



NATIONAL  
PROVIDENT

# LUMP SUM NATIONAL SCHEME

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## INVESTMENT STATEMENT

**PREPARED AS AT 1 DECEMBER 2009**  
**FOR THE PURPOSES OF THE SECURITIES ACT 1978**

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## ENGAGING AN INVESTMENT ADVISER

An investment adviser must give you a written statement that contains information about the adviser and his or her ability to give advice. You are strongly encouraged to read that document and consider the information in it when deciding whether or not to engage an adviser.

Tell the adviser what the purpose of your investment is. This is important because different investments are suitable for different purposes, and carry different levels of risk.

The written statement should contain important information about the adviser, including –

- relevant experience and qualifications, and whether dispute resolution facilities are available to you; and
- what types of investments the adviser gives advice about; and
- whether the advice is limited to investments offered by 1 or more particular financial institutions; and
- information that may be relevant to the adviser's character, including certain criminal convictions, bankruptcy, any adverse findings by a court against the adviser in a professional capacity, and whether the adviser has been expelled from, or prohibited from joining, a professional body; and
- any relationships likely to give rise to a conflict of interest.

The adviser must also tell you about fees and remuneration before giving you advice about an investment. The information about fees and remuneration must include –

- the nature and level of the fees you will be charged for receiving the advice; and
- whether the adviser will or may receive a commission or other benefit from advising you.

An investment adviser commits an offence if he or she does not provide you with the information required.

## 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:

What sort of investment is this?	4
Who is involved in providing it for me?	4
How much do I pay?	5
What are the charges?	6
What returns will I get from my Total Credit?	6
What returns will I get from my Locked-in Total Credit?	8
What are the key factors affecting the benefits payable by the Scheme?	11
What are my risks?	14
What if the Scheme is wound up?	14
Can the investment be altered?	15
How do I cash in my investment?	15
Who do I contact with enquiries about my investment?	16
Is there anyone to whom I can complain if I have problems with the investment?	17
What other information can I obtain about this investment?	17
Who is eligible to join the Scheme?	18

*... 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 National Provident Fund Lump Sum National Scheme ("Scheme"), which is offered to eligible persons ("contributors") - see page 18. The Scheme is a flexible, employment related, retirement savings plan which is registered as a superannuation scheme under the Superannuation Schemes Act 1989.

The Scheme offers you the choice of contributing to a locked-in account (called the "Locked-in Total Credit") or a non locked-in account (called the "Total Credit"). The locked-in account offers you many of the same benefits as a KiwiSaver scheme (other than the \$1,000 Crown contribution).

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

The trustee of the 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 Board has appointed Datacom Employer Services Limited ("Datacom") to administer the Scheme. Employees of Annuitas Management Limited ("Annuitas") act as the Board's executive office. The Board owns 50% of the shares in Annuitas.

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 4  
Sovereign House  
34 Manners Street  
Wellington 6011  
**or at** P O Box 1036  
Wellington 6140  
Telephone: 0800 628 776

Annuitas' 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

The Scheme was established in 1987 under section 38A of the National Provident Fund Act 1950 and, until 1991, operated through an omnibus fund called the National Provident Fund.

The National Provident Fund was restructured under the National Provident Fund Restructuring Act 1990 ("Act") on 1 April 1991 and, at that time, the terms of the Scheme then in force were set out in a trust deed under section 45 of that Act.

From 1 May 1999 all pensions then being paid under the Scheme were transferred to the National Provident Pension Scheme ("Pension Scheme"). All pensions becoming payable after that date are also paid from the Pension Scheme.

## Responsible investing

Responsible investment, including environmental, social, and governance considerations, is taken into account in the investment policies and procedures of the National Provident Global Asset Trust, in which all the funds of the Scheme are invested, as at the date of this Investment Statement. You can obtain an explanation of the extent to which responsible investment is taken into account in those policies and procedures –

- on the Board’s website on the Internet at [www.npf.co.nz](http://www.npf.co.nz) (under Publications), which is publicly accessible at all reasonable times; and
- from the Board, free of charge, upon request.

## 3. How much do I pay?

### Non locked-in account (called the “Total Credit”)

You may make contributions to your Total Credit in the Scheme at any rate agreed between you and your employer. However, the rate must not be less than 1% of your base salary<sup>1</sup> or \$10 per week, whichever is the lesser (“the minimum contributions”).

Your contributions should be paid by your employer from deductions made by it from your after-tax salary, or from other money provided by you, at the times and as otherwise agreed between you and your employer.

Your employer will contribute at a rate which has been agreed with you.

Your contributions, and those of your employer, should be sent by your employer to Datacom (the Scheme administrator) at its address set out on page 4.

With the agreement of your employer, you can change your contributions as your financial situation changes, except that your contributions may not be less than the minimum contributions specified above. You may also elect to suspend or cease your contributions at any time.

You may continue to contribute for as long as you remain in the employ of an employer who participates in the Scheme.

### Locked-in account (called the “Locked-in Total Credit”)

You can elect to contribute to a locked-in account in the Scheme called your Locked-in Total Credit. The Scheme has been approved as a “complying superannuation fund” which means that if you contribute to a Locked-in Total Credit, you can get many of the same benefits as a person who is a member of a KiwiSaver scheme.

The minimum contribution you can make to a Locked-in Total Credit is 2% of your base salary<sup>1</sup>.

Further explanations of the contributions payable by you and your employer to a Locked-in Total Credit are set out on page 8.

You can suspend contributions (which would include employer contributions) to your Locked-in Total Credit, but only for a maximum period of 5 years and only after you have been contributing to a Locked-in Total Credit for at least 2 years.

*... your contributions should be paid to the Scheme administrator by your employer*

<sup>1</sup> “base salary” means your before-tax salary excluding bonuses and allowances

*... there are no entry charges or contribution fees*

## 4. What are the charges?

There are no entry charges or contribution fees in respect of the Scheme.

Fees and expenses are paid from the Scheme to 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 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 expenses incurred in carrying out the Board's affairs are paid from the Scheme, other National Provident superannuation schemes, and the Global Asset Trust.

As the above fees and expenses are paid from the Scheme, or the Global Asset Trust, they affect the amount of earnings of the Scheme available to be credited to you (see page 11). By way of example the total fees and expenses paid in the year ended 31 March 2009, after tax, were equivalent to 0.41% of the net assets of the Scheme, or \$41 on a Total Credit of \$10,000. The percentage may vary from year to year.

Expenses associated with establishing or maintaining a Locked-in Total Credit may be debited from that account. As the Scheme is a complying superannuation fund the locked-in section of the Scheme is subject to certain "reasonable fees" limits, under which the Board, and any administration or investment manager, may not charge a fee that is unreasonable.

## 5. What returns will I get from my Total Credit?

Your returns from the Scheme (other than from a Locked-in Total Credit – see below) are in the form of one of the following benefits –

- Retirement benefit
- Death benefit
- Permanent incapacity benefit

Each of these benefits is based on your benefit in the Scheme (called your "Benefit Credit"), which is your Total Credit (your non locked-in contributions, your employer's non locked-in contributions for you (if any) plus earnings and any reserve distributions during your membership of the Scheme credited to your Total Credit) plus an equitable share, as determined by the Board, of any positive reserves in the Scheme at the time you elect or become eligible to receive your Benefit Credit. The share of the reserves will not include amounts accumulated within the Scheme before you joined it.

*... you normally retire at age 60*

## Retirement benefit

The normal retirement age for the Scheme (other than in relation to a Locked-in Total Credit – see page 8) is any age after 60. However, with your employer's agreement, you may retire at or after age 50. You must have ceased employment with your last participating employer to claim a retirement benefit. When you retire, you may choose to:

- take your Benefit Credit in the Scheme as a lump sum; or
- convert your Benefit Credit to a pension payable for life; or
- convert part (75% or more) of your Benefit Credit to a pension and take the rest as a lump sum.

However, you may not elect to receive a pension if that pension would not be more than an amount decided by the Board from time to time ("the minimum pension") (currently \$1,042.86 per annum). In that case the Benefit Credit will then be paid as a lump sum. In addition, if your Benefit Credit is less than a certain minimum set by the Board (currently \$15,000) you must take your benefit as a lump sum.

Your pension will be paid from the Pension Scheme.

If you die within 5 years from the date the pension commences the Board's current policy is to pay to your estate an amount equal to the greater of:

- the present value of the total of the pension instalments that would have been payable from the date of death to the end of that 5 year period; and
- the total contributions made by you towards your Benefit Credit, plus earnings, less any benefits already paid.

This amount will also be paid from the Pension Scheme.

*... you can nominate who receives your death benefit*

## Death benefit

If you die, before otherwise receiving a benefit under the Scheme (other than in relation to a Locked-in Total Credit – see below), your Benefit Credit will be paid in cash to your nominee. If you have not nominated a nominee, your Benefit Credit will be paid in cash to the administrator of your estate or to your legal representative.

*... please complete the nomination form*

A nomination form is enclosed with this Investment Statement.

## Permanent incapacity benefit

If the Board accepts you are permanently incapacitated, before otherwise electing a benefit under the Scheme, you may (other than in relation to a Locked-in Total Credit – see below) elect to receive a retirement benefit as outlined above.

## Transfer to Pension Scheme

As noted above, all pensions becoming payable under the Scheme are paid from the Pension Scheme. When the liability to pay a pension is transferred to the Pension Scheme the Board also transfers assets, with a value as determined by the Board (having considered the advice of the Actuary), to meet the liability transferred.

## 6. What returns will I get from my Locked-in Total Credit?

The Board has obtained “complying superannuation fund” status for the Scheme, in terms of which:

- (i) if you are under New Zealand superannuation qualification age you are permitted to “lock in” some or all of your own and your employer’s contributions to the Scheme for your benefit, on terms materially equivalent to those of a KiwiSaver scheme; and
- (ii) as a result, you will qualify (with respect to those locked-in contributions) for:
  - KiwiSaver-equivalent tax credit contributions to your Locked-in Total Credit, in amounts matching your locked-in contributions on a dollar-for-dollar basis up to \$20 per week (\$1,042.86 a year) while you are aged between 18 and the Locked-in Payment Date (see page 9); and
  - KiwiSaver-equivalent tax-exempt status for your employer’s locked-in contributions (i.e. they will not be subject to the usual employer’s superannuation contribution tax) up to a limit (see Taxes on page 12).

Tax credit contributions (referred to in the first bullet point above) will be paid to the Scheme annually by the Government and form part of your Locked-in Total Credit.

Tax credit contributions, and the tax-exempt status of locked-in contributions, may change in the future.

“New Zealand superannuation qualification age” means the age at which persons ordinarily qualify for New Zealand superannuation under section 7 of the New Zealand Superannuation and Retirement Income Act 2001 (currently age 65).

### How much do I have to contribute to a locked-in account?

The minimum contribution you can make to a locked-in account (such as a Locked-in Total Credit) is 2% of your base salary.

If you elected to commence contributions before 1 April 2009 and are currently making contributions of 4% of base salary, with the agreement of your employer you may elect to reduce your contributions to 2% of base salary.

In addition to your contributions, your employer will be required to make contributions to your locked-in account of at least 2% of base salary.

However, if you were employed by your current employer before 1 April 2008 and your employer is already contributing to a non locked-in account in the Scheme, then it is likely that those contributions will count as compulsory contributions, reducing the amount of locked-in contributions your employer would otherwise be required to make (and possibly discharging the employer’s obligation altogether). Your employer also need not contribute to your locked-in account if it is already contributing to a KiwiSaver scheme (or, in certain limited circumstances, to another superannuation scheme) for your benefit.

All employer contributions to a Locked-in Total Credit vest immediately they are paid.

## If I elect to contribute to a locked-in account, when may I withdraw my Locked-in Total Credit?

Except as described below, your Locked-in Total Credit may not be withdrawn until your “Locked-in Payment Date”, which means the later of:

- the date when you reach New Zealand superannuation qualification age (which is currently age 65); or
- the date you complete 5 years’ membership of a complying superannuation fund or a KiwiSaver scheme.

On the Locked-in Payment Date, the amount you can withdraw is your “Locked-in Benefit Credit”, which is your Locked-in Total Credit (your locked-in contributions, your employer’s locked-in contributions for you plus earnings and any reserve distributions credited to your Locked-in Total Credit during your membership of the Scheme) plus an equitable share, as determined by the Board, of any positive reserves in the Scheme at the time you elect or become eligible to receive your Locked-in Benefit Credit. The share of the reserves will not include amounts accumulated within the Scheme before you joined it.

## Are early withdrawals of my Locked-in Total Credit permitted?

Early withdrawals of your Locked-in Total Credit are permitted only:

- where required by legislation (for example, pursuant to a relationship property sharing order made under the Property (Relationships) Act 1976); or
- by reason of significant financial hardship, to purchase a first home (or a subsequent home, where the Scheme administrator has received a notice, signed by Housing New Zealand, stating that your financial position is what would be expected of a person who has never owned a home), or following serious illness, or if you permanently emigrate from New Zealand, in each case where withdrawal in these circumstances would be allowed under the KiwiSaver Act 2006, and in all cases, at the Board’s discretion.

An application for withdrawal on the grounds of permanent emigration may only be made 1 year or more after you have permanently emigrated. At any time after permanent emigration you can apply to have your Locked-in Benefit Credit transferred to a recognised foreign superannuation scheme (no negative reserves can be included in these circumstances).

## How are withdrawals from my Locked-in Total Credit paid?

Any withdrawal from your Locked-in Total Credit will be made in a lump sum (unless you elect to take a pension). Partial withdrawals are not permitted, except in the case of home purchase, significant financial hardship and permanent emigration where you are not allowed to withdraw your tax credit contributions (see below). If you are able to withdraw the whole of your locked-in account, the amount paid will be your Locked-in Benefit Credit (see above) including a share of positive reserves, unless you elect to transfer to another scheme, where your Locked-in Benefit Credit can include a share of negative reserves.

You can elect to take your withdrawal as a pension (or take 25% of your withdrawal as a lump sum and the balance as a pension) subject to your Locked-in Benefit Credit exceeding a certain minimum (currently \$15,000) and the pension being greater than the minimum pension (see page 7).

## Tax Credit Contributions

In some circumstances, withdrawal of the whole of your Locked-in Total Credit is not allowed and the tax credits with respect to your contributions (“tax credit contributions”) have to be left in your locked-in account in the Scheme or repaid to the Crown.

You cannot withdraw tax credit contributions if you make a withdrawal from your Locked-in Total Credit to purchase a home, or as a result of significant financial hardship or following permanent emigration. If you make a withdrawal from your Locked-in Total Credit to purchase a home, or as a result of financial hardship, then the amount of tax credit contributions credited to your locked-in account (disregarding any positive or negative returns) will remain in your locked-in account, and if you permanently emigrate then any tax credit contributions paid into your locked-in account in the Scheme will be repaid to the Crown.

The tax credit contributions may be withdrawn on your Locked-in Payment Date, or earlier if you make a withdrawal on the grounds of serious illness or die, but only if you (or your personal representative) provide a statutory declaration stating the periods for which you have resided mainly in New Zealand. A tax credit contribution may not be withdrawn to the extent that the Board has notice that a claim for that amount is wrong (for example, because tax credit contributions were paid while you did not reside mainly in New Zealand).

## What happens to my Locked-in Benefit Credit if I die?

If you die, then your Locked-in Benefit Credit will be payable to your estate.

## What happens if I leave employment (other than by reason of death) before my Locked-in Payment Date?

If you leave employment after your Locked-in Payment Date you can withdraw your Locked-in Benefit Credit as a lump sum.

If you leave employment before your Locked-in Payment Date, and you elect to withdraw from the Scheme, then you can request a transfer of your Locked-in Benefit Credit to another complying superannuation fund or a KiwiSaver scheme.

If you elect to transfer in these (or any other) circumstances your Locked-in Benefit Credit can include a share of any negative reserves of the Scheme (and therefore be reduced by a share of these negative reserves).

If you cease to be employed by a participating employer and elect to withdraw from the Scheme, but you do not make an election to transfer your Locked-in Benefit Credit from the Scheme, unless you have reached your Locked-in Payment Date, the Board will transfer your Locked-in Benefit Credit to a KiwiSaver scheme. (If you have reached your Locked-in Payment Date, your Locked-in Benefit Credit will be paid as a lump sum.) Where the Board transfers your Locked-in Benefit Credit in these circumstances (ie a compulsory transfer out initiated by the Board, not by your election), your Locked-in Benefit Credit can only include a share of any positive (not negative) reserves.

While you have a (non locked-in) Total Credit in the Scheme, the Locked-in Total Credit can also remain in the Scheme (i.e. the Board will not compulsorily transfer it out).

If you do not have a (non locked-in) Total Credit or it reduces to zero, for example because you have transferred that Total Credit to another scheme, the Board can transfer your Locked-in Benefit Credit to a KiwiSaver scheme (no negative reserves are included in this situation).

## Can I take my Locked-in Benefit Credit as a pension?

Where a withdrawal of your Locked-in Benefit Credit is permitted on reaching your Locked-in Payment Date you can choose to receive your Locked-in Benefit Credit as a pension, or to take up to 25% of your Locked-in Benefit Credit as a lump sum and the balance as a pension, so long as the Locked-in Benefit Credit is more than a certain minimum (currently \$15,000) and the pension would not be less than the minimum pension (see page 7). The same rules apply to any such pension as apply to pensions payable from (non locked-in) Benefit Credits on retirement.

## Will the benefit from my Locked-in Benefit Credit include a share of scheme reserves?

Your Locked-in Benefit Credit will include an equitable share of the reserves of the Scheme, in the same way that a retirement benefit from a (non locked-in) Benefit Credit includes a share of the Scheme reserves (see above). However, if you voluntarily elect to transfer to another complying superannuation fund or KiwiSaver scheme, your share of reserves will include an equitable share of any positive or negative reserves, which means your Locked-in Benefit Credit can be reduced if the Scheme has negative reserves.

## 7. What are the key factors affecting the benefits payable by the Scheme?

The key factors which influence the amount of these benefits are -

- the amount of the contributions made by you, and by your employer for you (and the treatment of those contributions for member tax credit and employer's superannuation contribution tax purposes where you have elected to contribute to a locked-in account);
- the earnings rate applied by the Board following the end of each financial year (31 March) and up to the month end prior to the date you elect to receive a benefit;
- the amount of any reserves credited to your account(s) by the Board during your membership of the Scheme;
- taxes on the investment earnings of the Scheme;
- whether the Scheme has positive reserves at the time you elect to receive a benefit and whether there has been an increase in the reserves of the Scheme during your membership; and
- in the case of a pension, the actuarial assumptions used to determine the amount of the pension.

### Earnings

As mentioned above, the Scheme's funds are invested, along with the funds of other National Provident superannuation schemes, in the Global Asset Trust.

The Global Asset Trust in turn invests in various investments, such as New Zealand and international shares, debt securities (such as Government stock, bank bills, company debentures, and short term deposits) and in property.

The earnings from these investments, after payment of the fees, expenses and tax of the Global Asset Trust (including the fees and expenses paid to investment managers and custodians - see page 6), are credited to the National Provident superannuation schemes, which have invested in the Global Asset Trust.

*... earnings from investments are credited to the Scheme*

## ... *minimum earnings rate*

At the end of each financial year (and subject to the minimum earnings rate - see below) the Board declares an earnings rate for the Scheme for that year which generally reflects the returns of the Scheme from the Global Asset Trust, less the fees, expenses and tax incurred (the “investment return”). Earnings at the rate declared by the Board are then credited to each contributor’s Total Credit (and Locked-in Total Credit, if any). Any positive investment return remaining after the earnings rate has been credited to the contributors’ Total Credits and Locked-in Total Credits will be credited to the Scheme reserves. At the date of this Investment Statement, the Board’s policy is (when possible) to build and maintain a level of reserves which will enable it to credit the minimum earnings rate in years in which the investment return is less than the minimum earnings rate.

The Scheme trust deed provides that the earnings rate credited to each contributor’s Total Credit and Locked-in Total Credit each year must not be less than 4% per annum (the “minimum earnings rate”).

## Reserves

Your benefit may also be affected by the Scheme’s reserves which may, if the Board so decides, be applied to -

- meet all or part of contributors’ or employers’ contributions;
- increase contributors’ Total Credits and Locked-in Total Credits;
- provide other benefits for contributors;
- make hardship payments to contributors or their dependants; or
- pay the expenses of the Scheme.

## Taxes

Under legislation applying as at the date of this Investment Statement –

- your contributions to the Scheme are made from your after-tax income, and are not tax deductible;
- your contributions to a Locked-in Total Credit will entitle you to a tax credit of equal value, up to a maximum of \$20 per week;
- your employer’s contributions to your (non locked-in) Total Credit in the Scheme are subject to employer’s superannuation contribution tax (currently up to 33%), and are tax-deductible;
- your employer’s contributions to your Locked-in Total Credit up to 2% of your base salary (provided you are making matching locked-in employee contributions) are exempt from employer’s superannuation contribution tax (and are also tax deductible);
- the taxable income of the Scheme is taxed at 30%;
- the taxable income of the Global Asset Trust is taxed at 30%; and
- you do not pay tax on any benefit received from the Scheme (so it is not required to be shown in any income tax return).

## ... *benefits are tax paid*

Your employer’s contributions to the Scheme, and earnings on those contributions, other than contributions made to your Locked-in Total Credit, may be subject in certain limited circumstances to an additional 5% fund withdrawal tax (“FWT”) when withdrawn from the Scheme. However, there are a number of exemptions.

The first exemption is that potential FWT liability reduces by 25% for each of the four prior income years during which your total taxable income (from all sources), plus employer superannuation contributions made for your benefit, was less than \$70,000. This means that no FWT liability can arise if your total taxable income (plus employer contributions) was below \$70,000 in each of the four preceding income years. An “income year”, in this context, means a period of 12 months ending 31 March.

Secondly, whatever your income in each of the four preceding income years, FWT will not be payable if you withdraw a benefit from the Scheme after ceasing employment with your employer:

- due to injury, disablement or death; or
- after having been with that employer for 2 or more income years, provided the employer's contributions to the Scheme on your behalf have not exceeded an average of \$5,000 per income year or have not increased by 50% or more in either of the 2 preceding income years (or, on an annualised basis, during the current year), or are considered by the IRD to have been paid consistently in size and frequency (including when compared with the employer's contributions for comparable employees) while paid.

Ceasing employment with your employer excludes merely transferring from one employer to a related employer.

If neither test is met then there will be a potential FWT liability on employer contributions to the Scheme, or transferred in to the Scheme, over the last 2 completed income years and during the year of withdrawal (plus earnings on those contributions). That liability will be payable by way of deduction from your benefit before it is paid.

However, you can still gain an FWT exemption by electing to defer receipt of your benefit for at least 2 years after ceasing employment with your employer.

A withdrawal, which would be subject to FWT if taken in cash, is exempt if the relevant amount is:

- paid as, or used to purchase, a pension or annuity payable for life or not less than 10 years; or
- transferred direct to another superannuation scheme.

In cases of doubt, you should ask the Scheme administrator (see page 16), before withdrawing a benefit from the Scheme, for an explanation of how FWT may affect that benefit.

All permitted withdrawals from a Locked-in Total Credit are exempt from FWT.

## Payment of benefits

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

Pensions are paid by the Pension Scheme at 4-weekly intervals, or at other intervals as the Board may direct.

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

At the date of this Investment Statement, it is not possible to quantify the amount of any benefit or other payment to you under the Scheme.

.At the date of this Investment Statement, it is not possible to quantify the amount of any benefit or other payment to you under the Scheme.

## Crown guarantee

Benefits payable under the Scheme and the Pension 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.

... benefits payable are  
Crown guaranteed

## 8. What are my risks?

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

It is possible that, if you elect to transfer out of the Scheme (see page 16), or if the Scheme is wound up (see below), you will receive less than the amount of your contributions to the Scheme.

There is no obligation on contributors to contribute any money to their (non locked-in) Total Credit in the Scheme, other than contributions they have agreed to make. In relation to Locked-in Total Credits the minimum contribution obligations, described above, apply.

As mentioned above, the earnings on contributions made by, or for you, will depend upon the returns made by the Global Asset Trust on the investments of the Scheme. Returns on those investments will fluctuate from year to year in line with fluctuations in investment markets.

However, the trust deed provides for a minimum earnings rate to be credited to you (see page 12).

Expenses associated with establishing and maintaining a Locked-in Total Credit may be debited from that account, reducing the balance in the account.

### Professional investment management

The Board is responsible for establishing and maintaining 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.

### Missing Persons

If you do not keep the Board informed of your current address for more than 5 years you will be classified as a missing person and the Board may (after using reasonable efforts to find your current address) decide to cancel the liabilities of the Scheme to you. However, those liabilities will be reinstated if, within 15 years following the date of cancellation, you establish, to the Board's satisfaction, that you are the person to whom those liabilities were owed.

## 9. What if the Scheme is wound up?

The Scheme may be wound up only at the direction of the Minister of Finance after consultation with the Board.

Contributors will not be liable to pay money to any person if the Scheme is wound up.

On a winding up, the net assets of the Scheme, less the reasonable costs of the winding up, will be allocated, upon realisation, on a pro-rata basis to each contributor and any beneficiary in receipt of a pension. No part of the assets will be payable to any employer. On a winding up, the proportion of any benefit payable to you that is attributable to a Locked-in Total Credit must be transferred to a KiwiSaver scheme, unless you have reached your Locked-in Payment Date (see page 9) in which case any such benefit payable will be paid to you as a lump sum.

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

It is possible, but unlikely, that on a winding up of the Scheme you will receive less than the sum of your contributions and your employer's contributions (if any) to the Scheme plus earnings. This could only occur where the total liabilities of the Scheme exceed the total assets of the Scheme.

## 10. 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 contributor's and beneficiary'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, increasing contributions, fees or charges, or providing for the reversion of assets to employers.

An Act of Parliament may authorise amendment of the Scheme trust deed without the need to obtain contributors' and beneficiaries' consents.

You can vary the rate of your contributions to the Scheme by agreement from time to time with your employer, but subject to maintaining minimum contributions. There is a minimum rate of 1% of your base salary or \$10 per week (whichever is the lesser) in relation to contributions to your (non locked-in) Total Credit and a minimum rate of 2% of your base salary in relation to contributions to your Locked-in Total Credit.

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

Except as stated below, you have no right to withdraw your (non locked-in) Benefit Credit before becoming entitled to a retirement, death, or permanent incapacity benefit.

There are some circumstances in which you can withdraw your Locked-in Benefit Credit, described above under Are early withdrawals of my Locked-in Benefit Credit permitted? (see page 9).

### Withdrawal on ceasing employment

If you stop working for your current employer -

- you may leave your (non locked-in) Total Credit in the Scheme to grow. If at any stage you start work with another participating employer you may recommence contributions. Your Locked-in Total Credit must remain in the Scheme until the Locked-in Payment Date unless one of the circumstances for early withdrawal arises, or you elect to transfer it to another complying superannuation fund or a KiwiSaver scheme; or
- alternatively, you may elect to withdraw from the Scheme. If you withdraw, you will receive your (non locked-in) contributions plus earnings. You will also receive 20% of your (non locked-in) employer's contributions for you, plus earnings, for each complete year you have been a member of the Scheme (so that after 5 years' membership you will receive all your (non locked-in) employer's contributions). You may receive an additional amount (the total payment will not exceed the (non locked-in) Total Credit) if you and your employer agree, or you are made redundant by your employer (in which case the total payment will not exceed the (non locked-in) Benefit Credit).

If you transfer to this Scheme from another superannuation scheme the time during which you contributed to that scheme may, in some circumstances, be counted as time in this Scheme for the purposes of the minimum period referred to above.

If you meet the minimum pension requirements (see page 7) and your Total Credit or Benefit Credit (as the case may be) is greater than the minimum set by the Board (currently \$15,000), you may elect to take 75% or more of your withdrawal amount as a pension.

If you choose to withdraw on ceasing employment with a participating employer (before the Locked-in Payment Date) and do not elect to transfer your Locked-in Benefit Credit to a KiwiSaver scheme or another complying superannuation fund, your Locked-in Benefit Credit will be transferred to a KiwiSaver scheme.

## Transfers

You may elect to transfer from the Scheme to another registered superannuation scheme on certain conditions. On transfer the Board will transfer to the new superannuation scheme your (non locked-in) Total Credit in the Scheme plus (or minus, if the reserves are then negative) an equitable share determined by the Board of the Scheme's reserves at that time. The share of reserves will not include amounts accumulated in the Scheme before you joined it. In some circumstances, you may be able to cash in your (non locked-in) Total Credit in the Scheme by transferring to another superannuation scheme and then withdrawing from that scheme.

You can also elect to transfer your Locked-in Total Credit to a KiwiSaver scheme or another complying superannuation fund (where it will be subject to similar lock-in requirements). The amount transferred (your Locked-in Benefit Credit) can include a share of negative reserves in the same way as a transfer of any (non locked-in) Total Credit.

## No right to sell or mortgage

There is no right to sell, assign, charge, borrow against, transfer, or obtain payment of a contributor's Total Credit or Locked-in Total Credit under the Scheme, other than as described above with respect to transfers, or in the sections headed What returns will I get from my Total Credit? (see page 6) or What returns will I get from my Locked-in Total Credit? (see page 8).

## 12. Who do I contact with enquiries about my investment?

The 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 4  
Sovereign House  
34 Manners Street  
Wellington 6011

or by calling tollfree between 8.30am and 5.00pm on business days on:

0800 628 776

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

... complaints to the  
Scheme administrator

or

the Board

### 13. 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 4  
Sovereign House  
34 Manners Street  
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 at:

Level 12  
The Todd Building  
95 Customhouse Quay  
Wellington 6011

Telephone: (04) 499 6999

An ombudsman appointed under the Ombudsmen Act 1975 may, on a complaint made by any person, investigate any decision or other action of the Board relating to a matter of administration. However, an ombudsman may not investigate any decision or other action of the Board in its capacity as trustee of the Scheme or the Global Asset Trust.

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

#### Regular information

##### (i) Non locked-in accounts

Each year you will be sent a statement relating to your (non locked-in) Total Credit detailing -

- the contributions made by or for you during the preceding year; and
- the earnings credited to you during the preceding year; and
- your (non locked-in) Total Credit at the end of the preceding year, and a copy of the Scheme's annual report.

##### (ii) Locked-in accounts

If you have a Locked-in Total Credit, you will also get an annual statement relating to that account, detailing:

- the amount of each type of contribution received by the Scheme administrator in respect of you during the preceding year; and
- the earnings credited to you during the preceding year; and
- your (Locked-in) Total Credit at the end of the preceding year, and a copy of the Scheme's annual report.

*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).

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 to provide you with -

- an estimate of your benefit from your (non locked-in) Total Credit and from your Locked-in Total Credit;
- a copy of the most recent annual report for the Scheme. The annual report is also available on [www.npf.co.nz](http://www.npf.co.nz);
- a statement of the interest 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; and
- 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 summary 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 its address set out on page 17 or by calling tollfree between 8.30am and 5.00pm on business days on:

0800 628 776

## 15. Who is eligible to join the Scheme?

The Scheme was closed to new contributors from 1 April 1991. However, you are eligible to join if you were a contributor to a National Provident superannuation scheme on 31 March 1991 and you are an employee whose employer has agreed to participate in the Scheme.

Special conditions affecting eligibility to join the Scheme apply to contributors to the National Provident DBP Contributors Scheme, Aircrew Scheme and Old Public Fund Schemes. Ask the Scheme administrator for details.

## How to join

An application form is enclosed with this investment statement. To join, simply complete this form have it signed by your employer, then return it either to your payroll officer or to the Scheme administrator.

If you wish to nominate a person to receive a benefit from your (non locked-in) Total Credit if you die while still a contributor to the Scheme, please also complete the nomination form enclosed. Nominations cannot be made in relation to Locked-in Total Credits, which you are paid to your estate if you die.

In accordance with the Privacy Act, the information supplied on your application form will be used only for the purpose intended.

If you require further information on any aspect of this 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.

*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.*



## LUMP SUM NATIONAL SCHEME

# A – APPLICATION TO JOIN

TO BE COMPLETED BY THE EMPLOYEE

**To the Board of Trustees of the National Provident Fund (NPF)**

1. I have received and read the investment statement dated 1 December 2009 for the Lump Sum National Scheme (the Scheme) and:

I **ELECT TO JOIN** the Locked-in section of the Scheme (the Locked-in Scheme)

I **ELECT TO JOIN** the existing (non locked-in) section of the Scheme (the Existing Scheme)

You may elect to join both the Locked-in Scheme and the Existing Scheme in which case please tick both boxes.

2. I **UNDERSTAND THAT** by signing this Application to Join:

- My contributions to the Locked-in Scheme must be at least 2% of my base salary (*being my before tax salary, excluding bonuses or allowances*).
- I will not be able to withdraw my Locked-in Total Credit (employee and employer contributions) under normal circumstances until the later of:
  - The date when I reach NZ superannuation qualification age (which is currently age 65); or
  - The date I complete 5 years' membership of a complying superannuation fund or a KiwiSaver scheme.
- All contributions paid into the Locked-in Scheme will be subject to the 'complying fund rules'.
- Where my employer matches my contributions to the Locked-in Scheme (subject to a maximum 2% of my base salary) those employer contributions will be exempt from Employer's Superannuation Contribution Tax (ESCT).

3. I **HEREBY AUTHORISE** the following contributions to be made by way of deduction from my salary:  
(You may tick one or both boxes)

I elect to commence deductions of \$  per pay period **OR**  % of my base salary to the Locked-in Scheme.

I elect to commence deductions of \$  per pay period **OR**  % of my base salary to the Existing Scheme.

4. My IRD number is:

IRD Number

Please specify which National Provident Scheme you were a member of at 31 March 1991:

SCHEME NAME:

SURNAME

FIRST NAMES

DATE OF BIRTH  GENDER (*please circle*)

ADDRESS

POSTCODE

TELEPHONE NUMBERS: **HOME**  **BUSINESS**

EMAIL ADDRESS

YOUR SIGNATURE  DATE

## LUMP SUM NATIONAL SCHEME

**B – EMPLOYER CONFIRMATION** TO BE COMPLETED BY THE EMPLOYER[Insert name of employer] 

agrees to become a participating employer on behalf of this employee and will, on request, provide all information to the Scheme administrator reasonably required by NPF to enable it to assess whether the correct amount or rate of any contribution (either by the employee or the employer) has been paid to the Scheme.

The employer confirms employee contributions and employer contributions will be made in accordance with the member's instructions set out above and remitted to the Scheme administrator.

SIGNATURE

DATE

NAME

POSITION

POSTAL ADDRESS

POSTCODE

PHONE NUMBER

FAX NUMBER

EMAIL ADDRESS

**FOR COMPLETION BY THE SCHEME ADMINISTRATOR**

EMPLOYER CONTRACT NUMBER

EMPLOYEE CONTRACT NUMBER

EMPLOYEE ID NUMBER

SCHEME NUMBER

**Privacy Act Statement**

The personal information you have supplied is being collected by the Board of Trustees of the National Provident Fund (NPF) and Datacom Employer Services Limited (Datacom), as administrator of the schemes governed by NPF, and will be held at the addresses noted below.

The information may be exchanged between NPF and Datacom and may be disclosed to third parties, such as Annuitas Management Limited (provider of executive office/secretariat services to NPF) or agents of or advisers to NPF or Datacom or the IRD for the purposes of the ongoing management and administration of the National Provident Fund schemes and to enable NPF to fulfill its statutory obligations.

Under the Privacy Act 1993, you have the right to request any personal information which NPF holds about you; you may request correction of the information; you may request that there be attached to the information a statement of any correction sought but not made. We may charge you a fee for the reasonable cost in responding to any of these requests.

**Board of Trustees of the National Provident Fund**

Level 12, The Todd Building  
95 Customhouse Quay  
Wellington 6011

**NPF Schemes Administration****Datacom Employer Services Limited**

Level 4, Sovereign House, 34 Manners Street, Wellington 6011  
**OR**  
P O Box 1036, Wellington 6140

**Please return completed form to:**

**NPF Schemes Administration, Datacom Employer Services Limited, Freepost 1060, PO Box 1036, Wellington 6140.**

## LUMP SUM NATIONAL SCHEME

## NOMINATION FORM

PLEASE USE BLOCK LETTERS

Under the provisions of your Scheme trust deed you may nominate a person to receive a death benefit from your non locked-in account if you die while still a contributor to the Scheme.

Nominations **cannot** be made in relation to locked-in accounts of the Lump Sum National Scheme.

Please note: if you do not nominate a person, any death benefit will be paid direct to your estate or to your legal representative.

**To the Board of Trustees of the National Provident Fund**

MEMBER CONTRACT NUMBER

I (please clearly print your full name)

request that in the event of my death, the Board pays the benefit from the Scheme to the person nominated below:

FULL NAME AND ADDRESS OF NOMINEE: (only one person may be nominated)

NOMINEE'S NAME

NOMINEE'S ADDRESS

POST CODE

NOMINEE'S HOME  
PHONE NUMBERNOMINEE'S RELATIONSHIP  
TO MEMBER

YOUR SIGNATURE

DATE

DD / MM / YYYY

The Board reserves the right to decline any nomination if the nomination would cause the Scheme to lose its status as a qualifying superannuation scheme for the purposes of section EY11 of the Income Tax Act 2007.

**Please return completed form to:****NPF Schemes Administration, Datacom Employer Services Limited, Freepost 1060, PO Box 1036, Wellington 6140.**