

# UniSaver New Zealand

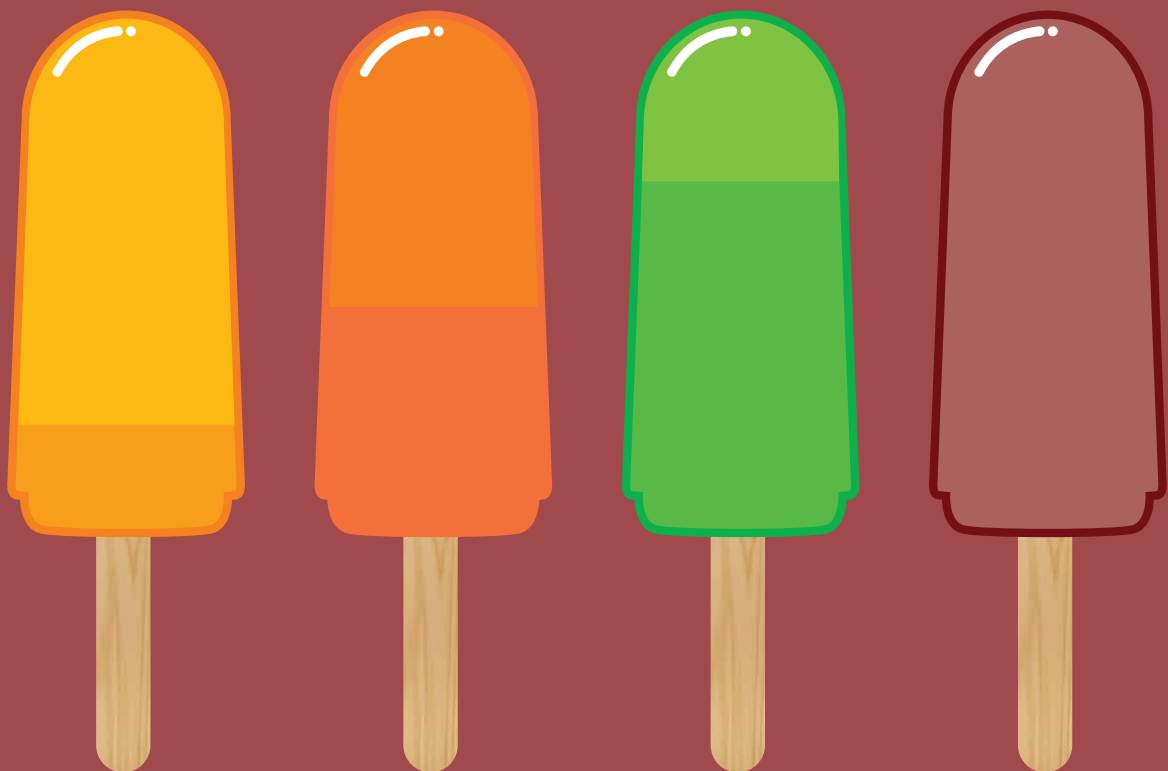
## Other material information

28 June 2019

This document provides additional information relating to the offer of membership in UniSaver New Zealand (**UniSaver** or **scheme**). It should be read in conjunction with the product disclosure statement (**PDS**) for UniSaver and the register entry for UniSaver, each of which contains further information about UniSaver.

See the glossary on page 19 for the meaning of defined terms used in this document.

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



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## SECTION 1

# Who is involved?

This section provides additional information about the people who are responsible for providing UniSaver.

### Trustee of UniSaver

UniSaver Limited is the trustee of the scheme.

UniSaver is the only workplace savings scheme we manage. We do not carry out any business other than acting as trustee of the scheme.

#### The address of the trustee is:

UniSaver New Zealand  
C/- Aon New Zealand  
Level 3, 1 Willis Street  
PO Box 2764  
Wellington 6140

#### The directors of UniSaver Limited are:

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Adrienne Pearl Cleland, of Auckland

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Carolyn Ruth Dimond, of Wellington

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Michael Donald Holland McAlpine, of Dunedin

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Wayne Grenfell Morgan, of Wellington

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Ian Howard Russon, of Wellington

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Sarah Louise Graydon, of Wellington – licensed independent trustee

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Our directors may change from time to time. The current names of our directors and our address may be obtained from the Companies Office website [www.companiesoffice.govt.nz/companies](http://www.companiesoffice.govt.nz/companies), on our website [www.unisaver.co.nz](http://www.unisaver.co.nz) or by calling us on **0800 864 724**.

### Responsibilities of the trustee

We are responsible for:

- offering interests in UniSaver for subscription
- issuing interests in UniSaver
- managing scheme assets
- administering UniSaver.

In our role as trustee, we are responsible for the administration of UniSaver. We may delegate the performance of any of our powers, duties, authorities or discretions to an officer or an employee or any other person we nominate, in accordance with the terms of the trust deed. We remain liable for the acts and omissions of those delegates.

We can also appoint administration managers, investment managers and other experts.

We are also responsible for the management of UniSaver's investments and each investment option.

### Board of directors

The board of directors consists of a minimum of five directors, at least one of whom is an independent licensed trustee.

There must always be:

- two directors appointed at the direction of the participating employers
- two directors appointed as a result of an election by the members of UniSaver
- one licensed independent trustee who shall be appointed as a director by the four directors otherwise appointed in accordance with the bullet points above, with those four directors able to appoint a second director (in addition to the licensed independent trustee) from time to time.

For more information on our powers, duties and responsibilities, refer to the trust deed available on [www.unisaver.co.nz](http://www.unisaver.co.nz).

## Licensed independent trustee

As a restricted scheme under the FMCA, at least one of our directors must be a licensed independent trustee. Licences are granted by the FMA and are subject to conditions, including regular reporting to the FMA.

Sarah Louise Graydon is the licensed independent trustee director for UniSaver.

## Administration manager

Mercer (N.Z.) Limited (**Mercer** or **administration manager**) is the appointed administration manager of UniSaver.

The administration manager's functions include:

- member services
- maintenance of records and accounts
- processing the contributions received
- payment of benefits to members
- reporting
- calculation of unit prices for each investment option offered by UniSaver.

## Investment manager and consultant

Russell Investment Group Limited (**Russell Investments**) is the appointed investment manager and consultant of UniSaver.

The investment manager and investment consultant's functions include:

- managing and investing the assets of each investment option offered by UniSaver
- provision of certain consulting services associated with the management and investment of the investment options.

## Secretary

Aon New Zealand (**Aon**) is the appointed secretary of UniSaver.

Aon consists of several units including Actuarial Services, Health & Benefits, Scheme Administration and Talent & Reward. This position is part of the Retirement and Financial Management unit, which provides a range of superannuation, actuarial and investment consulting services to clients.

The primary purpose of the position is to provide secretarial services to superannuation scheme trustees, review scheme documentation and be an informed source of technical information in respect of superannuation, KiwiSaver and related legislation and its impact on clients.

## Custodian

We are the custodian for UniSaver and hold UniSaver's assets on trust in our capacity as trustee.

## Registrar, auditors and solicitor

We are the registrar of UniSaver.

The scheme's auditor is Ernst & Young. Ernst & Young is registered under the Auditor Regulation Act 2011. Other than in its capacity as auditor of UniSaver, Ernst & Young has no relationship with, or interest in, UniSaver.

UniSaver's solicitor is Kensington Swan.

## Powers under the trust deed to change the terms of UniSaver

### Change of trustee

We will cease to hold the office of trustee of UniSaver if:

- we are removed from the office by the participating employers by notice in writing
- we are substituted by the High Court under section 209 of the FMCA
- we retire by notice in writing to the participating employers
- an order is made or an effective resolution is made for the trustee's winding up or we are placed in liquidation or receivership
- in the case of the licensed independent trustee, his or her licence expires or is cancelled or he or she is removed by the FMA under the FMCA or he or she resigns or the other directors of the trustee determine that he or she cannot perform the duties of a licensed independent trustee for any reason.

The FMA may appoint a temporary replacement manager in accordance with the FMCA.

Please refer to the trust deed for more information.

### **Changes to the trust deed**

We may amend or replace all or any part of the provisions of the trust deed with the consent of the participating employers and the FMA. A copy of the current trust deed is available on UniSaver's register entry at [www.disclose-register.companiesoffice.govt.nz](http://www.disclose-register.companiesoffice.govt.nz).

### **Changes to investment options and SIPO**

We may make changes to the SIPO from time to time. Material changes to the SIPO will be described in UniSaver's annual report. A copy of the current SIPO is available on the register entry for UniSaver at [www.disclose-register.companiesoffice.govt.nz](http://www.disclose-register.companiesoffice.govt.nz).

We offer a choice of investment options, and you can choose to invest in one or a combination of two or more investment options. However, you cannot mix and match between UniSteps and the other investment options. The investment options offered may change at any time. We can close, suspend or disestablish an investment option other than Balanced by giving notice in writing to members who have chosen that investment option. Any contributions made to the closed, suspended or disestablished investment option and any amounts held in that pool for you will be paid into Balanced unless and until you make a new investment option election. We can also change UniSaver's default investment options from time to time.

### **Material contracts**

For information about the material contracts for UniSaver, please see UniSaver's register entry at [www.disclose-register.companiesoffice.govt.nz](http://www.disclose-register.companiesoffice.govt.nz).

# Membership and contributions

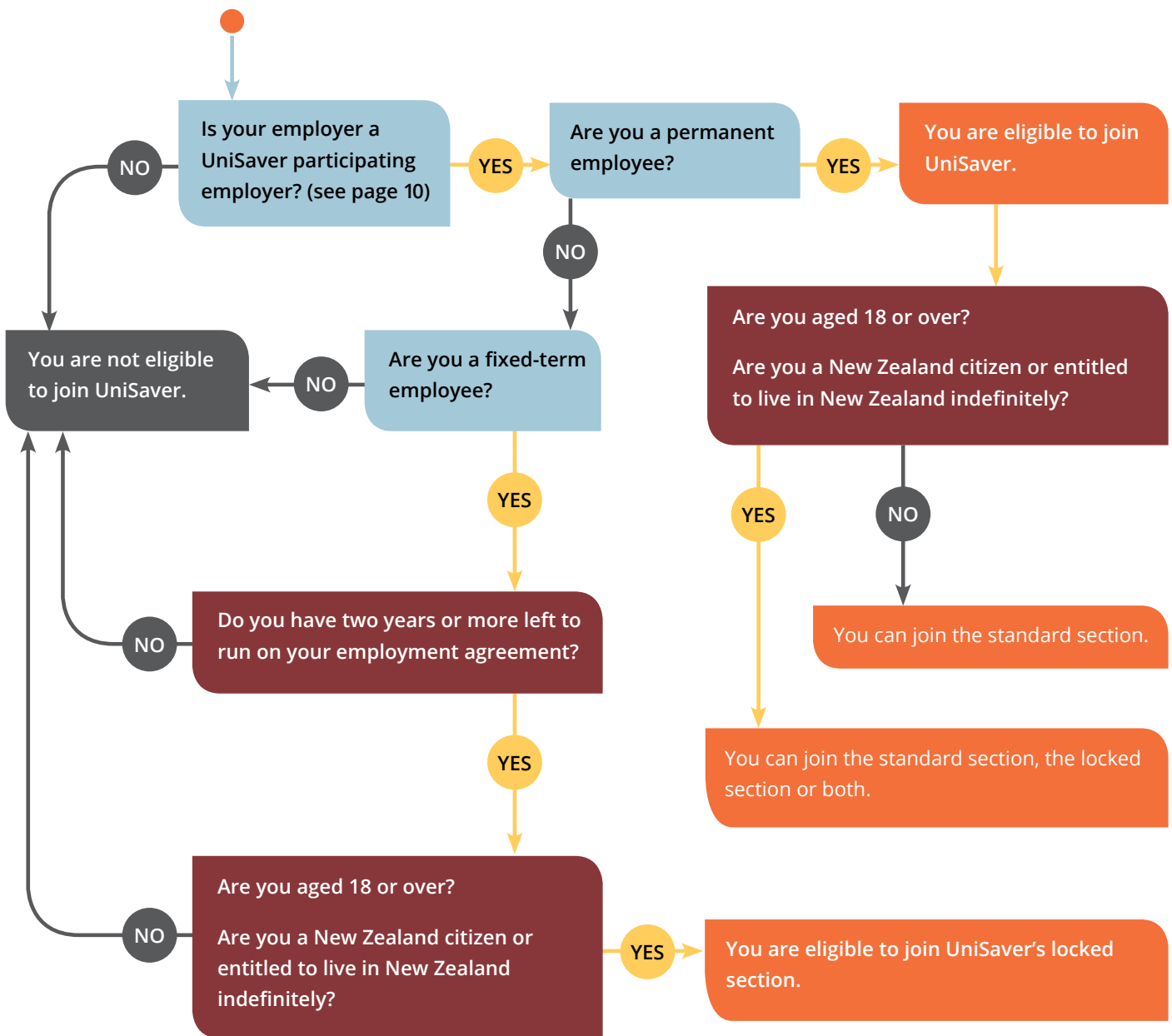
This section provides additional information about joining and contributing to UniSaver.

## Membership

### Eligibility

You can join UniSaver if you are a permanent employee of an employer that participates in UniSaver. You may also join if you are a fixed-term employee of a participating employer with two or more years remaining on your employment term. Fixed-term employees can only become members of UniSaver’s locked section. A list of participating employers is set out on page 10 of this document.

To join, complete and return the *Membership application* at the back of the PDS.

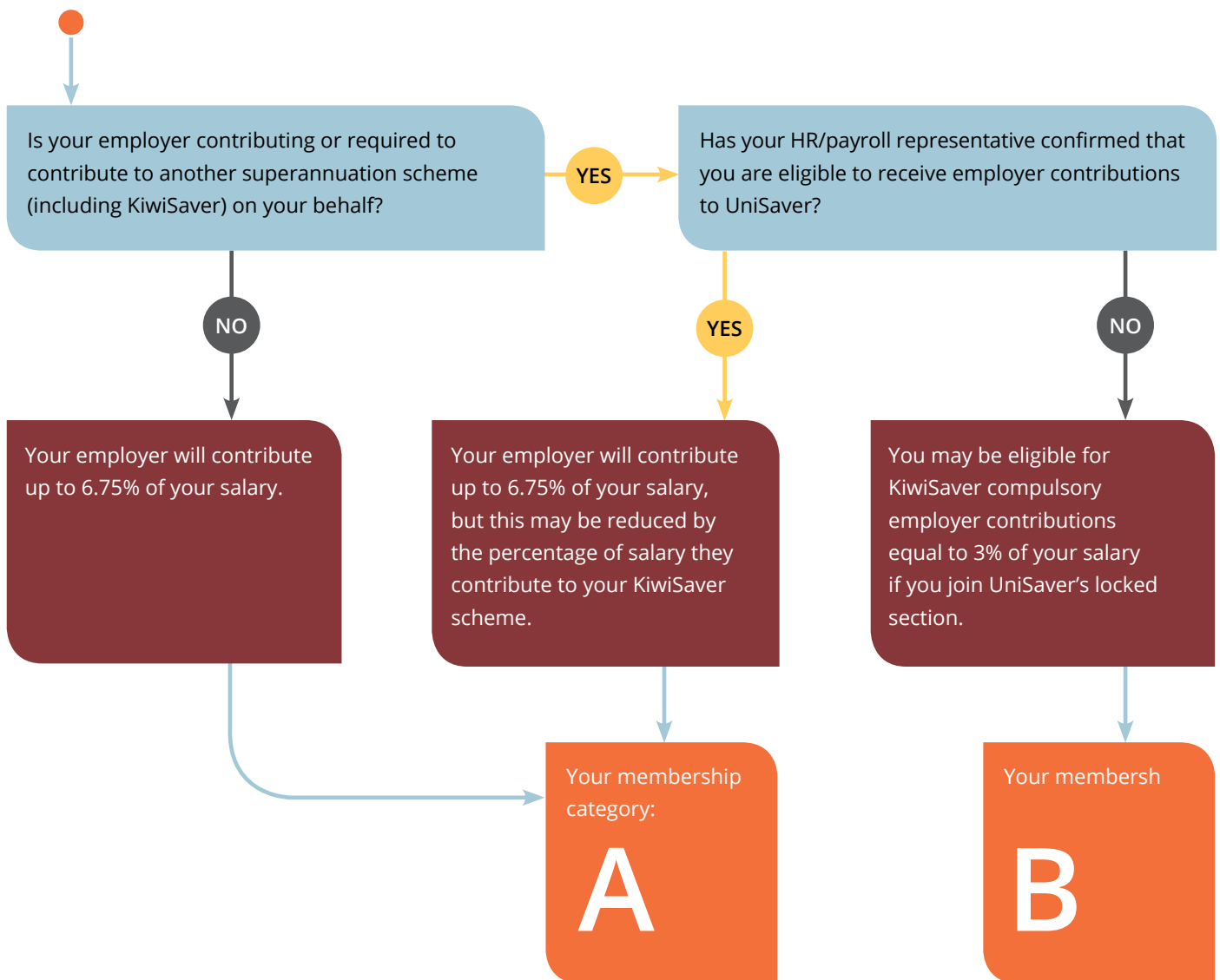


### Locked section

Your employer may, with our consent, invite you to become a locked member if you are aged 18 or over, a New Zealand citizen or entitled to live in New Zealand indefinitely. Membership of the locked section entitles you to government contributions of up to \$521.43 a year (provided you meet the qualifying criteria) in exchange for having part or all of your member and employer contributions diverted to locked accounts in UniSaver. Those locked accounts are subject to special rules set out in the complying fund rules and the trust deed. Your access to your locked accounts is limited, and the contributions that must be paid into them will be as set out in the PDS, this document, the trust deed and the relevant governing legislation.

## Membership categories

Use this diagram to work out your membership category. Your contributions and your employer contributions to UniSaver depends on your membership category.



## Cessation of membership

You cannot cease your membership of UniSaver while you remain in service. Membership ceases on the date you cease to be an employee or, if you elect to become a retained member on leaving service, when you cease to be entitled to any further benefits from UniSaver.

## Contributions

The amount you contribute depends on your membership type. The contribution arrangements set out in this section apply only to members joining on or after the date of this document. Different arrangements may apply to some existing members. Details are available from the administration manager on **0800 864 724**.

### Member and employer contributions

UniSaver is split into two sections – the standard section and the locked section, which works much like KiwiSaver.

To join the locked section, you need to be:

- aged 18 or over
- a New Zealand citizen or be entitled to live in New Zealand indefinitely.

### Permanent employees

You can choose to contribute to the standard section **and/or** the locked section (as long as you meet the criteria above).

### Fixed-term employees

You are only eligible to join the locked section.

## How it works

UNISAVER			
<p>The two sections of UniSaver have different rules and advantages.</p>	<b>Standard section</b> <ul style="list-style-type: none"> <li>Contributions to this section don't qualify for government contributions.</li> <li>You can withdraw your money when you leave your employer.</li> </ul>		<b>Locked section</b> <ul style="list-style-type: none"> <li>Contributions qualify for government contributions up to \$521.43 a year, as long as you meet the requirements referred to below.</li> <li>You generally won't be able to access your savings in the locked section until you would ordinarily qualify for New Zealand Superannuation (currently age 65), as outlined in the 'Withdrawals' section of this document.</li> </ul>
	<b>Member standard account</b> This is for your contributions to the standard section.	<b>Employer standard account</b> This is for any contributions your employer makes on your behalf to the standard section.	<b>Member locked account</b> This is for your contributions to the locked section (and any government contributions).

You decide what percentage of your salary you would like to regularly contribute.

PERMANENT EMPLOYEES	
CATEGORY A MEMBER	CATEGORY B MEMBER
<ul style="list-style-type: none"> <li>You can contribute any multiple of 0.5% of your salary with a minimum of 3%. There is no upper limit.</li> <li>Your minimum contributions may increase to 4% of your salary if your employer is not contributing at least 1% of your salary. This could occur if your employer is already contributing to a KiwiSaver scheme for you.</li> <li>Your employer will contribute 1.35 times your contributions up to a maximum of 6.75%. You need to contribute 5% of your salary to gain the maximum employer subsidy.</li> <li>If you choose to join the locked section also:               <ul style="list-style-type: none"> <li>you must direct at least 3% of your salary to your member locked account (in multiples of 0.5%), with the balance (if any) paid to your member standard account</li> <li>your employer will match your regular contributions to the locked section, with the balance paid to your employer standard account.</li> </ul> </li> <li>You can choose to join the locked section only. If you do, all your contributions and your employer contributions will be paid to your locked accounts.</li> </ul>	<ul style="list-style-type: none"> <li>You can contribute any multiple of 0.5% of your salary with a minimum of 4%. There is no upper limit.</li> <li>Your employer won't contribute to your savings unless you join the locked section.</li> <li>If you choose to join the locked section also:               <ul style="list-style-type: none"> <li>you must direct at least 3% of your salary to your member locked account (in multiples of 0.5%), with the balance (if any) paid to your member standard account</li> <li>your employer is required to contribute 3% to your employer locked account unless they are already contributing to a KiwiSaver scheme for you</li> <li>your minimum contributions decrease to 3% if your employer is making compulsory contributions of 3% to your employer locked account.</li> </ul> </li> <li>You can choose to join the locked section only. If you do, all your contributions and your employer contributions will be paid to your locked accounts.</li> </ul>

The employer contribution entitlements outlined in this section may reduce if your employer is contributing or required to contribute to a KiwiSaver scheme for you.

Different employer contribution rates can be agreed between you and your employer.

FIXED-TERM EMPLOYEES	
CATEGORY A MEMBER	CATEGORY B MEMBER
<ul style="list-style-type: none"> <li>You can contribute any multiple of 0.5% of your salary with a minimum of 3%. There is no upper limit.</li> <li>Your minimum contributions may increase to 4% of your salary if your employer is not contributing at least 1% of your salary. This could occur if your employer is already contributing to a KiwiSaver scheme for you.</li> <li>Your employer will contribute 1.35 times your contributions up to a maximum of 6.75%. That means you need to contribute 5% of your salary to gain the maximum employer subsidy.</li> <li>All your contributions will be paid to your member locked account.</li> <li>All employer contributions will be paid to your employer locked account.</li> </ul>	<ul style="list-style-type: none"> <li>You can contribute any multiple of 0.5% of your salary with a minimum of 4%. There is no upper limit.</li> <li>All your contributions will be paid to your member locked account.</li> <li>Your employer is required to contribute 3% of your salary to your employer locked account unless they are already contributing to a KiwiSaver scheme for you.</li> <li>Your minimum contributions decrease to 3% if your employer is making compulsory contributions of 3% to your employer locked account.</li> </ul>



Member contributions are calculated on your before-tax salary but deducted from your after-tax income. Member contributions are deducted from your pay after tax.

Contribution tax is deducted from employer contributions before they are credited to your account.

'Salary' is the remuneration paid to you by your employer but excludes overtime, bonuses, penal payments and other allowances. The rates shown here are a percentage of your before-tax salary. Employer contributions are subject to employer superannuation contribution tax (ESCT) at a rate based on your total taxable income plus employer contributions. See the 'Tax' section of this document for details.

Your contribution is deducted from your salary as it becomes due and payable.

## **UniSaver uses daily unit pricing**

All contributions (including transferred amounts) are divided into units when paid into your UniSaver accounts and are invested in your chosen investment option or options. A unit represents a share in each investment option you are invested in, so you have an interest in your share of the assets held in those investment options. Your units don't give you legal ownership of the assets but do give you the right to returns from them.

UniSaver uses daily unit pricing. This means that, at the end of each trading day, we declare a unit price for each investment option, just like a share price. The unit price is based on the net value of all the investments held under that investment option, which takes into account fees and taxes deducted in respect of that option. This means that the value of your units will change based on investment gains or losses and deductions attributable to your investment option or options.

When your contributions are paid into UniSaver, you effectively buy additional units in each of your chosen investment options based on that day's unit price. Similarly, when money is deducted from your accounts (for example, to pay benefits, to pay fees or expenses deducted directly from your accounts, or to give effect to your decision to switch between investment options), you redeem units based on that day's unit price.

When you log in to your account to view your investment balances online, you see the unit price, number of units and dollar value for your holding in each investment option.

## **Stopping or suspending contributions**

You are required to continue contributing while in service unless one of the following applies or you are on leave of absence:

- You take a savings suspension.
- You are a permanent employee and a category A member and you suspend your contributions to your locked accounts and have contributions paid to your member standard account and employer standard account instead.
- You stop all contributions to UniSaver.

If you stop all contributions, any employer contributions not required to be paid by law will also cease. If you are a category A member and stop all contributions, you will become a non-contributing category B member.

If you take a savings suspension, once your savings suspension finishes, you will be a category B member and will be required to start contributing a minimum of 4% of your salary. If you wish to be readmitted as a category A member, you will need to provide a letter of agreement from your employer. Any savings suspension must be for a period of not less than three months or not more than one year, although successive savings suspensions may be taken.

## **Change to contribution rate**

Subject to the minimum contribution rates stated above, the trust deed allows you to change your chosen contribution rate in multiples of 0.5% of your salary. As at the date of this document, you may change your contribution rate at any time. However, we do have discretion to limit changes to UniSaver's review date (currently 31 December).

## **Member voluntary contributions**

You can only make voluntary contributions through payroll from your salary, which means that, in most cases, you cannot make voluntary contributions from a personal bank account to UniSaver. We can only accept voluntary contributions from non-payroll sources if you are:

- a locked member and want to top up your savings to the extent necessary to maximise government contributions payable by the Crown or
- on a leave of absence (see page 10 for more information).

You can make regular voluntary contributions through payroll from your salary, and there is no upper limit.

## Transfers into UniSaver

With our approval, you may transfer a benefit from any other superannuation scheme into UniSaver. However, the payment must be made by your old scheme. You cannot withdraw the funds and then deposit them with UniSaver. Having regard to any conditions imposed by the trustees of the other scheme, these amounts will be credited to your member standard account and employer standard account respectively. Any amounts transferred into UniSaver from locked accounts in another complying superannuation fund will be credited to your member locked account and employer locked account as determined by us or as required under the complying fund rules. We also have the discretion to determine the allocation of transferred amounts to the reserve fund in UniSaver.

A transfer of funds from an overseas superannuation scheme will be subject to any conditions necessary to ensure we meet our obligations under the Anti-Money Laundering and Countering Financing of Terrorism Act 2009 or any other applicable law.

With your consent and the consent of your employer and subject to compliance with the relevant legislation, where you make a transfer, we may impose whatever conditions with respect to your participation in UniSaver as we consider just and equitable.

## Government contributions

If you are contributing to your member locked account, you may qualify to receive government contributions. These are calculated in accordance with a statutory formula based on your contributions to your locked accounts for the KiwiSaver year (1 July to 30 June) at the rate of 50 cents for every dollar you contribute up to a maximum of \$521.43 (approximately \$10 per week).

The main requirement to qualify for government contributions is that you are aged 18 or over and less than the age of eligibility for withdrawal from the locked section (see the 'Withdrawals' section of this document for details). You must also be a New Zealand citizen or entitled to live in New Zealand indefinitely. If you qualify, your government contributions will be paid to your member locked account and allocated pro rata in accordance with your current investment option(s) choice.

If you are a locked member and also a member of a KiwiSaver scheme or other complying superannuation fund, government contributions will be allocated to your KiwiSaver scheme or complying superannuation fund in accordance with legislation.

As the rules for payment of the government contributions are prescribed by law (rather than by the trust deed), the rules relating to government contributions and their continued payment are subject to any changes to those laws.

Depending on your salary, your contribution to your member locked account may not be sufficient to enable you to obtain the benefit of the full government contribution. In that case, before the end of the relevant year (30 June), you can apply to make an additional voluntary contribution into that account to enable you to obtain the benefit of the full government contribution.

## Leave of absence

You are not required to contribute to UniSaver while you are on leave of absence. If you elect not to contribute while you are on leave of absence, you should apply for a savings suspension. Any voluntary contributions you make while on leave of absence must not exceed (as to either amount or frequency) the member contributions you were paying immediately before starting your leave of absence, and voluntary contributions must be collected by your employer or the administration manager.

You may only make lump-sum contributions to your member locked account to the extent necessary to qualify for maximum government contributions. Your employer is not required to contribute during any period of leave of absence (except where it is required to make compulsory employer contributions under the KiwiSaver Act).

To apply for a leave of absence or a savings suspension or to stop, resume, suspend or divert your contributions to or from your locked accounts, complete a *Change of member details* form available at [www.unisaver.co.nz](http://www.unisaver.co.nz) or call **0800 864 724**.

## Participating employers

The University of Auckland

The University of Waikato

Massey University

Victoria University of Wellington

University of Canterbury

Lincoln University

University of Otago

Universities NZ

## SECTION 3

# Withdrawals

This section provides additional information about making withdrawals from UniSaver.

This section sets out when and how you can cash in some or all of your investment in UniSaver, including circumstances when you can make an early withdrawal from UniSaver.

The government may, in future, amend legislation relating to workplace savings schemes or superannuation schemes, which may change the amounts and the circumstances in which you are permitted to withdraw from UniSaver.

## Withdrawals

With the exception of a first-home withdrawal, your return from UniSaver is a benefit paid when you leave UniSaver. The benefit payable varies depending on your reason for leaving UniSaver.

If you are a locked member, your locked account balances must be paid in accordance with the complying superannuation fund rules.

## Standard member benefits

### Retirement

Your benefit on retirement is a lump sum equal to the balances of your member standard account and employer standard account (your standard account balances) less any amounts in a locked account that you are not yet eligible to withdraw.

Your retirement benefit is payable if you retire:

- on or after age 60 or
- with your employer's consent, if you leave service on or after age 50 and prior to age 60 or
- at any age as a result of ill health.

### Death (while in service)

If you die in service while you are a member or while you are entitled to a retained benefit from UniSaver, your personal representatives will receive a lump sum equal to the balance of your standard accounts (including any amounts in your locked accounts).

### Leaving service

If you leave service for any reason other than retirement, ill health or death, you are entitled to receive the balance of your standard accounts (excluding any amounts in your locked accounts) to the date you leave service.

In some circumstances, you may be able to transfer the balance of your standard accounts to another retirement scheme instead of receiving the benefit on leaving service (see 'Transfers' below).

### First-home withdrawal

You may, subject to our consent, make a withdrawal from UniSaver to purchase a first home in New Zealand if:

- you have not made a withdrawal for the purchase of a first home before (whether or not from UniSaver, a KiwiSaver scheme or other complying superannuation fund); and
- at least three years have passed since we received your first contribution (or contribution made on your behalf) or you have been a member of one or more KiwiSaver schemes or complying superannuation fund schemes for at least three years; and
- you have not owned property or a dwelling house on Māori land before (with a few exceptions).

You may make a withdrawal to purchase a subsequent home as a previous homeowner if Housing New Zealand (or the trustee if you are a member of the standard section only) is satisfied that your financial position in terms of income, assets and liabilities is what would be expected of a person who has never owned a home. For more information, visit [www.hnzc.co.nz](http://www.hnzc.co.nz).

The amount that may be withdrawn must not exceed the balance of:

- your member standard account and employer standard account (excluding locked balances) and
- your member locked account and employer locked account less any amounts prescribed by the KiwiSaver Act from time to time in respect of the first-home withdrawal benefit available under that Act.

A withdrawal fee of \$205.88\* will be charged if your application is successful. This fee will be adjusted by the annual increase (if any, measured at the end of September in the prior year) in national full-time adult average weekly ordinary-time earnings (or any replacement statistic).

We may change the terms of this benefit in the future if we believe it is necessary to ensure the benefit is consistent with the first-home withdrawal benefit available under the KiwiSaver Act and that UniSaver continues to meet the complying superannuation fund rules.

\* Each year with effect from 1 January, Mercer adjusts these fees by the annual increase (if any, measured at the end of September in the prior year) in national full-time adult average weekly ordinary-time earnings (or any replacement statistic).

## Locked member benefits

### Retirement

If you are a locked member, your locked account balances are not normally payable of the date you would ordinarily qualify for New Zealand Superannuation (currently age 65).

If you joined the locked section or another complying superannuation fund (if you became a member of the locked section as a result of a transfer from a complying superannuation fund) before 1 July 2019 (a **grandparented member**), your locked account balances are not normally payable until the later of the date:

- you would ordinarily qualify for New Zealand Superannuation (currently age 65) or
- on which you will have been a member of a complying superannuation fund and/or a KiwiSaver scheme for five years.

A grandparented member can opt out of being a grandparented member by giving us notice. The earliest an opt-out can take effect is 1 April 2020. Otherwise, it will take effect when we receive your notice. Opting out of being a grandparented member will affect your eligibility for government contributions, as the main requirement to qualify for government contributions is that you are aged less than the age of eligibility for withdrawal from the locked section. Contact the administration manager for further information if you wish to opt out.

### Death

Your locked account balances will be paid to your personal representatives if you die.

### Serious illness

An earlier withdrawal from your locked accounts may be available if we are reasonably satisfied that you are suffering from a serious illness.

### Permanent emigration

If you emigrate permanently from New Zealand, not less than 12 months after you emigrate, you may apply to us to withdraw the balances in your locked accounts (excluding any government contributions, which revert to Inland Revenue, but including any investment earnings on them).

A KiwiSaver scheme member who emigrates permanently to Australia:

- is not permitted to make a cash withdrawal on the permanent emigration basis
- is permitted to transfer their full KiwiSaver savings (including government contributions) to an Australian complying superannuation fund.

Although the withdrawal rules for locked accounts are largely the same as for KiwiSaver, the ability to transfer government contributions on emigration to Australia only applies to KiwiSaver. This means that, if you intend to emigrate to Australia and wish to transfer your locked account balances to an Australian complying superannuation fund, you must first transfer them from UniSaver to a KiwiSaver scheme before emigrating. You will need to think this through carefully. Remember, you cannot join KiwiSaver if you are not living or do not normally live in New Zealand.

You will be required to provide evidence of your permanent emigration.

Contact the administration manager for further details of the information required. If you are considering this option, you should obtain professional advice.

### First-home withdrawal

You may be able to make an early withdrawal for your first home. See above under 'Standard member benefits: First-home withdrawal' for further information.

## Transfers

### Between participating employers

If you transfer from one employer that participates in UniSaver to another, you will continue to be a member of UniSaver.

### On employment by an overseas university or research facility

You can request a transfer of the balance of your standard accounts less any amount in a locked account to a superannuation scheme to which the overseas university or research facility contributes instead of being paid your leaving service benefit, if the trustee of that scheme consents.

### To another registered superannuation scheme or KiwiSaver scheme

If you cease to be a member of UniSaver, at your written request and with our consent and that of the trustee of the scheme you wish to transfer to, we will pay your benefit to that other scheme. Any balance in your locked accounts can only be transferred to another complying superannuation fund or KiwiSaver scheme.

You can apply to have your locked account balances transferred to another KiwiSaver scheme or complying superannuation fund.

If you do not request a transfer and cease to be eligible for membership in UniSaver, your locked account balances will be transferred to one of the default KiwiSaver schemes.

## Wind-up of UniSaver

If UniSaver is wound up in full or if that part of UniSaver that relates to you is wound up, your share of UniSaver's assets may, with your consent, be transferred to another superannuation scheme subject to any amounts in your locked accounts being subject to the complying fund rules.

## Retained membership

If you retire, leave service, are made redundant or become entitled to your locked account balances, with our consent and the consent of your employer, you may elect to leave all or part of your benefit in UniSaver and become a retained member. Any amount not withdrawn from your employer standard account will be transferred to your member standard account.

Unless we agree otherwise, you must return your completed *Leaving service* form indicating your intention to become a retained member within five days of leaving service.

The following rules apply to all retained members:

- The restrictions on withdrawals from your locked accounts set out above will continue to apply.
- The minimum balance you may leave in UniSaver (which we may change from time to time) is currently:
  - nil for any locked member who has not reached the age of eligibility for a retirement withdrawal from [Please confirm.] the locked section and any locked member who is permanently emigrating and wants to withdraw their locked account balances
  - \$5,000 for all other retained members.
- No payments will be allocated to your account from the reserve fund.
- You are not required to contribute to UniSaver, and no employer contributions will be made.
- If you die while you are a retained member, the balance in your member standard account will be paid to your personal representatives.
- You may request payment of the balance in your member standard account (excluding any balance in your locked accounts you are not entitled to at that time) by giving us 28 days' written notice. Any balances in your locked accounts must be transferred to another complying superannuation fund or KiwiSaver scheme nominated by you.
- As at the date of this document, you may make one withdrawal in any quarterly period (calculated from 1 January each year). This may change in future. Alternatively, you may set up a regular monthly withdrawal facility from your retained benefits. A one-off establishment fee of \$83.45 will apply.\*
- After you have made a partial withdrawal, the minimum balance in your member standard account must be:
  - nil for any locked member who has not reached the age of eligibility for a retirement withdrawal from [Please confirm.] the locked section and any locked member who is permanently emigrating and wants to withdraw their locked account balances
  - \$5,000 for all other retained members.

If your member standard account balance falls below this minimum after you make a withdrawal, your total credit must be withdrawn, and you will cease to be a retained member. Any locked account balances you are not entitled to withdraw must be transferred to another complying superannuation fund or KiwiSaver scheme nominated by you.

- We may resolve that you are no longer eligible to be a retained member, in which case, we can terminate your retained membership by giving you 21 days' written notice. Your benefit (excluding any locked account balances you are not entitled to at that time) will be paid as soon as practicable after the notice period has expired. Any locked account balance must be transferred to another complying superannuation fund or KiwiSaver scheme.
- The following fees in relation to your retained membership may be deducted from your benefit or your member standard account:
  - Any expenses incurred in relation to you or your benefit.
  - A fair and reasonable proportion of the general expenses of UniSaver.
  - A monthly administration fee of \$4.36.
  - A withdrawal fee of \$39.66 (as at the date of this document) in respect of the second and any subsequent withdrawal you make in any calendar year.
  - Fees relating to the regular withdrawal facility (\$83.45 establishment fee set out above).\*

To confirm any current arrangements (including fees and minimum contributions for retained members) and for further details, contact the administration manager on **0800 864 724** or **(04) 819 2600**.

\* Each year with effect from 1 January, Mercer adjusts these fees by the annual increase (if any, measured at the end of September in the prior year) in national full-time adult average weekly ordinary-time earnings (or any replacement statistic).

## SECTION 4

# Risks

This section provides additional information about the risks associated with investing and how risks affect your investment in UniSaver that are not set out in the product disclosure statement (PDS).

All investments involve some degree of risk that can affect members' ability to recover the full amount of their investment or impact on the level of return.

Because of the risks associated with an investment in UniSaver, it is reasonably foreseeable that you may receive a lower return than expected. It is possible you may lose some or all of the value of your investment. No person guarantees the payment of any money payable from UniSaver, including the repayment of any investment in UniSaver or the payment of any return on it.

### Investment risk

Returns and risks can vary depending on the type of asset invested in. As set out in the PDS, one of the principal risks associated with any investment in UniSaver is investment risk.

Investment risk is the risk that the returns from UniSaver's investments will be negative or lower than expected, affecting the value of your investment in UniSaver.

Investments are often divided into four major investment classes – cash, fixed-interest, shares and alternative asset investments – which have differing levels of risk. There is generally a risk/return trade-off. What this means is that Growth and Balanced, which invest more heavily in higher-risk investments such as shares, are expected to provide a higher longer-term return to compensate for the additional risk of a negative return in the shorter term. On the other hand, Conservative and Cash, which invest more heavily in lower-risk investments such as cash, are expected to generate a lower return on average over time.

Investments are generally affected by movements in market demand and supply, economic conditions, market sentiment, political events, natural disasters and consumer demand. In addition, where investments are made outside New Zealand, currency movements can affect performance.

Each investment class has specific investment risks that relate to that particular class, as explained below.

#### Cash

Cash is ideal for short-term requirements, but inflation erodes its value. In addition, where cash assets are placed on bank deposit or in short-term securities, there is a small risk of the bank or other counterparty defaulting, meaning that some or all of the investment may be lost.

#### Fixed-interest

The value of fixed-interest investments is affected by changes in interest rates, and there is a risk that the issuer will not make the required interest payments, fails to repay the investment on maturity or both. This risk is higher for high-yield investments.

#### Shares

Shares offer the possibility of greater returns and tend to be more accessible and liquid than many other securities. However, the risk factor with equity investments is relatively high, as the value can be volatile (go up and down) and is very much dependent on the performance of the company that issued them and market sentiment as well as equity market conditions generally. There are also extra costs due to brokerage services. Within shares, there are different sub-classes, such as listed property or listed infrastructure.

#### Alternative asset investments

Alternative asset investments are those that fall outside of the traditional asset classes of shares, fixed-interest investments and cash. Examples include hedge funds and commodities. These investments generally do not follow typical market cycles and, as such, can provide alternative sources of growth when markets are underperforming. However, due to the non-traditional nature of these investments, exposure can generally only be obtained indirectly by investment into other managed funds. A lack of liquidity is therefore a risk for alternative asset investments, and there can also be underlying valuation issues given the non-traditional nature of the assets involved. As at the date of this document, UniSaver does not provide exposure to alternative assets.

### Counterparty risk and risks relating to the performance of the parties involved in UniSaver

Counterparty risk is the risk that a party to a contract with UniSaver defaults, fails to complete a transaction or otherwise becomes unable to meet its financial obligations. If this occurs, the full value of your investment may not be recovered.

In addition, various parties are involved in the operation of UniSaver, including the trustee, administration manager, investment consultant and investment manager. Decisions made by investment or fund managers, in particular, are based on a range of variables that are, by their nature, prospective (and therefore there is a risk that such decisions will not always result in positive returns to members). If any of these parties fail to properly perform their obligations to UniSaver, the value of your investment in UniSaver may be affected.

## **Tax and regulatory risk**

There is a risk that changes in tax and other legislation (including tax rates), often due to a change in government policy, may impact on a member's investment in UniSaver. An example of this is the FMCA, which fundamentally changed the laws that regulate the structure and offering of superannuation schemes and other collective investment vehicles in New Zealand. Transitioning to the regime has resulted in increased compliance costs, which, in turn, affect returns to members.

Any future changes in the complying fund rules may also affect locked members.

Generally, fees in respect of the management of the investment funds in which the scheme invests are currently subject to GST at 1.5% on the basis that 10% of the fee is subject to GST at the standard rate of 15%. This includes fees paid to overseas investment managers where the scheme (as opposed to the overseas investment fund) receives the service and the scheme therefore needs to calculate and pay GST to New Zealand Inland Revenue on a reverse charge basis or where the overseas investment manager is required to register for and charge New Zealand GST. Inland Revenue is presently reviewing the proportion of GST payable on investment management fees, and the proportion may change in future.

## **Other risks**

An investment in UniSaver is subject to other risks, which may impact your returns, including the following.

### **Scheme liquidity risk**

The risk associated with an inability on the part of UniSaver to meet monetary obligations in a timely manner, which arises where there is a mismatch between the maturity profile of investments and the amounts required to pay benefits (although UniSaver's investments are managed with a view to ensuring UniSaver's cashflow requirements are met).

### **Operational risk**

The risk of technological or other failures impacting on the operation of UniSaver or financial markets in general.

### **Insolvency risk**

The risk of UniSaver becoming insolvent and being placed into receivership, liquidation or statutory management or being otherwise unable to meet its financial obligations during the term of your investment in it.

### **Forfeiture risk**

The risk of a benefit being forfeited by a member who becomes bankrupt or unable to manage his or her affairs.

### **Other**

The risk of UniSaver being wound up or changes to the way UniSaver operates being made while you invest in it.



## SECTION 5

# Fees

This section provides additional information about the fees and other charges relating to UniSaver.

The information in this section explains the fees and charges involved if you are a member of UniSaver.

### What are the fees?

The information in this sub-section forms part of the PDS for UniSaver dated 28 June 2019.

### Individual action fees

GST is not charged on any of these fees.

DESCRIPTION OF FEE	MINIMUM/MAXIMUM (FOR EACH ACTION)	HOW AND WHEN THE FEE IS PAYABLE
<b>ALL MEMBERS</b>		
First-home withdrawal fee	\$205.88*	Deducted from the member standard account at the date of the withdrawal by redeeming units
Switching fee for the second and each subsequent switch of investment option in any calendar year	\$50	Deducted from the member standard account at the date of the switch by redeeming units
<b>RETAINED MEMBERS ONLY</b>		
Second and subsequent withdrawal fee	\$39.66	Deducted from the member standard account at the date of the withdrawal by redeeming units
Establishment fee for setting up regular withdrawal facility	\$83.45*	Deducted from the member standard account at the date the facility is established by redeeming units
Termination fee	\$39.66	Deducted from the member standard account at the date of termination by redeeming units

\* These fees are increased each year. See 'Administration manager fees' below for details.

### Additional information about fees

#### Annual fund charges

The total annual fund charges for the investment options are described in the UniSaver PDS. The total annual fund charge is made up of:

- various management and administration fees
- costs and expenses.

These are described further below.

#### Licensed independent trustee fee and chair fee

As the trustee of UniSaver, other than the licensed independent trustee and the chair of the board of directors, we are not currently remunerated out of UniSaver or by the participating employers for our services as trustee. However, with the agreement of the participating employers, we or the other directors individually could be remunerated in future. The rate of any such remuneration could be altered with the agreement of the participating employers.

The licensed independent trustee and the chair of the board are entitled to be paid an annual fee for his or her services. These fees are approved by the other four directors and are met from UniSaver. The rate or basis of calculating this fee may change from time to time.

Our directors may also be indemnified and reimbursed out of UniSaver for any costs and expenses they incur in the administration of UniSaver, for example, travel expenses incurred in attending board meetings or attending to UniSaver's business.



## Administration manager fee

The administration manager, Mercer, charges monthly fees for providing administration services to UniSaver including processing of contributions, reporting, calculation of unit prices and member services.

As at the date of this document, each year with effect from 1 January, Mercer adjusts these fees (and the first-home withdrawal fee and retained member establishment fee for setting up a regular withdrawal facility) by the annual increase (if any, measured at the end of September in the prior year) in national full-time adult average weekly ordinary-time earnings (or any replacement statistic).

An annual administration charge of \$52.32 per retained member is deducted monthly (\$4.36 per month) from each retained member's member standard account.

In addition, the individual action fees listed in the table above are charged for each relevant transaction.

GST is not charged on these administration fees.

The amount of the fees could be changed by agreement between us and Mercer.

Mercer is also entitled to be reimbursed out of UniSaver for expenses incurred in connection with its services to UniSaver and to us and the directors. Expenses incurred by Mercer could include, but are not limited to, meeting expenses, travel costs and training and conference expenses paid on our behalf. Mercer may also charge for additional attendances outside those covered by its standard fees as set out above.

## Investment management fees

Russell Investments charges fees for acting as UniSaver's investment consultant and investment manager.

Russell Investments is also entitled to be reimbursed by UniSaver for expenses incurred in acting as UniSaver's investment consultant and investment manager.

The amount of the fees payable and the ability to recover expenses can be varied by written agreement between us and Russell Investments.

In addition to investments in funds made available by Russell Investments, UniSaver also obtains exposure to underlying investments through ANZ New Zealand Investments Limited and Implemented Investment Solutions. Fees are also charged by these managers in respect of the underlying funds in which the investments are made.

## Secretarial fee

Aon charges an annual fee for providing secretarial services to us. Aon is also entitled to be reimbursed out of UniSaver for expenses incurred in connection with its services to us and to UniSaver. Aon's fees increase annually in line with the percentage increase in the consumers price index and are reviewable generally on or after 1 July each year.

## Communications consultant

Metzger Communications Limited (**Metzger Communications**) charges professional fees for its role as communications consultant. Metzger Communications may also pass on any expenses it incurs in providing its services. The fees charged may be varied by agreement between us and Metzger Communications.

## Costs and expenses

Other costs and expenses may be payable in respect of services provided to us from time to time such as professional advice in relation to insurance, tax, accounting, actuarial and legal matters, and member communications are paid out of UniSaver. The level of these fees may change from time to time, and because these fees depend on the services requested, they are unknown as at the date of this document. However, the total fees incurred by UniSaver each year are shown in UniSaver's financial statements for that year.

All of the above fees and reimbursements are limited to the assets for the time being of UniSaver. Otherwise, there is no limit to the other fees that may be incurred with our agreement.

## Basis of estimates for the annual fund charges in the PDS

The estimates of the annual fund charges for each investment option are calculated as the sum of the applicable investment management fees and the remaining fees, costs and expenses of UniSaver. The investment management fees are a weighted average of the individual sector investment fees as advised by UniSaver's investment consultant from time to time. The investment management fees are weighted by the benchmark asset allocation of the relevant investment option. The remaining fees, costs and expenses are calculated from the latest audited annual financial statements of UniSaver and are expressed as a percentage of the total net assets of UniSaver. The annual fund charges are gross as they do not make any allowance for potential tax relief that may be available.

## SECTION 6

# Tax

This section provides additional information about how tax will impact on your investment in UniSaver and forms part of the product disclosure statement (PDS) for UniSaver dated 28 June 2019.

It is based on our understanding of New Zealand tax legislation as it applies to UniSaver. Tax legislation, its interpretation and the rates and bases of taxation are subject to change. The application of tax laws depends on a member's individual circumstances. Members are advised to seek their own tax advice from a qualified tax adviser.

## What taxes will you pay?

### Employer contributions

Employer contributions are subject to employer superannuation contribution tax (ESCT) at the following rates:

MEMBER'S INCOME* IN THE PREVIOUS INCOME YEAR	MEMBER'S ESCT RATE
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%

\* 'Income' is a member's gross salary and wages plus employer superannuation contributions, before the deduction of ESCT, in the previous year (or an estimated amount if the member has worked for less than a year).

ESCT is deducted from employer contributions before they are paid to UniSaver. Member contributions are calculated on a member's before-tax salary but deducted from the member's after-tax salary.

### Member contributions

A member's own contributions to UniSaver are not tax deductible. However, withdrawals are tax-free.

### Tax on UniSaver's investments

UniSaver is not a portfolio investment entity (PIE). This means that UniSaver pays tax on its net investment income at a flat rate of 28%. UniSaver invests in PIE funds in New Zealand and other foreign funds. Gains or losses made by these PIEs from their investment in New Zealand-resident companies and most Australian-resident listed companies are not taxable or deductible. However, distributions received from these companies are taxable.

Other foreign funds held by UniSaver directly or by PIEs that UniSaver invests in are generally taxed under the fair dividend rate (FDR) method of 5% per annum on the average monthly or daily market value as appropriate. Distributions received from investments taxed under this method are not taxable, although foreign tax credits may be available to offset the tax payable on the FDR income. Foreign currency hedges of shares subject to FDR may also be taxed using a version of FDR where the hedges are held by the PIE (rather than under the financial arrangement rules).

Foreign funds with specific debt-like characteristics in which UniSaver invests (in particular, if they are 80% or more hedged to NZD) are generally taxed under the comparative value method (that is, on the basis of the annual change in market value plus distributions and any disposal gains).

Debt securities held by UniSaver directly and by PIEs in which it invests are taxed under the financial arrangement rules, which reflects the income recognised for financial reporting. Hedging undertaken by UniSaver over its foreign funds may also be taxed under the financial arrangement rules.

### PIE tax advantages for UniSaver

Investing in a PIE can provide tax advantages for UniSaver relative to direct investment. That is, capital gains made by those PIEs on most investments in New Zealand shares and most Australian-listed shares are not taxable irrespective of the level of trading undertaken.

### Changes to tax laws

The tax position set out in this document may change if tax laws change, and the taxation of returns could change if UniSaver elects to become a PIE in future.

## SECTION 7

# Glossary

**Aon** means Aon New Zealand, which provides secretarial services to UniSaver.

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**Complying superannuation fund** means a superannuation scheme that is not a KiwiSaver scheme but has rules enabling or requiring a KiwiSaver equivalent lock-in of balances. It must be approved by the Financial Markets Authority.

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**Employer locked account** means, in respect of a locked member, a sub-account for any contributions your employer makes on your behalf to the locked section (including any compulsory employer contributions made pursuant to the KiwiSaver Act).

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**Employer standard account** means an account for any contributions your employer makes on your behalf to the standard section of UniSaver.

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**FMA** means the Financial Markets Authority.

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**FMCA** means the Financial Markets Act 2013.

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**Ill health** means a physical or mental impairment suffered by you that we determine to be of such an extent that, having regard to your previous employment and other characteristics, your earning capacity is likely to be substantially reduced.

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**KiwiSaver Act** means the KiwiSaver Act 2006.

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**Licensed independent trustee** means a trustee or a director of a sole corporate trustee whose licence covers UniSaver and who is independent (as defined in the FMCA).

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**Locked account** means your member locked account and your employer locked account.

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**Locked member** means a member who participates in the locked section of UniSaver under invitation by his or her employer and with the consent of the trustee and who has not ceased to be a locked member.

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**Member locked account** means, in respect of a locked member, a sub-account for your contributions to the locked section (and any government contributions).

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**Member standard account** means an account for your contributions to the standard section of UniSaver.

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**Mercer or administration manager** means Mercer (N.Z.) Limited, UniSaver's administration manager.

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**PDS** means the product disclosure statement for UniSaver.

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**Russell Investments** means Russell Investment Group Limited, UniSaver's investment manager and consultant.

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**Serious illness** means serious illness as defined in the KiwiSaver Act, which, as at the date of this document, 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
  - poses a serious and imminent risk of death.
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**SIPO** means the statement of investment policy and objectives for UniSaver.

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**Standard account** means your member standard account and your employer standard account.

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**Trust deed** means the trust deed for UniSaver dated 28 June 2019.

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**Trustee, we, our** and **us** means UniSaver Limited.

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**UniSaver** means UniSaver New Zealand.

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