



NATIONAL  
PROVIDENT

# DBP ANNUITANTS SCHEME

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## INVESTMENT STATEMENT

**PREPARED AS AT 30 NOVEMBER 2011**  
**FOR THE PURPOSES OF THE SECURITIES ACT 1978**

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## IMPORTANT INFORMATION

(The information in this section is required under the Securities Act 1978.)

Investment decisions are very important. They often have long-term consequences. Read all documents carefully. Ask questions. Seek advice before committing yourself.

### Choosing an investment

When deciding whether to invest, consider carefully the answers to the following questions that can be found on the pages noted below:

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## The Financial Markets Authority regulates conduct in financial markets

The Financial Markets Authority regulates conduct in New Zealand's financial markets. The Financial Markets Authority's main objective is to promote and facilitate the development of fair, efficient, and transparent financial markets.

For more information about investing, go to <http://www.fma.govt.nz>

## Financial advisers can help you make investment decisions

Using a financial adviser cannot prevent you from losing money, but it should be able to help you make better investment decisions.

Financial advisers are regulated by the Financial Markets Authority to varying levels, depending on the type of adviser and the nature of the services they provide. Some financial advisers are only allowed to provide advice on a limited range of products.

When seeking or receiving financial advice, you should check—

- the type of adviser you are dealing with:
- the services the adviser can provide you with:
- the products the adviser can advise you on.

A financial adviser who provides you with personalised financial adviser services may be required to give you a disclosure statement covering these and other matters. You should ask your adviser about how he or she is paid and any conflicts of interest he or she may have.

Financial advisers must have a complaints process in place and they, or the financial services provider they work for, must belong to a dispute resolution scheme if they provide services to retail clients. So if there is a dispute over an investment, you can ask someone independent to resolve it.

Most financial advisers, or the financial services provider they work for, must also be registered on the financial service providers register. You can search for information about registered financial service providers at <http://www.fspr.govt.nz>

You can also complain to the Financial Markets Authority if you have concerns about the behaviour of a financial adviser.

*... the trustee of the Scheme is the Board of Trustees of the National Provident Fund*

## 1. What sort of investment is this?

This Investment Statement relates to membership of the DBP Annuity Scheme (“the Scheme” or “the Annuity Scheme”), which is registered as a superannuation scheme under the Superannuation Schemes Act 1989.

The only persons who may become members of the Scheme are those who are entitled to be paid a retirement benefit under the DBP Contributors Scheme (“the Contributors Scheme”).

When a contributor, or other beneficiary of the Contributors Scheme, has elected to be paid a pension, or other retirement benefit, then, immediately before the first benefit payment, -

- (a) the contributor or other beneficiary automatically becomes a member of the Annuity Scheme; and
- (b) an amount appropriate to meet the benefit payments is transferred from the Contributors Scheme to the Annuity Scheme.

## 2. Who is involved in providing it for me?

The trustee of the DBP Annuity Scheme is the Board of Trustees of the National Provident Fund (“the Board”).

The address of the Board (and its principal place of business in New Zealand) is:

Level 12  
The Todd Building  
95 Customhouse Quay  
Wellington 6011  
Telephone: (04) 499 6999

The address of the Board may change from time to time without notice to members. The Board’s address is available online under the “Contact Us” tab at [www.npf.co.nz](http://www.npf.co.nz).

The Board has appointed Datacom Employer Services Limited (“Datacom”) to administer the Scheme. Employees of Annuity Management Limited (“Annuity”) act as the Board’s executive office. The Board owns 50% of the shares in Annuity.

Datacom’s address, at which it can be contacted in relation to the Scheme (and its principal place of business in New Zealand for the administration of the Scheme), is:

Level 6  
South Tower  
Datacom House  
68 Jervois Quay  
Wellington 6011

**or at** P O Box 1036  
Wellington 6140  
Telephone: 0800 628 776

The address of Datacom may change from time to time without notice to members. Datacom’s address is available online under the “Contact Us” tab at [www.npf.co.nz](http://www.npf.co.nz).

Annuity’s address (and its principal place of business in New Zealand) is:

Level 12  
The Todd Building  
95 Customhouse Quay  
Wellington 6011  
Telephone: (04) 499 6999

## History of the Scheme

Prior to 1991, there were a number of National Provident defined benefit schemes, which operated through an omnibus fund called the National Provident Fund.

The National Provident Fund was restructured under the National Provident Fund Restructuring Act 1990 (“the Restructuring Act”) on 1 April 1991. Under section 41 of the Restructuring Act, some of the National Provident defined benefit schemes were amalgamated then divided into two schemes: the Annuitants Scheme and the Contributors Scheme. Those persons who were still contributing to the defined benefit schemes became contributors to the Contributors Scheme. Those persons who were already receiving benefits from the defined benefit schemes became members of the Annuitants Scheme.

At the time of restructuring, the terms of the Annuitants Scheme and Contributors Scheme, then in force, were set out in separate trust deeds, as required by sections 42 and 45 of the Restructuring Act.

### 3. How much do I pay?

You do not pay anything into the Annuitants Scheme. As mentioned above, at the time you become a member of the Annuitants Scheme, an amount appropriate to meet your benefit payments is transferred from the Contributors Scheme to the Annuitants Scheme.

### 4. What are the charges?

No charges are payable by you in respect of the Scheme.

Some fees and expenses are paid from the Scheme or the National Provident Global Asset Trust. (The operations of the Global Asset Trust are described below.) For your information, these fees and expenses are outlined in the following paragraphs. However, they do not impact on the benefits you will receive from the Scheme.

Fees and expenses relating to the operation of the Scheme are paid from the Scheme to Datacom (the Scheme administrator), the actuary and the auditor of the Scheme, and the Board’s accountants, solicitors, and other advisers.

The total fees payable to the Scheme administrator for the administration of all National Provident superannuation schemes are set by an agreement between the Board and the Scheme administrator. Of these total fees, those charged to the Scheme are determined by membership category, membership numbers and the number of administrative transactions undertaken by the Scheme administrator.

The Board pays fees to Annuitas for acting as its executive office. These fees are based on Annuitas’ costs and the proportion of the total services it performs which are provided to the Board.

The Scheme invests only in the National Provident Global Asset Trust (of which the Board is also the trustee). The Global Asset Trust holds assets on behalf of the National Provident superannuation schemes. The assets are managed by investment managers and are held on behalf of the Global Asset Trust by custodians. Fees and expenses are paid by the Global Asset Trust to the investment managers and custodians and to various consultants.

The remuneration of Board members, and the expenses incurred in carrying on the Board’s affairs, are paid from the Scheme, other National Provident superannuation schemes, and the Global Asset Trust.

... *there are no charges payable by you in respect of the Scheme*

## 5. What returns will I get?

Your returns from the Scheme are in the form of one of the following benefits -

- Retirement benefit;
- Death benefit; or
- Permanent incapacity benefit

which are outlined in the following paragraphs.

The benefits available to you are determined under the Contributors Scheme, and vary depending on which section of the Contributors Scheme you belong to. However, under all sections except section A, you are guaranteed to receive a minimum amount, being the amount of your contributions to the Contributors Scheme plus any credits you have transferred to the Contributors Scheme from other schemes.

For a more detailed explanation of the benefits available to you, and an estimate of the actual amounts involved, you should read the options letter enclosed with this Investment Statement. (If an options letter is not enclosed, you can request one from the Scheme administrator.)

### Retirement benefit

The usual retirement benefit under the Contributors Scheme is a pension. The age at which you become eligible for a pension varies from section to section of the Contributors Scheme, but all sections provide for early retirement under certain circumstances. Once entitled to a pension, you have various options as to how the pension is to be paid.

### Variable pension

You may elect to increase the amount of your pension for an initial period, and then receive a reduced pension from a later date.

### Lump sum

You may elect to take up to 25% of your pension entitlement as a lump sum. The method of calculating the amount of that lump sum, and the reduction in your subsequent pension payments, varies from section to section of the Contributors Scheme.

### Increased pension for spouse or dependants

You may elect to surrender a portion of your pension in order to provide –

- a pension for your spouse after your death; or
- where your spouse automatically receives a pension upon your death (see Death Benefit below), an increased pension for your spouse after your death.

Those who belong to section A of the Contributors Scheme can make such an election on becoming entitled to a pension. All others can make this election only if they marry or remarry after retirement.

A dependant, who is not your spouse or your child, is not automatically entitled to any benefit upon your death (see Death Benefit, below). However, on (and in some cases before) your retirement you may elect to surrender a portion of your pension to provide for a dependant after your death. Such a dependant must be approved by the Board.

*... read the options letter enclosed*

*... a dependant, who is not your spouse or child, is not automatically entitled to any benefit*

## Death benefit

### Spouse benefit

If you die, whether before or after you retire, your spouse is automatically entitled to a pension (except where you belong to section D (the Nursing Services Section) of the Contributors Scheme – see below).

The method of calculating the amount of the pension varies from section to section, but generally the amount is a proportion of the pension you would have been entitled to.

In some circumstances, your spouse may elect to take part of the benefit as a lump-sum payment.

If you die without leaving a spouse, or if you belong to section D of the Contributors Scheme, your death benefit will be paid to your estate or to your legal representative. The benefit will be an amount representing the contributions you have made to the Contributors Scheme, less any benefits already paid or due to be paid in the future.

### Children's allowance

If you are, or have been, a contributor to the Contributors Scheme, and you die, whether before or after you retire, any of your children, who are under 16 at the time of your death, are entitled to an allowance (unless they are already receiving such an allowance).

## Permanent incapacity benefit

If the Board considers you are permanently incapacitated (or, if you belong to section A, considers you medically unfit), you are entitled to retire early and receive a pension.

## Key factors affecting your benefit

Your benefit is determined under the Contributors Scheme and, while not quantifiable at the date of this Investment Statement, will be quantifiable at the time you become a member of the Annuitants Scheme. Generally, the key factors which influence the amount of your benefit are -

- the average amount of your salary, (adjusted for the movements in the Consumer Price Index), during the last 5 years of the period during which you were employed and contributed to the Contributors Scheme (your “contributory service”);
- the total length of your contributory service;
- the circumstances under which you became entitled to your benefit, including any elections made by you;
- your age at the date of your retirement;
- taxes; and
- in the case of a pension, the mortality assumptions used to determine the amount of the pension.

The amount of your benefit is not affected by the investment earnings of the Annuitants Scheme.

## Taxes

Under current law, benefits are not taxed in the hands of the recipient.

## Payment of benefits

The Board, in its capacity as trustee of the Scheme, is the body legally liable to pay benefits under the Scheme.

Pensions are paid according to the relevant terms of the Contributors Scheme, usually at 4- weekly intervals, or as the Board may direct.

*... benefits payable are  
Crown guaranteed*

A lump-sum payment is made as soon as practicable after the recipient becomes entitled to it.

Pensions arising under each section of the Contributors Scheme will be increased each year in line with the Consumer's Price Index (the "CPI"), according to the Annuitants Scheme trust deed and the Contributors Scheme trust deed applying to that section. Further details are set out in the enclosed options letter. However, for those members who previously belonged to section A of the Contributors Scheme, there will be no increase in the pensions paid by the Scheme when the movement in the CPI has not been at least 0.5% since the last pension increase.

### Crown guarantee

Benefits payable under the Scheme are guaranteed by the Crown by virtue of section 60 of the National Provident Fund Restructuring Act 1990. This guarantee is not subject to any conditions, and is not secured by a mortgage or other charge.

## 6. What are my risks?

As mentioned above, the benefits payable under the Scheme are guaranteed by the Crown.

However, in the unlikely event that the Scheme is wound up, (see below),

- you may not receive your benefits in full;
- you may receive less than the amount of your contributions to the Contributors Scheme.

Members are not obliged or permitted to contribute any money to the Annuitants Scheme.

### Professional investment management

The way in which the assets of the Global Asset Trust are managed does not affect the benefits you will receive under the Scheme. The following paragraphs on investment are provided for your information only.

The Board is responsible for establishing the investment policy of the Global Asset Trust. The Board's objective is to optimise returns at an acceptable level of risk.

The Board has appointed professional investment managers to manage the assets of the Global Asset Trust. Investment mandates are set and each investment manager's performance is monitored against its mandate on a regular basis.

### What if the Scheme is wound up?

The Annuitants Scheme may be wound up only at the direction of the Minister of Finance after consultation with the Board, and only in conjunction with the winding up of the Contributors Scheme. Immediately before the Annuitants Scheme is wound up, the interests of all members of the Contributors Scheme must be transferred to the Annuitants Scheme.

Members will not be liable to pay money to any person as a result of the Annuitants Scheme being insolvent or wound up.

On a winding up, the net assets of the Scheme and the Contributors Scheme, less the reasonable costs of the winding up, will be allocated, upon realisation, on a pro-rata basis among members and beneficiaries of both schemes.

Each person's share of the assets will be paid as a lump sum unless that person is over 50 years old at the time of winding up.

If, on winding up, a person is over 50, that person's share of the assets arising from employer contributions will be used to purchase a pension from either another National Provident scheme, or a life insurance company. A person over 50 may elect to receive a lump sum on winding up only where that person's pension would not exceed \$520 per year.

The payment of any creditors and the reasonable costs of the winding up will rank ahead of the claims of members and beneficiaries. The claims of all members and beneficiaries will rank equally among themselves in the winding up.

## 7. Can the investment be altered?

The trust deed of the Scheme contains a clause allowing amendment of the deed by the Board. However, the Superannuation Schemes Act 1989 and the trust deed protect each member's rights and interests by requiring his or her consent to any amendment which, among other things, would have the effect of adversely affecting his or her benefits.

An Act of Parliament may authorise amendment of the Scheme Trust Deed without the need to obtain members' consents.

## 8. How do I cash in my investment?

You have no right to withdraw from or transfer out of the Scheme.

### No right to sell or mortgage

There is no right to sell, assign, charge, borrow against, transfer, or obtain payment of a member's interest in the Scheme.

## 9. Who do I contact with inquiries about my investment?

... *Scheme administrator* >  
*contact details*

Your Scheme's administrator is Datacom, whose staff will be pleased to assist you with any enquiries you may have regarding the terms of the Scheme. They can be contacted at the following address:

Level 6  
South Tower  
Datacom House  
68 Jervois Quay  
Wellington 6011

**or at** P O Box 1036  
Wellington 6140

or by calling tollfree between 8.30am and 5.00pm on business days on: 0800 628-776.

... complaints to the  
Scheme administrator

or

the Board

## 10. Is there anyone to whom I can complain if I have problems with the investment?

Any complaints about the Scheme should, in the first instance, be made to Datacom at the following address:

Level 6  
South Tower  
Datacom House  
68 Jervois Quay  
Wellington 6011

**or at** P O Box 1036  
Wellington 6140

or by calling tollfree between 8.30am and 5.00pm on business days on: 0800 628-776.

Complaints can also be made to the Secretary, Board of Trustees of the National Provident Fund.

Level 12  
The Todd Building  
95 Customhouse Quay  
Wellington 6011

Telephone: (04) 499 6999

The Board is exempt from any requirement under the Financial Service Providers (Regulation and Dispute Resolution) Act 2008 to be a member of a dispute resolution scheme and, as such, there is no approved dispute resolution scheme to which complaints about the Scheme can be made.

If you feel that the Scheme is not operating in accordance with (or is not meeting the requirements of) the Superannuation Schemes Act 1989 or any regulations made under that Act, or that the financial position, security of benefits or management of the Scheme is inadequate, then you may complain to the Financial Markets Authority at:

Financial Markets Authority  
Level 8, Unisys House  
56 The Terrace  
PO Box 1179  
Wellington 6140  
Telephone: 04 472 9830  
Facsimile: 04 472 8076

## 11. What other information can I obtain about this investment?

### Regular information

Each year you will be sent:

- a statement of the total pension paid to you during the year;
- a copy of the Scheme's annual report; and
- details of the latest cost of living increase made to your pension (if any).

You may also be sent an annual continuance certificate for you to complete and return.

*You have the right  
to inspect a range of  
documents*

## Information that you may request

This investment statement sets out only a summary of some of the terms of the Scheme. Full details are contained in the Scheme's trust deed. If you wish to view the trust deed or a copy of the Scheme's full financial statements please visit the NPF website – [www.npf.co.nz](http://www.npf.co.nz).

You have the right to view a copy of the report of a triennial actuarial examination of the Scheme required under the Act.

Copies of the trust deed, the Scheme's full financial statements and the most recent triennial actuarial examination of the Scheme required under the Act may be purchased from the Scheme administrator for \$10 each.

You may also request the Scheme administrator at any time to provide you with -

- a copy of the most recent annual report for the Scheme
- a statement of the interest, mortality, and other assumptions and bases of calculation used by the Actuary for the purposes of a triennial actuarial examination of the Scheme
- a copy of the most recent Investment Statement relating to the Scheme
- any information required to be disclosed by the Privacy Act.

## Other information

Other information about the Scheme is available in the most recent annual report (which incorporates the financial statements) for the Scheme, a copy of which can be obtained, free of charge, on request from the Scheme administrator.

Requests to the Scheme administrator for information should be made in writing to the address set out above or by calling tollfree between 8.30am and 5.00pm on business days on 0800 628-776.

*If you require further information on any aspect of the Scheme,  
please contact the Scheme administrator  
tollfree between 8.30am and 5.00pm on business days on  
0800 628 776  
or write to Freepost 1060, P O Box 1036, Wellington 6140.*

