



BNZ KiwiSaver Scheme

More about the BNZ KiwiSaver Scheme

Other Material Information

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This document contains information about the way the BNZ KiwiSaver Scheme (BNZ KiwiSaver or the Scheme) works. BNZ KiwiSaver is an investment product and investment products can be complex. If you do not understand or are unsure of any of the information contained in this document, we recommend you seek financial advice before investing.

Investments in BNZ KiwiSaver are not bank deposits or other liabilities of Bank of New Zealand (BNZ) or any other member of the National Australia Bank Limited (NAB) group. They are subject to investment risk, including possible delays in repayment. You could get back less than the total contributed. No person (including the New Zealand Government) guarantees (either fully or in part) the performance or returns of BNZ KiwiSaver or the repayment of amounts contributed. NAB, the ultimate owner of BNZ, is not a registered bank in New Zealand but a licensed bank in Australia and is not authorised to offer the products and services mentioned in this document to customers in New Zealand.

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Find out more about the BNZ KiwiSaver Scheme

This document tells you more about BNZ KiwiSaver and its funds (Funds). The document goes into greater detail on:

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This document should be read with the current Product Disclosure Statement and Statement of Investment Policy and Objectives (SIPO) for BNZ KiwiSaver, along with any other documents held on the Scheme and Offer Disclose Register entries at www.companiesoffice.govt.nz/disclose

In this document:

- 'you' and 'your' means you and any other persons who are, or who become members of BNZ KiwiSaver
- 'we', 'us', 'our' and 'BNZISL' refer to BNZ Investment Services Limited, the Manager of BNZ KiwiSaver.

This information is provided as a guide only and is current as at the date of this document. It is not intended as a replacement for legal, tax, or financial advice. This information is subject to changes to the law and government policy, and changes to BNZ KiwiSaver, from time to time.

1. Who can join BNZ KiwiSaver?

Most New Zealanders join KiwiSaver in one of three ways:

- choosing to join KiwiSaver and applying directly to a provider
- automatic enrolment when you start a new job with a new employer
- opting in through your employer.

If you join KiwiSaver through your employer, either through automatic enrolment or opting in, contributions will start from your pay and be paid to Inland Revenue. At the end of a holding period your contributions will be passed from Inland Revenue to your scheme provider.

If you join a scheme before the end of the holding period, your contributions will be sent to your chosen scheme provider.

If you haven't joined a scheme by the end of the holding period, you will be allocated to a scheme. If your employer has chosen a scheme, you will be allocated to the scheme they have chosen. Otherwise, you will be allocated to a scheme run by a default provider.

BNZISL is a default provider and BNZ KiwiSaver is a default scheme.

If you are allocated to BNZ KiwiSaver as a default member or because it is your employer's chosen scheme your funds will be invested in the Default Fund.

If you were allocated to BNZ KiwiSaver prior to 1 December 2021 because it was your employer's

chosen scheme, you will have been allocated to the Conservative Fund.

You can switch between BNZ KiwiSaver Funds or transfer to another KiwiSaver scheme at any time (subject to deferred payment).

It is important to understand that once you choose to join KiwiSaver you can't opt out (except in limited circumstances). However, you can apply to Inland Revenue to suspend your savings.

Who can join KiwiSaver?

In most cases you will be able to join KiwiSaver if you are both:

- a New Zealand citizen or entitled to be in New Zealand permanently
- living or normally living in New Zealand.

You can join KiwiSaver at any age.

In some limited circumstances, you can join KiwiSaver if you are not living or normally living in New Zealand.

These circumstances apply if you are an employee of the State services (within the meaning of the State Sector Act 1988), and you are all of the following:

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



Three things to do when you join



Set a goal

Set a goal

A key to investing successfully is understanding why you're investing and what you're aiming to achieve. Knowing these things will help you successfully navigate the ups and downs along the way.

Whether it's buying your first home or setting yourself up for the retirement lifestyle you want it's important to know how much you're aiming to withdraw and when you're aiming to do it.



Choose the right Fund for you

Choose the right Fund for you

BNZ KiwiSaver has a range of funds with different levels of growth and income assets. In general, funds with more growth assets are expected to achieve higher returns over long time periods than funds with more income assets.

However, funds with more growth assets are also expected to be more volatile in their returns. This means we expect bigger differences between the best and worst returns they achieve over short time periods than funds with more income assets.



Choose your contribution rate

Choose your contribution rate

Once you've set a goal and know the right fund for you, you can work out how much you might need to contribute to achieve your goal.

➤ **Read more about contributions in the 'More about KiwiSaver contributions' section on page 3.**

The BNZ KiwiSaver calculator helps you to understand how your balance might grow over time and might help you to set the right goal, choose the right Fund and contribute at the right rate.

➤ **To use the BNZ KiwiSaver calculator, visit bnz.co.nz/kiwisavercalculator**

2. More about KiwiSaver contributions

Contributions can be made to your KiwiSaver investment in different ways, including employee contributions (through salary or wages), employer contributions and voluntary contributions.

➔ **You can read more about these in Section 2 of the Product Disclosure Statement under the heading ‘Making investments’.**

Employee contributions

If you're employed and joining KiwiSaver for the first time, let your employer know your chosen contribution rate (3%, 4%, 6%, 8% or 10%). If you're a BNZ KiwiSaver member, you can change your contribution rate via the BNZ app or BNZ Internet Banking. Otherwise, you can complete Inland Revenue's KiwiSaver deduction form (KS2) – available either from your employer or www.ird.govt.nz (search KS2) – and give this to your employer. If you don't choose a contribution rate, your contribution rate will be set to 3% of the value of your pay before tax. Employee contributions are calculated on your before-tax income but paid from your after-tax income.

Making voluntary contributions

Making one-off or regular contributions to BNZ KiwiSaver is easy. Your BNZ KiwiSaver account number can be found in the BNZ app or BNZ Internet Banking.

You can choose to make voluntary contributions of any amount and can start or stop them at any time. You can make voluntary contributions and employee contributions at the same time. You can't make voluntary contributions instead of employee contributions unless you are on a savings suspension (see following).

How do I set up BNZ Internet Banking?

Already with BNZ

Register online with your BNZ credit card or telephone banking PIN or call 0800 275 269.

New to BNZ

If you are new to BNZ you will need to visit a branch with your identification to verify your personal details. This is required by law and it should only take a few minutes. At the same time, you can set up BNZ Internet Banking.

Employer contributions

If you

- are aged 18 or over, and
- have not yet reached your KiwiSaver Retirement Age, and
- are making employee contributions to your KiwiSaver investment through your pay

then your employer generally has to make employer contributions to your KiwiSaver investment as well.

However, if your employer is already contributing to another retirement savings scheme for you then they may not have to make employer contributions to your KiwiSaver investment. Joining KiwiSaver might also affect the contributions your employer pays to your other retirement savings scheme.

Depending on your employment arrangement with your employer, their contributions may be paid on top of your pay or may be deducted from your pay. Your employer may also choose to make contributions before you turn 18 or continue making contributions after you have reached your KiwiSaver Retirement Age.

If you're unsure you should check with your employer before joining KiwiSaver or starting employee contributions.

Understanding Government contributions

The Government also pays a contribution to eligible members.

➔ **To find out the amount of Government contribution, see Section 2 of the Product Disclosure Statement.**

In most cases, to qualify for the Government contribution you need to be both:

- aged 18 and over but under your KiwiSaver Retirement Age (normally 65)
- principally residing in New Zealand. Overseas government workers, charity workers, and some volunteers may also qualify for the Government contribution. If this might apply to you, get in touch with BNZ to work out whether you qualify for the Government contribution.

Government contributions are paid annually based on the number of days in each year (1 July to 30 June) you qualified for it. So, the contribution will reduce for any part of the year that you did not qualify – including the first year that you joined KiwiSaver.

The Government won't make contributions on amounts transferred to BNZ KiwiSaver from an Australian Complying Superannuation Scheme.

You don't have to do anything to get paid the Government contribution if you qualify for it. We'll apply for it for you. However, you do need to let BNZ know if you stop being eligible for any other reason.

➔ **More information about eligibility is available at www.kiwisaver.govt.nz**

Before you can withdraw any of your Government contributions, you will need to complete a statutory declaration confirming the dates your principal place of residence has been in New Zealand.

Understanding the Inland Revenue holding account

When you first become a KiwiSaver member, Inland Revenue holds any contributions they receive for you until you've been a member for 62 days. Then, they will pass these contributions plus any interest earned on them to your KiwiSaver investment.

After the holding period, it can take some time for further employer or employee contributions to reach your KiwiSaver investment. This delay can vary from a day or two to a few weeks.

You can contact Inland Revenue if you have any questions about the amount of your contributions they

hold, or the total amount of your employer or employee contributions that they have processed.

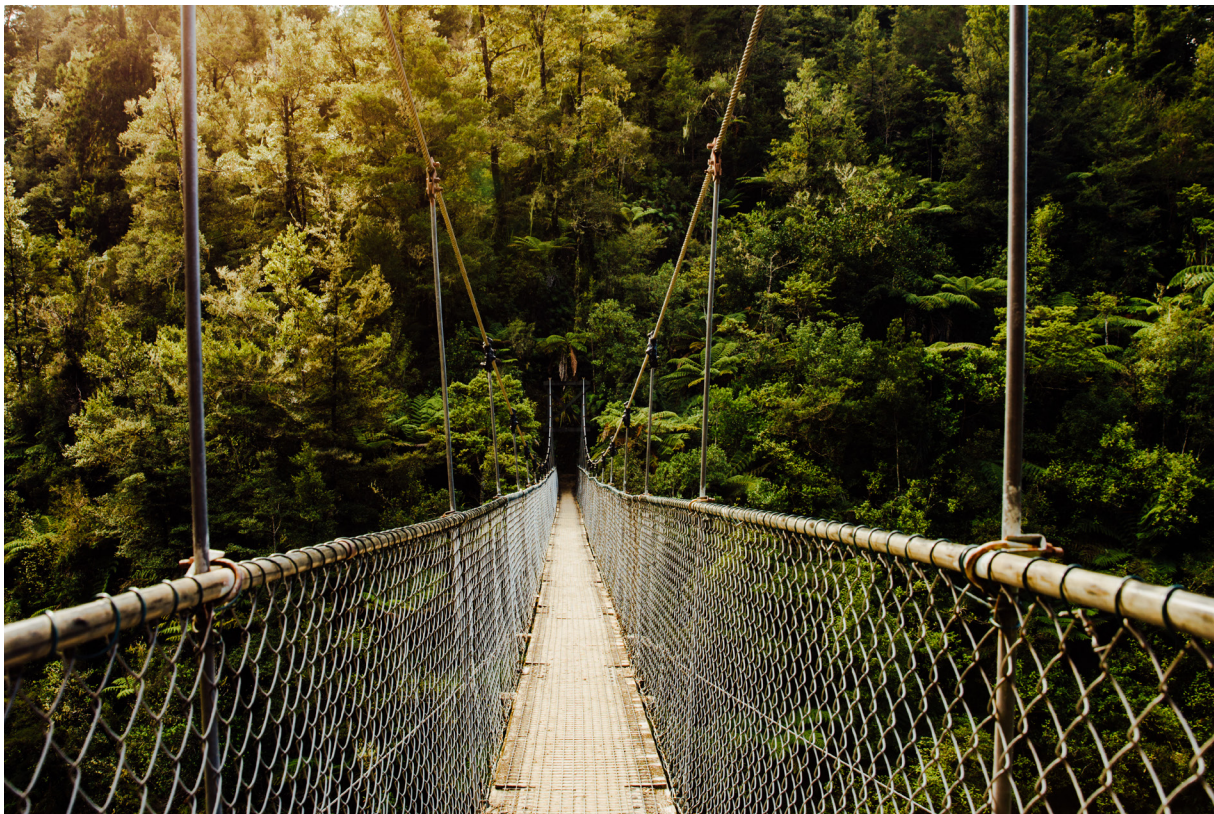
Suspending contributions (savings suspension)

If you are employed, and you've been a member of KiwiSaver for at least 12 months, you can take a break from contributing. To do so, you will need to apply to Inland Revenue for a savings suspension. Your savings suspension must be for a minimum of three months up to a maximum of one year.

You can apply within the first 12 months of membership if you are suffering, or are likely to suffer, financial hardship. You can only apply if Inland Revenue has received at least one contribution from you. You'll need to provide evidence of financial hardship to support your application. If your savings suspension is granted, it will usually be for a maximum of three months (unless Inland Revenue agrees to a longer period).

Your employer does not have to make compulsory employer contributions to your KiwiSaver investment while you are taking a savings suspension. These compulsory employer contributions will restart when you start making contributions from your pay again.

You can apply for another savings suspension when the one you are taking expires. You should always let your employer know when you start or cancel a savings suspension.



3. Withdrawing money from BNZ KiwiSaver

Generally, you will not be able to withdraw your BNZ KiwiSaver savings until you reach your KiwiSaver Retirement Age. Your KiwiSaver Retirement Age is the date you qualify for New Zealand superannuation.

You do not have to withdraw your KiwiSaver savings once you reach your KiwiSaver Retirement Age. You can remain a member of BNZ KiwiSaver (provided you have a minimum balance of \$1,000 or more).

Withdrawals before KiwiSaver Retirement Age

Under some circumstances, you may be able to make early withdrawals. These include:

- buying your first home
- significant financial hardship
- serious illness
- congenital conditions that are life-shortening
- permanent emigration to a country other than Australia
- after you turn 60 you may be able to access amounts transferred from Australia
- meeting a tax liability on a transfer from a non-Australian foreign superannuation scheme.

The amount that can be withdrawn may exclude some contributions, which must remain in your KiwiSaver investment.

Read more about early withdrawal types, and any special conditions, below.

Withdrawals to buy your first home

You may make a once-only withdrawal from a KiwiSaver scheme to purchase your first home (including an interest in a private residence on Māori land) if all of the following apply:

- the land or house you are purchasing is in New Zealand
- you have been a member of KiwiSaver (or a complying superannuation fund) for at least three years
- the land or house you are buying is intended to be your principal place of residence
- you have never made a first home purchase withdrawal from KiwiSaver before
- you have never owned property before (limited exceptions apply).

You can withdraw almost all of your KiwiSaver savings – but you need to leave at least \$1,000 in your investment. In addition, you cannot withdraw any amounts transferred to your BNZ KiwiSaver from an Australian Complying Superannuation Scheme.

To apply, fill out a Home Purchase Withdrawal Application form and supporting documents, and send

them to BNZ. Exactly what you need to send in will differ depending on whether the purchase agreement on the property you want to buy is conditional or unconditional. Please see the Home Purchase Withdrawal Application form at bnz.co.nz/kiwisaverhomepurchaseapplication for the detailed requirements.

Make sure you allow enough time to make the application. Any withdrawal request should be made at least 10 to 15 business days before you need the money. You will not be able to make a first home withdrawal after you become the legal owner of the property on your settlement date.

You will remain a member of BNZ KiwiSaver after your first home withdrawal is paid.

If you have owned a home before, you may still qualify for a first home withdrawal from KiwiSaver. However, Kāinga Ora will need to first decide whether you are able to apply. If they decide that you are in the same financial position as a first home buyer, you will need to include the letter they produce along with your withdrawal application.

➤ For more information about being a qualifying previous home owner, see the Kāinga Ora website www.kaingaora.govt.nz

Withdrawals for significant financial hardship

You may be able to make a withdrawal if you suffer, or are likely to suffer, significant financial hardship. For example, if you are unable to:

- meet your minimum living expenses
- meet the mortgage payments on your home where your lender enforces its mortgage
- pay medical bills for a dependent or yourself
- pay to modify your home to meet your special needs or those of a dependent caused by disability
- meet funeral costs if a dependent dies.

You can apply by making a withdrawal request. You'll also need to do all of the following:

- give a statutory declaration of your assets and liabilities
- provide evidence that you are suffering or are likely to suffer significant financial hardship as defined under the KiwiSaver Act
- show that all reasonable alternative sources of funding have been explored and exhausted.

The Supervisor (The New Zealand Guardian Trust Company Limited) will decide if you are able to make a withdrawal. The Supervisor can limit the withdrawal to an amount it decides is all you need to alleviate your significant financial hardship. That amount will not include any of the \$1,000 kick-start (if you received one) or any Government contributions you have received.

It can include any amounts transferred to your KiwiSaver investment from an Australian Complying Superannuation Scheme, but only when your withdrawable New Zealand-sourced contributions (which will be paid to you first) are insufficient.

You will remain a member of BNZ KiwiSaver after your significant financial hardship withdrawal is paid.

Withdrawals for serious illness

You may be able to withdraw all of your KiwiSaver savings if you have an injury, illness or disability that results in either:

- you being totally and permanently unable to engage in work for which you are suited by experience, education or training, or any combination of those; or
- serious and imminent risk of death.

You will need to complete a withdrawal request (including a statutory declaration) and provide evidence (such as medical evidence) that you are suffering from a serious illness.

Withdrawals for congenital conditions that are life-shortening

You may be able to make a withdrawal if you were born with one of the following listed conditions:

- Down syndrome (Down's syndrome)
- cerebral palsy
- Huntington's disease (Huntington's chorea)
- fetal alcohol spectrum disorder.

You may also be able to make a withdrawal if you were born with a condition that is not one of the conditions listed above, but is shown by medical evidence to be likely to reduce your life expectancy (or the life expectancy of people in general with the same condition) below the age of 65.

You can apply by making a withdrawal request. You'll also need to do the following:

- give a statutory declaration to acknowledge that you understand the consequences of making the withdrawal
- provide a medical certificate (such as a doctor's certificate) that you have a life-shortening congenital condition; and
- if your condition is not one of the conditions listed above, provide medical evidence that the condition you have is life-shortening for you or for people in general with the same condition.

The Supervisor (The New Zealand Guardian Trust Company Limited) will decide if you are able to make a withdrawal. If your application is approved, you'll be treated as if you've reached your KiwiSaver Retirement Age. If you make a withdrawal because of a congenital condition that is life-shortening, you will be able to withdraw all of your BNZ KiwiSaver balance if you choose. You will no longer be eligible to receive any Government contributions, and your employer can stop their contributions.

Transfer on permanent emigration to Australia

If you permanently emigrate to Australia, you are not able to withdraw your KiwiSaver savings. Instead, you can transfer all of your KiwiSaver savings to an Australian Complying Superannuation Scheme that is willing to accept the transfer. The only exception is if your KiwiSaver savings are above the maximum amount set out in Australian legislation, in which case you will not be able to transfer any of your KiwiSaver savings. The Australian Tax Office website (www.ato.gov.au) provides information on Trans-Tasman retirement savings portability and the maximum dollar amount of KiwiSaver you can transfer. Alternatively, your KiwiSaver savings can remain invested in BNZ KiwiSaver.

Withdrawal on permanent emigration to other countries

If you permanently move to any country other than Australia, and have been away for more than a year, you can apply to withdraw your KiwiSaver savings.

You will be able to withdraw all your savings except for any Government contributions and any amounts transferred from an Australian Complying Superannuation Scheme. Any Government contributions will be repaid to Inland Revenue. If you have any amounts that were transferred from an Australian Complying Superannuation Scheme, these will remain in BNZ KiwiSaver. Otherwise, your BNZ KiwiSaver investment will be closed.

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

Withdrawing transfers from an Australian superannuation scheme

You may be able to withdraw amounts transferred to your KiwiSaver investment from an Australian Complying Superannuation Scheme, ('Australian Sourced Amounts') from the age of 60. To do this you would need to be 'retired' as that term is defined by the relevant Australian legislation.

Withdrawing to meet tax liability on transfer from a non-Australian foreign superannuation scheme

You may be able to make a withdrawal from your KiwiSaver investment to pay any New Zealand tax

liability or student loan repayment obligation. You can only do this if the liability happens because you transferred amounts from a foreign (non-Australian) superannuation scheme to a KiwiSaver scheme.

In some circumstances, the withdrawal may trigger a foreign tax liability. We recommend seeking independent tax advice before making a transfer from a foreign superannuation scheme to BNZ KiwiSaver.

Withdrawal amounts will reflect the unit price

When you invest with BNZ KiwiSaver, you are issued units in the Fund or Funds of your choice. These units have a unit price, which reflects the value of the assets of the Fund or Funds you are invested in. So, when you make a withdrawal, the amount you receive will be calculated using the unit price of the Fund or Funds you are withdrawing from, and adjusted for any fees, taxes, expenses or other deductions applicable to your investment. This unit price may go up or down between the date you submit your withdrawal request, the date on which it is approved or received, and the date on which the relevant units are actually redeemed.

➔ See Section 8 for how the unit price is calculated.

How to request a withdrawal

You can request a withdrawal by completing the relevant withdrawal form and returning it via email, post or by dropping into a BNZ branch.

➔ Please contact BNZ if you'd like a withdrawal form sent to you, or you can download the forms from bnz.co.nz/kiwisaverearlywithdrawals

How long until payment is made?

Once you provide all the required information, your withdrawal request will be processed in around 5 working days. Once a withdrawal request is approved, you will normally receive payment within 10 to 15 business days.

Your KiwiSaver becomes part of your estate after death

Your personal representatives should contact BNZ in the event of your death.

If your KiwiSaver savings are less than the prescribed amount (currently \$15,000) and certain other conditions are met, your BNZ KiwiSaver savings may be paid to a person authorised by the law to receive them. This could be a surviving spouse or partner.

Otherwise, BNZ will work with your personal representatives to make the process of dealing with your BNZ KiwiSaver investment as simple as possible during a difficult time.

Having a current Will is important to ensure your personal representative understands how you wish your estate to be administered.

Payment may be deferred

Payment of any withdrawal, transfer or switch may be deferred at any time, subject to the KiwiSaver Act and any applicable laws. Withdrawals, transfers, and switches can only be deferred if they would not be in the best interests of BNZ KiwiSaver members.

Your investment may be closed

Your BNZ KiwiSaver investment may be closed if it has nothing in it (a zero balance) or you are over your KiwiSaver Retirement Age and have less than \$1,000 in your investment. You will be given prior notice before this is done.

4. More about your investment options

Our investment approach

We are the Manager of BNZ KiwiSaver. Part of what we do is decide how to invest the assets of BNZ KiwiSaver. We appoint a range of underlying investment managers who ultimately choose the investments the Funds invest in.

The Funds can invest directly in securities or by investing in underlying investment funds managed by us or other underlying investment managers. The underlying investment managers can be added to, removed or changed at any time without prior notice.

- **You can find the current underlying investment managers for each asset class on bnz.co.nz/kiwisavermanagers**

Each of the Funds also holds cash for operational purposes in an interest-bearing bank account with BNZ.

Each of the Funds that are available in BNZ KiwiSaver have different target levels of income and growth assets. There are two exceptions:

- the Cash Fund invests solely in income assets
- the High Growth Fund aims to invest only in growth assets but will hold some cash for operational purposes. It is also allowed to invest in income assets should we choose to do this.

Growth assets generally have higher levels of risk with the potential for higher returns and include the following investments:

- Australasian equities
- International equities.

Income assets generally have lower levels of risk and potential returns, and may include the following investments:

- Cash
- Cash equivalents (for example, bank term deposits, bonds, bills and floating rate notes with a maximum term of 365 days)
- New Zealand and international fixed interest (for example, bonds with terms of more than 365 days).

Both active management (which aims to achieve a return that is higher than that of a market index) and passive management (which aims to achieve a return that is close to that of a market index) have a place in investment management. The degree to which each of the Funds uses active management and passive management varies.

- **You can find the benchmark index for each Fund in the SIPO found on bnz.co.nz and the Disclose Register.**

We use active management where we believe it has the potential to produce higher returns after fees over time than passive management. However, this is not guaranteed, and passive management has the potential to outperform active management over time as well.

We may amalgamate Funds

We may amalgamate any two or more Funds. If we choose to do this, it will be with prior approval from the Supervisor. Prior to any such amalgamation taking effect, you will be notified.

Responsible investment

Responsible investment, including environmental, social, and governance considerations, is taken into account in the investment policies and procedures of BNZ KiwiSaver.

- **You can get an explanation of the extent to which responsible investment is taken into account in those policies and procedures at bnz.co.nz/investingresponsibly**
- **For more information on how responsible investment may impact your investment, see section 7 'More about investment risk'.**

5. More about fees

There are other fees and expenses that may be incurred.

Other fees and expenses

Where we invest in underlying funds (managed by us or by our other underlying investment managers) or use BNZ bank accounts, we will pay the fees and expenses from the annual fund charges we receive. Under the Governing Document for BNZ KiwiSaver, we may charge to the Funds, all reasonable expenses in relation to the management or operation of the Funds. We will consult with the Supervisor where we do this.

Buy/Sell spread

Whenever you contribute to or withdraw from a Fund (including switches), the relevant unit price includes an adjustment for estimated transaction costs that the Fund may incur as a result of your transaction (known as a 'spread'). For example, spreads will generally apply when making a contribution, switching to a different Fund, making a withdrawal or closing your investment.

The indicative spread applied to the unit price for transactions is available in the Product Disclosure Statement. The table below sets out the range of our estimated transaction costs in normal market conditions.

The cost of buying or selling investments can change as market conditions change. The costs are more likely to move significantly when markets are stressed. Therefore, these spread ranges are not capped and may increase or decrease at any time, without notice to you.

Buy and sell spreads are not a fee and they are not paid to us. They cover transaction costs that a Fund is expected to incur when it transacts. Any difference between spread costs charged and transaction costs incurred remains in the Fund and is reflected in the Fund(s) investment returns.

➤ You can locate the current buy/sell spreads at bnz.co.nz/kiwisaverspreads and more information about spreads at bnz.co.nz/buysellspreads

Fund	Estimated spread ranges for contributions and withdrawals (including switches)
High Growth Fund	0-0.30%
Growth Fund	0-0.30%
Balanced Fund	0-0.30%
Default Fund	0-0.30%
Moderate Fund	0-0.30%
Conservative Fund	0-0.30%
First Home Buyer Fund	0-0.30%
Cash Fund	Not applicable

6. KiwiSaver and transfers

You can transfer between KiwiSaver schemes at any time by contacting the provider of the scheme you'd like to transfer to. You can only be a member of one KiwiSaver scheme at a time. This means if you are an existing KiwiSaver member and you join a new scheme, your old provider will transfer the balance they hold for you to your new scheme.

You can transfer your Australian Superannuation to KiwiSaver

If you have retirement savings in an Australian Complying Superannuation Scheme and have permanently moved to New Zealand, you can transfer these savings to BNZ KiwiSaver.

Some things you should know are:

- transfers can only be made from a scheme regulated by the Australian Prudential Regulation Authority
- the transfer must be to and from an account in your name
- Government contributions are not payable on Australian sourced amounts

- you can't transfer this amount to another country (other than back to Australia) or cash it in as part of a permanent emigration withdrawal
- you won't be able to withdraw amounts transferred to purchase a first home
- the transfer of your Australian sourced amounts to New Zealand is exempt of New Zealand tax.

➔ For help on how to transfer, please contact BNZ on 0800 269 5494.

UK pension money transfers within KiwiSaver

We are not a reporting entity for UK pensions. If you transfer any Superannuation balance that includes a UK pension to BNZ KiwiSaver, we are not required to report any withdrawals of this money to the UK Pension Authority. You should talk to an independent tax advisor to understand the implications, if any, of transferring a superannuation balance that includes a UK pension.



7. More about investment risk

All investments involve risk. Risk is the likelihood of not getting all your money back or getting a different return than you expect. In addition to the risks set out in Section 4 of the Product Disclosure Statement, there are other risks that may affect BNZ KiwiSaver and the Funds. The table below is a summary of some of these risks and how we seek to reduce or manage them.

Risk	Description and how we manage risk
Market risk	<p>The risk that the value of a Fund changes due to factors that affect a particular financial market or markets. This could include changes in things like: inflation, interest rates, credit availability, currency exchange rates, monetary policy by central banks, taxation and regulation, global politics, investor sentiment. Market performance cannot be accurately forecast in advance.</p> <p>You may get back less than you invested. The Funds hold many investments across asset classes, countries, sectors, securities and styles of investing, to seek to reduce or manage this risk. In addition, foreign currency exposures are actively managed through the use of currency hedging. Further, for each of the Funds (apart from the Cash Fund), we can move away from their target investment mix or target currency hedging level (as set out in the SIPO), based on our assessment of the market environment.</p>
Asset Allocation risk	<p>The risk that the allocation of a Fund's assets, across different asset classes, affects a Fund's returns. Funds that invest more in growth assets (such as equities) carry greater risk but offer the potential of higher returns than Funds that invest more in income assets (such as cash or fixed interest). Short-term ups and downs in the value of a Fund are common, particularly for Funds invested in growth assets. The value of income assets can go up and down as well but generally to a lesser extent than growth assets. We offer a range of Funds, with varying strategic allocations to income and growth assets, to cater for differing investor risk profiles. In addition, for each of the Funds (apart from the Cash Fund), we can move away from their target investment mix (set out in the SIPO), based on our assessment of the market environment.</p>
Liquidity risk	<p>The risk that investments of a Fund cannot be sold at the desired time or without having a significant impact on their value. This risk is more likely to occur during stressed market conditions. It may mean there is a significant impact to the price you can receive or that you are not able to switch, transfer, or withdraw your investment when you want to, because liquidity risk management tools may be implemented such as withdrawal suspensions. Liquidity risk is carefully considered as part of the Funds' design. The Funds' liquidity is maintained by investing in authorised investments that have significant levels of liquidity themselves, and holding some operational cash to help pay redemptions and expenses. The Funds' liquidity characteristics, and those of the authorised investments, are monitored on a regular basis.</p>
Manager risk	<p>The risk that decisions made by us, and the underlying investment managers we choose to help us run BNZ KiwiSaver, may positively or negatively affect the return on your investment. For example, our Responsible Investment Policy will influence the investments that we hold. In-depth due diligence on the overall competence and experience of the managers of the underlying investment funds is carried out prior to their appointment. Ongoing monitoring of the outcomes of the decisions made by us, and the managers of the underlying investment funds, enables the early identification of potential risks associated with these decisions and the swift implementation of actions to mitigate these potential risks.</p>

Risk	Description and how we manage risk
Derivative risk	A derivative is a financial instrument that has its value based on the value of an actual financial asset, index or rate (such as a particular currency, equity, or fixed interest investment). The performance of a derivative and the actual financial asset, index or rate it is based on may not be identical. In addition, where derivatives are used to increase the exposure to selected investments, gains or losses in the value of the derivative may be more than the gains or losses of the actual financial asset, index or rate. The use of, and exposure to, derivatives in the Funds, and the underlying investment funds in which they invest, is limited. Derivatives may be used to manage risks, make investments in a more efficient manner and/or enhance returns, but cannot be used to leverage the Funds. We regularly monitor that the managers of the underlying investment funds are complying with their mandates, which include how derivatives are to be used.
Interest rate risk	Interest rate changes can have a negative impact on a Fund's investment returns. Funds with large amounts of cash and fixed interest investments, are particularly impacted by interest rate changes. To reduce or manage this risk, we invest in a wide range of cash and fixed interest investments across different markets, and maturing at different times.
Credit risk	If the issuer of a bond or a registered bank doesn't pay what they owe to us, then a Fund's investment returns could be negatively impacted. For example, a Government or corporate debt issuer might fail to make interest or principal payments, or a registered bank might not pay interest or honour a withdrawal request. The Funds invest in a wide range of fixed interest investments, which primarily have an investment-grade rating, to manage or reduce this risk.
Concentration risk	The risk that the value of a Fund changes because it has a high exposure to an underlying investment fund or specialist investment manager, specific company, sector, country, region, or financial market. We seek to manage and reduce this risk by ensuring that each Fund's investments are varied across companies, markets and managers.
Legislative risk	New laws or changes to existing laws could have a significant impact on an investment in BNZ KiwiSaver (including its returns), or on how we manage BNZ KiwiSaver. For example, the Government may change the rules about the amount of Portfolio Investment Entity (PIE) tax payable (see also 'Tax risk', below). We manage this risk by regularly communicating with our regulators and by monitoring legislative change, so we can keep you up to date.
Operational risk (including third party supplier risk)	The value of your investment in our Funds could drop, or you may not be able to withdraw your investment, if we, or anyone used by us to provide services, fail to do what we, or they agree to do. Examples could include system failures, fraud, default or business disruption. We have policies and procedures in place to reduce or manage this risk.
Tax risk	If the Scheme lost its Portfolio Investment Entity (PIE) status, it would be taxed at the highest rate of 28% instead of the prescribed investor rates of individual members. This could affect the returns to members. We have policies and procedures in place to manage our compliance with the PIE tax rules.
Product risk	Decisions that we, or our chosen underlying investment managers make may negatively affect the value of your investment or change the risk profile of your Fund choices. We may also make changes to the design of the product that do not meet your needs. For example, we may change the range of investments, the managers we use or the fees we charge. We only make changes to BNZ KiwiSaver after consulting with or providing notice to our Supervisor and if we deem a change to be material and adverse, you will be provided with advance notice before the change takes place.

Risk	Description and how we manage risk
Deferral of payments	If we decide that paying withdrawals, processing transfers or allowing Fund switches for any Fund is not in the best interests of BNZ KiwiSaver members generally then we may delay doing so. We would only do this in accordance with the law and the Governing Document. We can only defer payments for up to 10 business days unless the Supervisor approves a longer period. We actively monitor our Funds to maintain enough liquidity (assets that can easily be turned into cash) to meet forecast withdrawals and reduce the chance of needing to defer payments.
Wind up	<p>We may decide to wind up (stop providing) BNZ KiwiSaver or one or more of the Funds. If we decided to stop providing BNZ KiwiSaver or a Fund, you will be notified. On wind-up, you may:</p> <ul style="list-style-type: none"> • receive less than you have invested, depending on the performance of your investment, and • incur reasonable costs and fees as a result of the wind-up. <p>No contributions or withdrawals would be able to be made while the BNZ KiwiSaver or a Fund is in wind-up.</p>
Responsible investment risk	<p>We believe investing responsibly is in the best long-term interests of our investors. Decisions we make to invest responsibly, including the application of sector and security exclusions, may impact our Funds' performance against benchmark indices and can reduce diversification benefits. We manage this risk through:</p> <ul style="list-style-type: none"> • Assessment of underlying investment managers during the appointment process for their alignment with our investment objectives and Responsible Investment Policy • Regular reviews of the underlying investment managers' performance, which includes outcomes of engagement with the companies we invest in, and other responsible investment metrics • Periodically reviewing our Responsible Investment Policy. <p>For more information on responsible investment risk, please refer to our Responsible Investment Policy, which can be found at bnz.co.nz/investingresponsibly</p>

8. How your investment is valued

Value of the Fund

The market value of each investment and the net asset values of BNZ KiwiSaver Funds are calculated as set out in the BNZISL Unit Pricing and Valuation Policy and the Governing Document. The net asset value is the value of a Fund's assets less its liabilities.

The assets held by the Funds are generally valued each business day based on the last market prices (or unit prices) available for that day. Our Unit Pricing and Valuation Policy allows us to use alternative asset valuation methods, including asset valuation estimates, where the valuation of an investment asset is not readily available or not considered appropriate. This is very infrequent, and we will discuss any new alternative valuation method with the Supervisor before using it.

Understanding unit pricing

Calculating a unit price allows us to value your investment in a Fund. Each Fund's unit price is calculated by dividing the net asset value of that Fund by the number of units issued to members, and adjusted for buy/sell spreads (as applicable). Unit prices are generally calculated each business day.

In rare circumstances, specific transactions (for example, implementing changes to the target investment mix for a Fund) may require us to adjust the unit prices for that day. This allows us to pass on more accurate costs incurred to those transacting.

➡ **The unit price that applies to a Fund on any business day is available at bnz.co.nz/kiwisaverunitprices or by contacting BNZ.**

9. Related parties and managing conflicts of interest

BNZ Investment Services Limited (BNZISL) is the Manager of BNZ KiwiSaver. It is a wholly owned subsidiary of Harbour Asset Management Limited (Harbour) and part of a group of investment and advisory businesses ultimately owned by FirstCape Group Limited (FirstCape). FirstCape is jointly owned by NAB, Jarden Wealth and Asset Management Holdings Limited (Jarden) and funds managed by Pacific Equity Partners (PEP). NAB is a licensed bank in Australia and is the parent company of BNZ.

Several related parties from the FirstCape group companies and the NAB group of companies (including BNZ) provide their services to us and to BNZ KiwiSaver. These companies may also receive fees from us or BNZ KiwiSaver for these services.

BNZISL manages its conflicts of interest by appointing independent directors to the Board.

We also must notify the Supervisor before we enter into any related party transactions, and must carry out related party transactions in accordance with the terms of the Financial Markets Conduct Act 2013.

Managing people conflicts

Actual or perceived conflicts of interest for directors and employees of FirstCape group companies can arise from any competing interests.

Directors and Investment Review Committee members are required to disclose conflicts of interest and there are processes for recording and managing these conflicts.

FirstCape group companies' employees are required under the terms of their individual employment agreements to disclose and register potential or actual conflicts of interest to FirstCape so that these can be effectively managed.

Managing related company conflicts:

Description of conflict of interest	Affected Funds	Why this may influence investment decisions and how we manage the conflict
Banking services: BNZ provides banking services to BNZ KiwiSaver, including transactional and foreign exchange services.	All Funds.	<p>We may be influenced by our association with BNZ and NAB to use their banking services over other financial service providers.</p> <p>Where we use BNZ or NAB banking services, BNZ or NAB may receive commercial benefits. Banking services are provided to us on a commercial arm's length basis.</p>
BNZISL is part of a group of investment and advisory businesses owned by FirstCape, which is jointly owned by NAB, Jarden and funds managed by PEP.	All Funds.	<p>We may be influenced by our association with other companies within the FirstCape group or NAB group (including BNZ) to choose underlying investment managers that are part of the group. Harbour (our parent company) acts as one of our underlying investment managers.</p> <p>We manage this conflict through the appointment of an independent director to our investment review committee. This committee approves the appointment of underlying investment managers and monitors their ongoing performance.</p> <p>We select investments that we consider appropriately reflect the risk profile and investment strategy and objective of the relevant Fund and are consistent with our investment philosophy.</p>

10. More about tax

Selecting the right Prescribed Investor Rate (PIR) is important as it helps to ensure you do not over or under pay PIE tax. You should review, and if needed, update your PIR if your circumstances change such as starting a job or if your salary changes.

Based on the PIR you select, we will arrange for the tax that applies to your investment in BNZ KiwiSaver to be paid on your behalf. The amount of tax we will pay is based on your PIR and your share of the investment's taxable income. Tax will also be paid if you withdraw, transfer or switch some or all of your KiwiSaver savings between Funds. If we receive a tax refund for you, we will use it to issue more units to you.

Selecting the correct PIR is important.

- If you select a PIR that is too high, you may be eligible for a refund of any overpaid tax from Inland Revenue.
- If you select a PIR that is too low, your investment income will still be taxable at your correct PIR and you will need to pay any tax shortfall directly to Inland Revenue.

➔ You can find out how to work out your PIR online at www.ird.govt.nz/pir

11. The Governing Document and our default provider appointment

The Governing Document contains the rules governing the management and administration of BNZ KiwiSaver.

Both we (as Manager) and the Supervisor must meet (and continue to meet) our obligations under the Governing Document.

The Governing Document details things like:

- how the Funds have been established
- how both we and the Supervisor are appointed (and removed or replaced), our powers, duties and functions, and that we are entitled to be paid for our services

- rules governing the administrative aspects of BNZ KiwiSaver including establishment and maintenance of member accounts and how BNZ KiwiSaver must be distributed if it is wound up.

A copy of the Governing Document is available at www.companiesoffice.govt.nz/disclose

We are a default KiwiSaver scheme provider appointed by the Government by an Instrument of Appointment. The Instrument of Appointment explains the terms and conditions of our appointment as a Default KiwiSaver Provider and the service standard we must meet.

12. Manufacturing and Distribution Agreement with BNZ

A manufacturing and distribution agreement is in place with BNZ which sets out the terms on which BNZ provides customer management and administrative services in relation to BNZ KiwiSaver.

