic conditions will have on the Scheme cannot be predicted, be they positive or negative. For example, the spread of COVID-19 in the first quarter of 2020 has had a significant impact on financial markets in New Zealand and abroad and has affected the volatility of returns on investments, with the consequential economic lockdowns that have occurred having a logistical impact on the Scheme's ongoing administration. There may be negative returns in the Scheme from time to time and negative returns may continue for a period of time. There can be no assurance that future economic conditions will not materially and adversely affect the Scheme's investments. Investors are advised to consult an authorised financial adviser before making a decision to invest.

No person guarantees the payment of any monies payable from the Scheme, or any particular amount of return. There is no Crown guarantee in respect of the Scheme or any of its investment products.

## 6 Additional information about the investment options

Members currently have a choice of five different investment options in the Scheme in which to have their contributions and any employer contributions made on their behalf invested, namely:

- Automatic Fund
- Aggressive Fund
- Growth Fund
- Balanced Fund
- Conservative Fund.

The Automatic Fund is a life cycle investment option, while the other options are funds. See below for more information.

Members are able to switch investments between the options. There is currently no fee for switching and none is currently intended.

The investment options are run independently of one another. This means that the assets of one investment option are not generally available to be applied to meet the liabilities of

any other investment option in the Scheme, unless there is a winding up of the Scheme or an investment option has no assets remaining to meet its liabilities.

#### *Further information about the Automatic Fund*

We established the shape of asset allocation of the Automatic Fund to achieve what we believed, having taken professional advice, the optimum long term outcome for all members over their life time with the Fund. We recognise that investment conditions will change and regularly review the asset allocation of the Fund.

In addition, the intention is to maintain the automatic asset allocation positions over time but possibly with changes in the hedging and changes in the exposure to Trans-Tasman equities. However, we may, if we feel market conditions demand it, make tactical or long term asset allocation changes to meet the changes in the market place.

#### *Further information about the investment options*

For more information about the investment options, please see the PDS and statement of investment policy and objectives (**SIPO**) for the Scheme, available on the Scheme's register entry.

The administration manager is required to maximise the return for the members within the investment guidelines for that option with the intention that the contributions and the accumulated profits from the investment of the contributions be used to provide the benefits selected. It is likely in some periods that returns will be negative. The Trustee, with advice from the administration manager and any other advisers that the Trustee may choose to use, annually reviews and compares the performance of the fund managers with a view to change if considered desirable.

The Scheme is a defined contribution scheme and therefore any fluctuations in investment asset values due to investment market conditions will be reflected daily in the liabilities (member balances) of the Scheme. Consequently, the total assets of the Scheme match the total liabilities of the Scheme.

## **7 Changes we can make**

Subject to relevant law, we may make the following changes to the Scheme from time to time:

	<b>How changes may be made</b>
SIPO	We may make changes to the SIPO from time to time, if we decide a change is desirable, after taking advice from the Scheme's Consulting Actuary. Material changes to the SIPO will be described in the Scheme's annual report. A copy of the current SIPO is available on the Scheme's register entry available at <a href="https://disclose-register.companiesoffice.govt.nz">disclose-register.companiesoffice.govt.nz</a> .
Trust deed	We may amend or replace all or any part of the provisions of trust deed for the Scheme, with the FMA's consent. A copy of the current trust deed is available on the Scheme's register entry at <a href="https://disclose-register.companiesoffice.govt.nz">disclose-register.companiesoffice.govt.nz</a> .

Fees	We are entitled to alter charges (including increasing fees or introducing new fees) at any time. There are no limits on the charges that may be set, subject to the requirement under the KiwiSaver Act 2006 to not charge unreasonable fees. Details of the current charges are set out in the annual financial statements of the Scheme and in the PDS for the Scheme available on the Scheme's register entry at <a href="https://disclose-register.companiesoffice.govt.nz">disclose-register.companiesoffice.govt.nz</a> .
Minimum additional contribution amounts	We may make changes to the minimum additional contribution amounts for the Scheme. The current minimum additional contribution amounts are set out in the PDS for the Scheme available on the Scheme's register entry at <a href="https://disclose-register.companiesoffice.govt.nz">disclose-register.companiesoffice.govt.nz</a> .
Minimum partial withdrawal amount	We may make changes to the minimum partial withdrawal amount for the Scheme. The current minimum contribution amounts are set out in the PDS for the Scheme available on the Scheme's register entry at <a href="https://disclose-register.companiesoffice.govt.nz">disclose-register.companiesoffice.govt.nz</a> .

## 8 What taxes will you pay?

The information in this section contains additional information about tax that is not contained in the PDS for the Scheme, and forms part of and should be read in conjunction with the PDS (available at [disclose-register.companiesoffice.govt.nz](https://disclose-register.companiesoffice.govt.nz)).

Tax will affect your returns. Tax laws are complex and can have different or further consequences than those described in this section. In addition, the information in this section is based on tax laws in force as at the date of this document and is subject to change. You should seek independent professional tax advice before investing or withdrawing.

### Tax applying to PIEs

The Scheme is a PIE. All of the Scheme's taxable income (or loss) will be allocated between members based on their proportionate interest in the Scheme. Civic calculates tax payable on income allocated to each member at their nominated prescribed investor rate. Tax is then paid as described in this section.

You need to give Civic your IRD number and applicable prescribed investor rate when you join the Scheme. If you don't, you will be taxed on income allocated to you at the default rate of 28%.

The prescribed investor rates for New Zealand resident individuals are:

If your taxable income <sup>1</sup> was ...	and your taxable income plus your PIE income/loss was ...	in the two income years <sup>2</sup> before the relevant tax year <sup>3</sup> for ...	your prescribed investor rate is ...
\$0 - \$14,000	\$0 - \$48,000 \$48,001 - \$70,000	either year either year <sup>4</sup>	10.5% 17.5%

\$14,001 - \$48,000	\$0 - \$70,000	either year	17.5%
\$48,001 or more	any amount	each year	28%
any amount	\$70,001 or more	each year	28%

<sup>1</sup> Your “taxable income” is your worldwide income including income earned during any period you were not tax resident in New Zealand.

<sup>2</sup> An “income year” is usually the period from 1 April to 31 March the following year, although Inland Revenue can approve alternative dates.

<sup>3</sup> A “tax year” is always the period from 1 April to 31 March the following year.

<sup>4</sup> If you are eligible for more than one prescribed investor rate you can choose the lowest rate.

Inland Revenue may tell Civic to disregard a prescribed investor rate you have given it and apply a different rate instead.

The Scheme’s tax liability on PIE income allocated to you each year will ordinarily be deducted at the earliest of the following three times by way of a debit to your member’s and/or employer’s account:

- at the end of the income year (that is, after 31 March)
- if you make a full withdrawal or switch to a different investment option
- if at any time you make a partial withdrawal and your account balances are of insufficient value to cover the accrued tax liability, you will be deemed to have requested a full withdrawal.

Your share of any tax credits for PIE tax losses or other excess tax credits the Scheme receives will usually be allocated to you by way of a credit to your member’s and/or employer’s account.

If you have given Civic the correct prescribed investor rate, the tax paid on income allocated to you will be a final tax and no obligation to file a tax return will arise in respect of this investment.

PIE income from the Scheme may affect assistance provided by Work and Income, but is excluded from your income for the purposes of working for families tax credits and student loan repayment obligations. If you are required to include PIE income in your tax return it will be taken into account in determining child support payments.

Each year Civic will give you an annual tax statement, which will include the amount of PIE income allocated to you and the amount of tax paid at your chosen prescribed investor rate. Civic will also ask you to confirm your IRD number and prescribed investor rate.

You need to tell Civic if your correct prescribed investor rate changes or if you cease to be a New Zealand resident, as the rate for non-residents is 28%. If you do not do so, or if you give Civic a rate that is lower than it should be, you will be personally liable to pay any resulting tax shortfall, including any penalties or interest, and may need to file a tax return. If

tax is overpaid because you have given Civic the wrong prescribed investor rate the overpaid tax is not refundable or creditable.

Withdrawals from the Scheme are not taxed as they are excluded income.

## Tax Treatment of Employer Contributions

The tax-free status that previously applied to employer contributions to KiwiSaver and other complying superannuation funds ended on 1 April 2012. All employer contributions are now subject to Employer Superannuation Contribution Tax (ESCT) paid at the employee's marginal tax rate.

ESCT rates:

If your income <sup>1</sup> in the previous income year was ...	your employer superannuation contribution tax rate is ...
less than \$16,800	10.5%
between \$16,801 and \$57,600	17.5%
between \$57,601 and \$84,000	30%
\$84,001 and over	33%

<sup>1</sup> Your "income" is your gross salary and wages plus employer superannuation contributions, before deduction of employer superannuation contribution tax, in the previous year (or an estimated amount, if you have worked for less than a year).

## 9 Glossary

Term	Meaning
<b>Civic</b>	Civic Financial Services Limited
<b>FMA</b>	Financial Markets Authority
<b>FMCA</b>	Financial Markets Conduct Act 2013
<b>Kickstart</b>	The \$1,000 Crown contribution made to individuals who joined KiwiSaver before 2.00pm 21 May 2015
<b>KiwiSaver Act</b>	KiwiSaver Act 2006
<b>KiwiSaver scheme</b>	A scheme that is registered on the register of managed investment schemes as a KiwiSaver scheme
<b>LGST</b>	Local Government Superannuation Trustee Limited (also referred to as 'we', 'our', or 'Trustee')



<b>LIT</b>	Licensed Independent Trustee
<b>PAYE</b>	Pay as you earn
<b>PDS</b>	Product Disclosure Statement
<b>PIE</b>	Portfolio Investment Entity
<b>Qualifying Date</b>	<p>New Zealand superannuation qualification age (currently 65), unless you first joined KiwiSaver or a complying superannuation fund before 1 July 2019, in which case your Qualifying Date is the later of the date you attain the New Zealand superannuation qualification age and the date you complete five years' membership of a KiwiSaver scheme (or complying superannuation fund, if you transferred to a KiwiSaver scheme). Membership of a KiwiSaver scheme will be based on when you first joined a KiwiSaver scheme or a complying superannuation fund. with the date Inland Revenue first received a contribution in relation to you being treated as the date you first joined for this purpose, if that date is earlier than the actual date your membership commenced.</p>
<b>Scheme</b>	SuperEasy KiwiSaver Superannuation Scheme
<b>SIPO</b>	Statement of Investment Policy and Objectives