

# SHARESIES KIWISAVER SCHEME

## Other Material Information

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# 01. Withdrawing your investments

You are generally not eligible to withdraw your investment in the Scheme until you reach the New Zealand superannuation qualification age (currently 65). Any amount transferred from an Australian complying superannuation fund (excluding investment returns on that amount) can be withdrawn when you reach age 60, if you have 'retired' in terms of the relevant Australian legislation.

## Other Withdrawals

You may also be able to make a withdrawal in other limited circumstances, such as:

**First home:** You may be eligible to withdraw your investment (except \$1,000 and any Australian transferred amounts) to put towards buying your first home once three years have passed since you joined KiwiSaver.

**Significant financial hardship:** If you are suffering significant financial hardship (as defined by the Supervisor), you may be able to withdraw some of your investment. Significant financial hardship claims are carefully considered by our Supervisor who has sole discretion as to whether or not to approve your application, and will seek evidence from you to support your application.

**Serious illness:** You may make a withdrawal if the Supervisor is reasonably satisfied that you are suffering from a serious illness. For this purpose the Supervisor may require that any medical matter is verified by medical evidence.

**Life shortening congenital conditions:** You may be able to make an early withdrawal if you were born with a condition that is expected to reduce your life expectancy below 65. The Supervisor will determine whether you're eligible for a life-shortening congenital conditions withdrawal. If you make a withdrawal, you'll no longer be eligible to receive any Government contributions and your employer can stop their contributions.

**Permanent emigration (other than to Australia):** You may apply to withdraw your full KiwiSaver balance or have it transferred to a foreign superannuation scheme specified in the KiwiSaver Act 2006 one year after your permanent emigration (less the amount of any accumulated Government contributions). Conditions will apply to this withdrawal.

**Permanent emigration to Australia:** If you emigrate to Australia you may transfer the full balance

of your investment to an Australian complying superannuation fund. Conditions will apply to this withdrawal.

**Death:** If you die, we will pay your investment to your personal representatives (the executors or administrators of your estate) or otherwise in accordance with law.

### In addition to the above:

- If you make a withdrawal to purchase a first or subsequent home you may also be able to receive a KiwiSaver First Home Grant of up to \$10,000 from the Government. See [kaingaora.govt.nz](http://kaingaora.govt.nz) for more information, including the terms, conditions, and eligibility criteria.
- 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 relate to the transfer.
- We may also have to release some or all of your money under a Court order.
- You may transfer to another KiwiSaver scheme at any time. You can only be a member of one KiwiSaver scheme at a time.

Once we are satisfied you are able to make a withdrawal, we will normally process your application within 1 – 2 weeks. You may make a partial or full withdrawal. 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 \$100.

See [sharesies.nz/kiwisaver/documents](http://sharesies.nz/kiwisaver/documents) or contact us for the required forms. You will need to satisfy certain legal requirements (including providing evidence of entitlement to withdraw), before you can make a withdrawal.

Under the Scheme's Governing Document, in limited circumstances we can suspend the ability to make withdrawals.

## 02. Savings suspension

If you want a break from making KiwiSaver contributions, you can take a savings suspension.

All employees who have contributed and been a member for 12 months or more can have a savings suspension for 3 months to 1 year. You do not need to give a reason and you can have as many savings suspensions as you want. You can take them back-to-back.

While you're on a savings suspension you will not get employer contributions unless your employment agreement states otherwise. If you want to get the government contribution you may need to make voluntary payments.

You can start or stop your contributions at any time while you're on a savings suspension, just talk to

your employer. However, if the change is within 3 months of the last change, your employer needs to agree.

If you change jobs during your savings suspension, you will need to show your new employer your savings suspension notice. If you cannot locate your savings suspension notice, deductions are required until you get a replacement letter from Inland Revenue. Any deductions made during this period won't be automatically refunded. You will need to contact Inland Revenue if you want them to be refunded.

You can apply for a savings suspension through Inland Revenue.

## 03. Temporary rate reduction

A temporary rate reduction is available for people who want to carry on contributing at 3% from 1 April 2026.

You can apply for a temporary rate reduction for between 3 and 12 months. Your contributions will be reset to the default rate after 12 months. You can apply for the rate reduction as many times as you like.

Your employer can choose to match your temporary rate reduction. Once you move from the temporary rate to a higher rate, we'll notify your employer.

You can apply for a temporary rate reduction through Inland Revenue.

## 04. Material contracts

### **Supervisory Agreement**

Sharesies Investment Management Limited (**SIML**) has entered into a Supervisory Agreement with the Supervisor, Trustees Executors Limited. This details the parties' respective functions, powers and duties in respect of the Scheme. The agreement also prescribes the regular reports SIML will provide to the Supervisor.

### **Administration Services**

SIML has entered into an Administration arrangement with Apex Investment Administration

(NZ) Ltd as part of a broader services agreement. This arrangement covers the services that Apex Investment Administration (NZ) Ltd will provide to SIML.

### **Services Agreement**

SIML has entered into a services arrangement with Sharesies Limited, a related party of SIML, in the Sharesies Group. This arrangement covers the services that Sharesies Limited provides to support the Scheme, including dealing with Scheme members, maintaining records, marketing,

accounting and performing other administration management duties as reasonably required by the Manager.

### **Inland Revenue Scheme Provider Agreement**

SIML and Inland Revenue have entered into a KiwiSaver Scheme Provider Agreement for the Scheme. This agreement covers the sharing of information between SIML and the IRD with respect to member payments, member details and other items. Also in this agreement is the licence for using

the KiwiSaver trademark and the operational support requirements.

### **Investment Management Agreements**

SIML and the managers of the underlying funds (Pathfinder Asset Management Limited, Smartshares Limited, Pie Funds Management Limited, Milford Funds Limited) have entered into Investment Management Agreements for the Scheme. These agreements cover the investment of Scheme assets in funds managed by the manager of the underlying funds. Fund managers will pay us a rebate for investing with them.

## **05. Side-pocketing**

Side-Pocketing is a mechanism for temporarily or permanently managing illiquid investments, and is governed by the Scheme's Governing Document and the Side-Pocketing Policy. Although investments need to be redeemable within 10 business days to be eligible for inclusion in the IOS, sometimes, unexpected illiquidity occurs. This may be due to the investment going into receivership/liquidation or a temporary event, such as a corporate action trade freeze.

When an investment becomes temporarily or permanently illiquid, as agreed between SIML and the Supervisor, it may be Side-Pocketed. SIML does not need to ask for your consent to Side-Pocket an investment. Side-Pocketing is detailed in the Scheme's Governing Document (section 11) and described in this section.

When an investment is Side-Pocketed, it is flagged as inactive in the app together with an explanatory note with additional details for members.

A Side-Pocketed investment is automatically removed from the member's Investment Plan.

While an investment is Side-Pocketed it is removed from the member's primary account and is administered separately but will continue to reflect its value as the most recent price received from the Issuer, or pricing source, of that investment.

While an investment is Side-Pocketed, a member cannot access it for any withdrawal or transfer unless they instruct us to terminate their interest in the Side-Pocketed investment. In this scenario,

Sharesies and the Supervisor will agree on the equitable basis for the value of the Side-Pocketed investment. If this occurs, the net proceeds of the disposal (if any) will be applied to the member's account. When, and if, Sharesies and the Supervisor agree that the investment is no longer illiquid, the investment can be reinstated.

If the member's account no longer exists (because they have moved to another scheme), the investment will be redeemed, and the net proceeds (if any) transferred to their new KiwiSaver scheme or, if that is not possible (because they have retired, died or otherwise have withdrawn their investment), to them directly, or to their estate.

When either an investment is no longer illiquid, or the member's interest in it has been terminated, the Side-Pocketed account will be closed. If another Liquidity Event occurs (either at the same time or in the future) an additional Side-Pocketed account will be created.

If you would like to learn more about Side-Pocketing, you can read the Side-Pocketing Policy. The Side-Pocketing Policy is available on [sharesies.co.nz/kiwisaver](https://sharesies.co.nz/kiwisaver) and [disclose-register.companiesoffice.govt.nz](https://disclose-register.companiesoffice.govt.nz).

## 06. Additional tax information

This information provides general guidance on New Zealand income tax law as it relates to members in the Sharesies KiwiSaver Scheme, and is not provided as tax advice. You should obtain professional advice as to the specific impact of Scheme taxes on your personal circumstances before applying for membership in the Scheme. No liability is accepted by SIML, the Supervisor or the Custodian for the tax consequences of your membership in the Scheme.

The Scheme is a portfolio investment entity (**PIE**). The amount of tax you pay is based on your prescribed investor rate (**PIR**). To determine your PIR, go to [ird.govt.nz/pir](http://ird.govt.nz/pir). If you are unsure of your PIR, we recommend you seek professional advice or contact Inland Revenue. It is your responsibility to tell us your PIR when you invest or if your PIR changes. If you do not tell us, a default rate may be applied. If the rate applied to your PIE income is lower than your correct PIR, you will be required to pay any tax shortfall as part of the income tax year-end process. If the rate applied to your PIE income is higher than your PIR, any tax over-withheld will be used to reduce any income tax liability you may have for the tax year and any remaining amount will be refunded to you. If Inland Revenue believes your PIR is incorrect, they may provide us with an updated PIR for you. We would then update your KiwiSaver account with the new PIR. You can subsequently provide us with a different PIR if you believe the PIR Inland Revenue provided is incorrect.

### **Investment specific tax information**

Funds holding shares in New Zealand resident companies or certain companies resident in Australia that are listed on the Australian Securities Exchange are taxed on those shares under the ordinary New Zealand tax rules. Dividends on such shares are usually fully taxable, with a credit allowed for any attached imputation credits (but not for any Australian franking credits). The Funds are entitled to a tax credit for any withholding tax deducted from such dividends. Tax should not be payable by the funds on any gains from the sale of such shares.

Other international shares held by the funds are usually taxed under the Fair Dividend Rate (FDR) method in the Foreign Investment Fund (FIF) regime. Under that method, these shares give rise to deemed income in an income year (being 1 April – 31 March) equal to 5% (or a pro rata portion) of the average daily market value of the shares for that income year (or part year). The funds are entitled to a credit for any withholding tax paid on dividends received from the shares, subject to certain limits. Any dividends or profits from sales of the shares are ignored for tax purposes. No tax deduction may be claimed for any losses in respect of the shares under this method.

Interest earned by the funds is generally taxable. The funds are entitled to a deduction for expenses incurred in earning their income.