

Other Material Information

30 September 2025



Christian KiwiSaver Scheme

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1. General

This Other Material Information document sets out important information about your investment in the **Christian KiwiSaver Scheme (Scheme)** and should be read together with the Product Disclosure Statement (**PDS**), the Statement of Investment Policy and Objectives (**SIPO**) and any other documents in relation to the Scheme held at www.christiankiwisaver.nz/documents and on the offer register at www.disclose-register.companiesoffice.govt.nz (**Disclose**).

In this document:

- **Trustee, our, we or us** means The New Zealand Anglican Church Pension Board, in its capacity as trustee of the Scheme
- **you or your** means members or prospective members of the Scheme
- **current or currently**, in relation to legislation, a policy, an activity, a practice or any other matter, refers to that legislation, policy, activity, practice or matter as at the date of this document.

We have prepared this document to meet the requirements of section 57(1)(b)(ii) of the Financial Markets Conduct Act 2013 (**FMCA**) and clauses 52 and 53(1)(l) of Schedule 4 of the Financial Markets Conduct Regulations 2014.

The document also provides additional material information about the Scheme more generally, including in relation to contributions, withdrawals, the risks of investing, fees and taxation.

Capitalised terms used in this document have the same meaning as in the Scheme's trust deed dated 30 June 2022 (**Trust Deed**) unless otherwise defined in this document.

2. The Scheme

The Scheme was established on 29 June 2007 and began accepting members on 12 July 2007. It is registered under the FMCA as a restricted KiwiSaver scheme. Its principal purpose is to provide retirement benefits to members. The Scheme was formerly known as the Koinonia KiwiSaver Scheme.

The Scheme is governed by its Trust Deed (a copy of which is held on Disclose and on the Scheme's website www.christiankiwisaver.nz/documents) and its assets must be invested in accordance with its SIPO.

The Scheme is a restricted KiwiSaver scheme and membership is offered only to:

- employees of organisations whose primary activities are in our opinion Christian mission or ministry (including employees of charitable entities associated with or operating in the Christian church, or employees of entities which we approve as having a Christian special character); and
- persons who express a Christian faith and have a commitment to Christian community involvement when applying (and their immediate family members and dependants).

3. Information about those involved with the Scheme

Trustee

The trustee of the Scheme is The New Zealand Anglican Church Pension Board (**NZACPB**, which trades as Anglican Financial Care).

The Trustee is constituted by Title B Canon XIV of the Anglican Church in Aotearoa, New Zealand and Polynesia, and is a body corporate which was incorporated in New Zealand under the Charitable Trusts Act 1957 on 24 November 1972.

The Trustee is also the manager of the Scheme and, as the Scheme is a restricted KiwiSaver scheme, there is no requirement for the Scheme to have a supervisor or external custodian.

NZACPB Members

The current members of the NZACPB are:

The Reverend Lawrence Kimberley BCom, ACA, BTheol (Chair)

Lawrence has over 25 years of leadership and dedicated service. He is currently Kaiwhakahaere/Chief Executive at Te Ture Whānui o Waitaha/Community Law Canterbury and before this he served as the Dean of Christchurch Cathedral from 2015 to 2023. His extensive experience includes roles such as Chair of the Cathedral Grammar School, Member of the Standing Committee of the Diocese of Christchurch, Church Property Trustee, Archdeacon of Pegasus and Member of the St Mark's School Board of Proprietors. Lawrence was appointed by representatives of the Dioceses in New Zealand and has been on the NZACPB since 2000.

The Venerable Carole Hughes Theol. M, B.Th (Hons.) Oxon (Deputy Chair)

Carole has been a member of the Anglican Diocese of Auckland Episcopal Team since August 2011 as full-time Archdeacon of Auckland. She has been Vicar General since 2019. Before this she was Co-Vicar and then Vicar of St John's, Campbells Bay, on the North Shore of Auckland. She was ordained in 1997 in the Diocese of Waikato and Taranaki, where she offered ministry at the Taranaki Cathedral and St Chads West New Plymouth. Carole is passionate about theological education and contextual understandings of Scripture, Anglican liturgy, and liberation theology. Carole was appointed to the NZACPB by the ordained ministers of the General Synod/Te Hīnota Whānui and has been on the NZACPB since 2023.

David Wallace MBA, BMus

David is Sales Director for the New Zealand division of a global insurance services firm. He was appointed to the NZACPB by the Standing Committee of General Synod/Te Hīnota Whānui and has been on the NZACPB since 2012.

The Reverend Canon Isaac Beach BA, MBA

Ngāti Porou, Ngāti Kahungunu & Ngāti Rangitihī

Isaac was recently ordained to the Diaconate and has a professional background in entrepreneurship. He has experience with investment and capital fundraising to support research, development and growth across NZ start-up ecosystems. Isaac is a lateral thinker, and cares about God's creation and the sustainable stewardship of Church resources within Aotearoa, New Zealand and Polynesia. He serves in Te Pihopātanga o te Tairāwhiti. Isaac was appointed to the NZACPB by representatives of Te Pihopātanga o Aotearoa and has been on the NZACPB since 2020.

Susanne Wolton

Susanne has over 30 years' experience in large commercial enterprises as a board member and senior executive. Susanne also has broad experience in the not-for-profit and charitable sectors. Susanne joined the Investment Committee in 2021. She was then appointed to the NZACPB by the Standing Committee of General Synod/Te Hīnota Whānui and has been on the NZACPB since 2024.

Manoj Kumar

Manoj Kumar was appointed to the NZACPB by the Diocese of Polynesia in 2024. Manoj is a graduate of Fiji National University and is Manager System Control at Energy Fiji Limited. He has an extensive background in operational management of the energy grid and has a deep commitment to ethical stewardship. He likes to contribute to meaningful financial oversight and the strategic direction of the NZACPB. His experience in managing complex systems, ensuring accountability and collaborating across the Diocese supports the values of the NZACPB and the Anglican Church. Manoj was appointed to the NZACPB by the Standing Committee of General Synod/Te Hīnota Whānui in May 2024.

Michelle Forster

Michelle is a Professional Director, a Licensed Independent Trustee and a Principal at Heathcote Investment Partners. She has more than 20 years' experience in senior leadership and management roles in wealth management and the financial services industry and has worked in South Africa, the Channel Islands, Australia and New Zealand. Michelle was appointed to the NZACPB by the Standing Committee of General Synod/Te Hīnota Whānui and has been on the NZACPB since 2024.

The NZACPB members may change from time to time. A list of NZACPB members is available online at www.christiankiwisaver.nz/about-us/ and for more information, the Scheme's contact address is at www.christiankiwisaver.nz/contact-us/.

Investment Committee

The Scheme's investments are currently overseen by an Investment Committee which is appointed by, and reports to, the Trustee.

The Investment Committee oversees compliance with the investment policies set by the Trustee, which are prescribed in the SIPO and in the Trustee's Ethical Investment Policy. Its investment decisions must be made within the scope of its delegated authority from the Trustee.

The current members of the Investment Committee, who can be contacted at our address, are Suzanne Wolton, and the following non-Trustee appointees:

Brendan O'Donovan M Com (Hons) (Chair)

Brendan is a professional director with over 30 years' experience in the financial services industry. He has been a trustee for a number of superannuation funds and was an NZACPB member from 2017 to 2021. Brendan joined the Investment Committee in 2017 and is currently its Chair.

Don Baskerville BSc, AIA

Don is a business consultant with over 30 years' experience in the superannuation industry, an associate actuary and a Chartered Member of the Institute of Directors. Don was Chair of the NZACPB from 1989 to 2012 and has been a Member of the Anglican Insurance Board since 2004. He has been on the Investment Committee since 2009, previously serving between 1990 and 1994.

Wayne Head

Wayne has over 30 years' experience in the financial services industry, including 24 years in estate and asset planning with leading New Zealand trust companies. More recently he has been a financial adviser for a Wellington based financial advisory firm. Wayne was appointed to the Investment Committee in 2021.

Ross Tanner MA (Hons) (Canterbury), MPA (Harvard), CFInstD

Ross is a professional director and management consultant. In recent years he has chaired or served on the boards of various Crown entities and companies, as well as private sector companies and charitable trust boards. During his 30 year career in the public service, which culminated in his appointment as Deputy State Services Commissioner, Ross was a Principal in the New Zealand Debt Management Office of The Treasury, working in the US and European financial markets in New York and London. He was appointed to the Investment Committee in 2019.

Auditor

EY is the Scheme's current auditor.

Solicitor

Chapman Tripp is the Scheme's current solicitor.

4. Additional information about the Scheme

Investment

The Scheme has three investment funds – the Growth Fund, the Balanced Fund and the Income Fund. You can choose to invest your money in one or any mix of these Funds (subject to the restrictions noted in the PDS).

Despite the establishment of separate investment funds within the Scheme, the Scheme's assets comprise one single trust fund.

We aim to administer the Scheme and invest its assets in a manner consistent with what we consider reflects Christian values, recognising the importance of ethical considerations to investment decisions and dealings with stakeholders and third parties.

For more information about our investment philosophy, and the ethical considerations guiding certain of our investment decisions, see our SIPO and our Ethical Investment Policy, copies of which are held on Disclose and under *Guides and Policies* at www.christiankiwisaver.nz/documents.

Our Ethical Investment Policy reflects the Christian values that guide our broader investment philosophy, alongside an ethical screening process that is applied to selected investments within our portfolio.

Investment returns

We currently calculate an earnings rate for each Fund on a quarterly basis. These earnings rates can be positive, negative or zero.

We calculate each Fund's returns using a methodology determined by us from time to time which takes into account (without limitation):

- the earnings of the Fund;
- taxation liabilities and provisions; and
- such other matters as we may consider relevant.

After the end of each quarter we determine the earnings rate for each Fund with respect to that quarter, taking into account the matters listed above.

If we declare a negative earnings rate for any Fund in which you have invested, we will reduce your account balance.

Currently we allocate investment earnings to your account quarterly.

Our current methodology for determining the earnings rate to be allocated (expressed as a percentage) is:

$$\text{Earnings rate} = A \div B$$

Where

A = Investment income and non-investment income of the Fund
LESS investment earnings allocated on withdrawals since the previous allocation
PLUS amount remaining in reserve after previous allocation

and

B = The daily average aggregate balance of members' holdings in the Fund which have not already had earnings applied across the period for which the earnings rate is determined..

Two earnings rates are determined: one for taxable investment earnings and one for tax-exempt investment earnings..

Fund charges

The current fees for the Funds, which will be deducted from your account for the quarter, are:

- Growth Fund 1.50% per annum of the net asset value of the Growth Fund
- Balanced Fund 1.35% per annum of the net asset value of the Balanced Fund
- Income Fund 0.80% per annum of the net asset value of the Income Fund.

The above fees will not be deducted from your account for a quarter if you have **not** attained age 18 on the first day of that quarter (i.e. on 1 January, 1 April, 1 July or 1 October, as applicable).

The above fees are calculated on the daily average balance of each member's holding in the relevant Fund across the period. They include all costs and expenses for trusteeship, administration and investment management of the Scheme itself (though as noted in the PDS, the Funds may also incur trading expenses (the costs of buying and selling investments). Those trading expenses will impact the returns of the Funds.

The Trustee may from time to time change the amounts and types of fees payable.

Tax on taxable income

Once the investment returns and fund charges have been determined, we will also calculate and reflect as a charge to your account tax against relevant taxable income based on your advised prescribed investor rate (**PIR**). Refer to section 8 below for additional information about tax relevant to this Scheme.

Interim returns

When you become eligible **and** elect to receive a benefit in the nature of a full withdrawal of your Scheme balance, for each Fund you are invested in we will apply an interim earnings rate (currently calculated in the manner set out below) in respect of the benefit payable, for the period between:

- the last date on which an earnings rate for that Fund was allocated to your account; and
- the date on which your benefit is paid to you.

The interim earnings rate for each Fund is currently determined on a monthly basis, and is based on the gross investment return for the period from the start of the relevant quarter less prescribed fees and an estimate for tax, unless otherwise determined by the Trustee.

We currently also apply an interim earnings rate if you switch all of your balance from one Fund to another.

If, however, you choose to switch only some of your money from one Fund to another Fund, or to withdraw only part of the balance which you hold in a Fund, then, after we have next determined the Funds' quarterly earnings rates, the investment earnings attributed to you will take account of the balance you held in each respective Fund for the relevant period during the quarter.

Where interim earnings are applied to your account, fund charges and PIE tax will also be applied.

Amending the Trust Deed and SIPO

Subject to the restrictions in the FMCA and any other applicable legislation, we can amend all or any of the provisions of the Trust Deed at any time.

We can amend the SIPO for the Scheme, including benchmark asset allocations and ranges, at any time.

We will notify you of any material changes to the Trust Deed or the SIPO in the next Annual Report for the Fund, or as otherwise required by law.

Winding up the Scheme

We can decide to wind up the Scheme at any time.

The Financial Markets Authority may also require the Scheme to be wound up in certain circumstances set out in the FMCA.

If the Scheme is wound up, your claim on its assets will rank behind outstanding fees and expenses, taxation liabilities, any other claims preferred at law and the Scheme wind-up costs. This means that after a wind-up you may not recover the full amount paid to the Scheme by you or for your benefit.

Following any wind-up of the Scheme, unless you have reached the KiwiSaver qualifying age (typically 65), you will not receive a withdrawal payment and you will be required to transfer from the Scheme to another KiwiSaver scheme which you choose. If you do not choose, then Inland Revenue will transfer you to a default KiwiSaver scheme under the default allocation rules in the KiwiSaver Act 2006.

Indemnities

Unless we fail to meet the standard of conduct and care required by the FMCA, we are indemnified from the assets of the Scheme for and in respect of any debt, liability or obligation incurred by or on behalf of the Scheme or a Fund, or any action taken or omitted in connection with the Scheme or a Fund, out of the assets of the Scheme to the full extent of that liability and the costs of any litigation or other proceedings in which that liability has been determined.

5. Additional information about contributions

Meaning of salary or wages for KiwiSaver purposes

For KiwiSaver purposes, your salary or wages (on which employee and employer contributions are based):

- generally include any bonus, commission, extra salary, gratuity or overtime pay;
- include parental leave payments from public money; and
- include (other than for compulsory employer contribution purposes) ACC compensation payments; but
- do not include accommodation benefits or redundancy payments.

Parental leave

If you are receiving parental leave payments from public money, contributing is treated as optional but you can ask Inland Revenue (when applying for paid parental leave, or through *myIR* at www.ird.govt.nz) to deduct employee contributions from your payments.

If you do contribute to the Scheme from publicly funded parental leave payments, the Government will also pay to the Scheme for your benefit 'employer' contributions at the rate of 3% of those parental leave payments (increasing to 3.5% on 1 April 2026, then 4% on 1 April 2028 assuming in each case you contribute at the same or a higher rate). Employer's superannuation contribution tax will be deducted from those Government payments, which will be additional to your other Government contribution entitlements.

Changing your employee contribution rate

You can change your employee contribution rate (to not less than the standard minimum rate applying at the time – see the PDS) by notifying:

- your employer, by completing a KS2 KiwiSaver deduction form (available from your employer or from www.ird.govt.nz) and giving it to your employer; or
- us (please call or email); or
- Inland Revenue, through *myIR* at www.ird.govt.nz.

You can only do this once every 92 days or as agreed with your employer.

If you change your existing contribution rate:

- by notifying us, we must notify Inland Revenue (which must then notify your employer of the new rate as soon as practicable); or
- by notifying Inland Revenue, it must notify your employer of the new rate as soon as practicable.

The new rate will apply to the next payment of salary or wages that is calculated after your employer receives the notice from you or Inland Revenue (as applicable).

Taking a temporary rate reduction

From 1 February 2026, if you are required to contribute to KiwiSaver from salary or wages, you can apply to Inland Revenue (through *myIR* at www.ird.govt.nz) for a temporary rate reduction requiring your employer, when notified by Inland Revenue, to reduce the rate of contributions it deducts from your pay to 3% of salary or wages, despite the increased minimum employee contribution rates which

otherwise apply from 1 April 2026 (3.5% until 31 March 2028, then 4% from 1 April 2028).

You can choose a temporary rate reduction period of between 92 days and one year. Once a temporary rate reduction is in place, Inland Revenue will write to you to remind you when it is coming to an end and you can apply for a new one (there is no limit to the number of times you may do this).

While you have a temporary rate reduction in place, if your employer is required to contribute to the Scheme for your benefit then its required contribution rate will also reduce to 3%.

You can end a temporary rate reduction at any time (after the minimum 92-day period, unless your employer agrees to a shorter period) by letting your employer know you'd like to start (or resume) making KiwiSaver contributions at not less than the applicable standard minimum contribution rate of 3.5% or 4%.

If, while a temporary rate reduction notice is in place, you:

- start new employment; but
- cannot yet show your new employer a copy of the notice;

then once you later show your employer a copy of the notice, either it or Inland Revenue may refund to you any amount by which the contributions deducted from your pay after starting that new employment have exceeded the amount that should have been deducted.

Taking a savings suspension

If you are contributing from salary or wages you can apply to Inland Revenue (through *myIR* at www.ird.govt.nz) for a savings suspension requiring your employer, when notified by Inland Revenue, to stop deducting contributions from your pay for the time being.

As at the date of this document, you can take a savings suspension of between 92 days and one year.

Generally, at least 12 months must have passed since Inland Revenue received your first KiwiSaver contribution before it can grant you a savings suspension. However, if you are suffering, or likely to suffer, financial hardship before that time, Inland Revenue may grant you a savings suspension of three months (or longer in special circumstances).

Once a savings suspension is in place, Inland Revenue will write to you to remind you when it is coming to an end and you can apply for a new one (there is no limit to the number of times you may do this).

While you are on a savings suspension, your employer can also suspend the compulsory contributions it is making for your benefit.

You can end a savings suspension at any time (after the minimum 92-day period, unless your employer agrees to a shorter period) by letting your employer know that you'd like to start making KiwiSaver contributions from your pay again.

Government contributions

Currently (as noted in the PDS) if you are aged between 16 and 65 and are otherwise eligible (see below) then the Government will contribute to your KiwiSaver account 25c for every dollar you contribute, up to a maximum annual Government contribution of \$260.72 a year.

Government contributions are calculated annually based on the total contributions you personally have made during the last KiwiSaver year (1 July to 30 June) and the number of days during that year that you were eligible to receive them.

The additional Government contributions eligibility criteria are that:

- you live mainly in New Zealand; and
- you haven't made a life-shortening congenital condition-based withdrawal (see page 15); and
- your taxable income was \$180,000 or less in, as applicable:
 - the income year (1 April to 31 March) that ended during the KiwiSaver year, if:
 - you filed a tax return for that income year before the end of the KiwiSaver year; or
 - you were not required to file a tax return for that income year; or
 - in any other case, the income year preceding the KiwiSaver year,

Your Government contribution entitlements will reduce in proportion to the part of any KiwiSaver year during which you were not a KiwiSaver member or you otherwise did not qualify (because for example you did not live mainly in New Zealand).

We will claim your Government contribution entitlements annually on your behalf, usually at the beginning of each July. When you fully withdraw from the Scheme (unless it is by reason of permanent emigration other than to Australia, or to transfer to another KiwiSaver scheme), we will claim for your benefit the Government contributions for the period since the commencement of the relevant KiwiSaver year.

When we receive each Government contribution payment, we will apply it to your Scheme account (or add it to your benefit if you are withdrawing all of your money from the Scheme).

In some circumstances, after you have withdrawn from the Scheme Inland Revenue may pay your Government contributions entitlement for the latest KiwiSaver year direct to you.

No Government contributions are payable in respect of funds transferred to the Scheme from an Australian superannuation scheme.

6. Additional information about withdrawals

As KiwiSaver is designed to help you save for retirement, you are generally not able to withdraw your money until you reach the eligibility age for NZ Super (currently 65). There are also a limited number of circumstances where you may be eligible for an earlier withdrawal from your KiwiSaver account. The KiwiSaver Scheme Rules set out the only types of withdrawals that are generally allowed and the eligibility criteria for each type of withdrawal. The Government may change these Rules and criteria from time to time. Currently the types of withdrawals available are:

- on or after reaching qualifying age
- buying your first home
- significant financial hardship
- serious illness
- life-shortening congenital condition
- permanent emigration (other than to Australia)
- permanent emigration to Australia (transfer to an Australian scheme)
- retirement withdrawal of Australian savings at or after age 60

- death
- where a transfer from an overseas retirement scheme has triggered an additional tax liability or student loan repayment obligation
- where a Court orders the payment of all or part of your savings.

You will need to complete the applicable withdrawal form and these are available on our website www.christiankiwisaver.nz/documents/.

You cannot sell, assign or transfer your interest in the Scheme to another person unless required by the KiwiSaver Act 2006 or another law.

Qualifying age

On or after reaching qualifying age, you are entitled as of right to withdraw the full balance in your KiwiSaver account. Qualifying age is NZ Super age (currently 65).

If, when you reach qualifying age, you are a member of this Scheme you will have the following options:

1. Keep your Scheme account open

You can arrange regular fortnightly or monthly withdrawal amounts or make occasional one-off withdrawals. A \$200 minimum applies to each regular withdrawal and a \$1,000 minimum applies to a one-off withdrawal. We can change the minimum withdrawal amounts at any time.

2. Make further contributions

If you keep your account open, then you also have the option to make further contributions to your account. Please note that from qualifying age you will no longer be eligible for compulsory employer or Government contributions.

3. Close your Scheme account

You can choose to withdraw all of your money. You will cease to be a member (but you will not be prohibited from re-joining KiwiSaver).

First home purchase

You may be eligible to withdraw some of your money to help purchase or build your first home (or an interest in a dwellinghouse on Māori land) if:

- you are buying the home or land in New Zealand; and
- three or more years have passed since Inland Revenue received your first KiwiSaver contribution or since you first joined a KiwiSaver scheme or complying superannuation fund; and
- you have never made a home purchase withdrawal from a KiwiSaver scheme; and
- you intend the property to be your main place of residence; and
- you have never owned a home or land before, either alone or jointly (limited exceptions apply – see below).

If you have owned a home or land before and therefore you do not qualify to make a first home purchase withdrawal, you may still be eligible to make a withdrawal to purchase a home or land if:

- you meet the first four of the above criteria; and
- you give us written confirmation from Kāinga Ora (formerly Housing New Zealand) that it is satisfied your financial position (as to assets and liabilities) is what would be expected of a person who has never owned a home.

For more information or the necessary form, telephone 0508 935 266 or visit www.kaingaora.govt.nz/home-ownership/kiwisaver-first-home-withdrawal/.

You will not be treated as having owned property before if you hold (or have held) land:

- as a bare trustee;
- as a leaseholder;
- where it is an interest in Māori land, or
- as a trustee who is a beneficiary under the relevant trust, but with no reasonable expectation of being entitled to occupy the land as your principal place of residence until the death of the occupier (or of their survivor).

Following any first home purchase withdrawal, you must leave at least \$1,000 in your KiwiSaver account plus any Australian Sourced Amount (see page 16).

If you make an application for a first home purchase withdrawal we will require the necessary documents and evidence to support your application (including a copy of a sale and purchase agreement listing you as purchaser) by at least 10 business days before either the settlement date or (if relevant – see below) the date when the deposit payment is due.

If your sale and purchase agreement is conditional then you can choose whether the amount withdrawn will be applied towards paying a deposit or applied at settlement. If the agreement is unconditional, the amount withdrawn can only be applied at settlement. If you make a withdrawal to pay a deposit, and not all funds are needed for the deposit, your solicitor or conveyancing practitioner must hold any residual funds for payment at settlement.

You can only make one withdrawal towards your home or land purchase, so if you wish to use your funds for both deposit and settlement you must apply before the deposit payment is due.

If we approve the withdrawal then we will pay the withdrawal amount directly to your solicitor or conveyancing practitioner. If the withdrawal is to be paid towards your deposit, your solicitor or conveyancing practitioner must pay the deposit amount to a stakeholder (such as the vendor's solicitor or real estate agent) to pay it under the sale and purchase agreement once the agreement goes unconditional.

If you use any amount withdrawn to help pay your deposit, and (for reasons other than any default on your part as purchaser) settlement does not proceed, the stakeholder must repay the money to your solicitor or conveyancing practitioner, who must then return the money to the Scheme. If you made the withdrawal for the purposes of settlement and settlement does not proceed, your solicitor or conveyancing practitioner (who will have held your funds in trust) must repay the money to the Scheme.

Significant financial hardship

If we are reasonably satisfied that you are suffering or are likely to suffer from significant financial hardship and have explored and exhausted reasonable alternative sources of funding, you can make a withdrawal (excluding the Government contributions and any \$1,000 'kick-start' contribution you may have received when first joining KiwiSaver).

Significant financial hardship includes significant financial difficulties arising because of:

- your inability to meet minimum living expenses;
- your inability to meet mortgage repayments on your main family home, resulting in the mortgagee seeking to enforce the mortgage;
- the cost of modifying a home to meet special needs arising from your own or a dependant's disability;
- the cost of medical treatment for your own or a dependant's illness or injury;
- the cost of palliative care for you or a dependant; or
- funeral costs for a dependant.

We currently use DebtFix to assist with significant financial hardship applications.

You will need to give us a statutory declaration as to your assets and liabilities, and we can limit the withdrawal to an amount we think necessary to alleviate your hardship.

Serious Illness

You can withdraw all of your money if we are reasonably satisfied you are suffering from a *serious illness*, which means an injury, illness or disability that:

- results in your 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.

We will need evidence to support your request. If you withdraw all of your money your Scheme account will be closed.

Life-shortening congenital condition

You can withdraw some or all of your KiwiSaver money before qualifying age if we are reasonably satisfied that you have a *life-shortening congenital condition* as defined for KiwiSaver purposes. In summary terms, you must have a condition that is congenital (i.e. has existed since you were born) and is either:

- identified by regulation as a life-shortening congenital condition (the life-shortening congenital conditions currently identified in the KiwiSaver Regulations 2006 are Down syndrome, cerebral palsy, Huntington's disease and fetal alcohol spectrum disorder); or
- one for which you have medical evidence to verify that it is expected to reduce life expectancy to below age 65 (either for you or generally for persons with the condition).

If you make a withdrawal from your KiwiSaver money on this basis, you will be treated for KiwiSaver purposes as having reached qualifying age, which means you will be eligible to make further withdrawals but you will no longer be eligible for Government contributions or compulsory employer contributions.

Permanent emigration to Australia

If you permanently emigrate to Australia you can choose to transfer all of your money (including Government contributions) to an Australian complying superannuation scheme which accepts such transfers, as long as your balance is below any maximum transfer amount required by Australian law. Alternatively you can leave your money in the Scheme.

Permanent emigration to another country

One year after you have permanently emigrated to anywhere other than Australia you can apply to withdraw your money, excluding your Government contributions amount and any Australian Sourced Amount (see below), from the Scheme. We must repay your Government contributions amount to the Government and any Australian Sourced Amount must remain in KiwiSaver until you are able to withdraw it on another basis.

You will remain entitled to and may withdraw any \$1,000 'kick-start' contribution you may have received when first joining KiwiSaver.

Australian Sourced Amount

If you have permanently emigrated from Australia to New Zealand you may choose to transfer your Australian superannuation savings (*Australian Sourced Amount*) to the Scheme from an Australian complying superannuation scheme. Where your KiwiSaver savings include any Australian Sourced Amount, you:

- will generally be able to start withdrawing your Australian Sourced Amount once you have reached age 60 and meet the 'retirement' definition in the Australian superannuation legislation;
- will not be able to withdraw the Australian Sourced Amount for the purpose of purchasing a first home; and
- will not be able to withdraw the Australian Sourced Amount by reason of later permanently emigrating from New Zealand to a country other than Australia.

You can contact us for more information about this.

Transfer to another KiwiSaver scheme

You can transfer from the Scheme to another KiwiSaver scheme at any time, if you are accepted as a member of that other scheme. The transferred amount will be your total money in the Scheme. You will stop being a member of our Scheme as you can only be in one KiwiSaver scheme at a time.

Following transfer from an overseas superannuation scheme

You may be able to make a withdrawal to meet any New Zealand tax liability or additional student loan repayment obligation arising by reason of you transferring funds to KiwiSaver from an overseas (non-Australian) superannuation scheme. You must apply within two years after Inland Revenue assesses that tax liability or additional repayment obligation.

If the withdrawal is approved, the amount withdrawn (which is paid directly to Inland Revenue) cannot exceed, as applicable:

- the lesser of the tax liability incurred and your total tax liability for the relevant tax year; and
- the amount of the additional student loan repayment obligation.

The withdrawal might trigger an overseas tax liability.

Death

If you die, we will pay your KiwiSaver balance to the executors or administrators of your estate. If your balance is less than a set amount (currently \$40,000) and other conditions are met, we may pay your money direct to a person such as a surviving partner or children.

Other withdrawals

We must comply with any law or Court order requiring us to release some or all of your money from the Scheme (for example when a relationship ends).

Transfer of UK pension funds to a QROPS

If you have transferred savings to KiwiSaver which originate from a UK pension scheme (before KiwiSaver schemes ceased being qualifying recognised overseas pension schemes (QROPS) for United Kingdom (UK) pension fund transfer purposes) you can require us at any time to transfer from the Scheme to a New Zealand QROPS (a superannuation scheme that is a QROPS under the UK legislation) your 'QROPS accumulation', comprising:

- the original amount of UK pension funds transferred (directly or indirectly) to KiwiSaver; and
- the investment returns on that amount;

less any permitted withdrawal(s) already made in accordance with the KiwiSaver Scheme Rules.

You must have obtained written confirmation from your chosen QROPS that it will accept the transfer.

Alternatively, we may choose at any time to transfer your QROPS accumulation to a New Zealand QROPS of our choosing, subject to obtaining both your written consent and written confirmation from the QROPS that it will accept the transfer.

In each case, the entire QROPS accumulation must be transferred to the QROPS in one transaction.

If we have incomplete records to enable us to calculate your QROPS accumulation exactly, we can transfer to the QROPS the amount we are able to ascertain (which might, for example, be the original amount of UK pension funds transferred to KiwiSaver).

7. Additional information about risks

No investment is free from risk. The return on an investment carries a corresponding potential level of risk that you may lose some or all of the investment, receive negative returns or not receive a particular rate of return. Investments in the Scheme are not guaranteed.

There are risks associated with investing in the Scheme, as the value of your investment in the Scheme is linked to market performance. The returns on your investment will fluctuate from time to time according to market conditions (these fluctuations are sometimes called 'volatility') and in some years those returns may be less than you expect or may be negative for a period of time.

Generally, investments in income assets (such as cash and cash equivalents, and fixed interest) tend to be less volatile than investments in growth assets (in the Scheme's case equities, private equity investments (see below) and holdings in forest land). Although the Income Fund (invested only in income assets) is expected to carry less risk than the Balanced Fund and the Growth Fund (each with a mix of income and growth assets) the value of your investment in any Fund can go up or down.

Because your returns are linked to the amount in your account(s) at the time you receive your benefits, and because these accounts have earnings allocated to them at rates that we determine, and are debited with fees (and possibly negative earnings), there is a risk that you will not recover the full amount contributed by you or for your benefit.

When choosing your investment it is important that you:

- set your investment goals;
- know what sort of investor you are and how much risk you are comfortable with;
- know what your investment timeframe is; and
- understand that events affecting your investments cannot always be foreseen.

Investment sector risks

There are risks arising from investments in each asset sector. The main risks associated with each sector are:

- **Cash and cash equivalents:** the main risk with respect to cash investments is inflation risk (this is the risk that inflation will erode value - i.e. that the return on the investment is less than inflation). There is also credit risk - the risk of the institution holding the cash being unable to pay interest or repay the investment;
- **Fixed interest:** the main risk with respect to fixed interest investments is interest rate risk - the value of fixed interest investments is affected by changes in market interest rates (and if these rise then the investment becomes less valuable). Again, there is also credit risk - the risk of the borrower being unable to pay the interest payments or repay the investment;
- **Equities:** the main risk with respect to equity investments is market risk - the value of equities is influenced by a wide range of factors including the performance of the company, market sentiment and the economic performance of the country or sector. Another key risk with international equities is currency risk (we use hedging to manage this risk and currently investments in international equities are partially hedged);
- **Forest land:** the main risk with respect to forest land investments is the market risk arising from the need for long-term land holding while forests are growing (the value of the forest land can be affected by demand, location, the quality of the property, market conditions, opinion and the market for property investment). Liquidity risk also affects this sector, as forest land is a long-term and relatively illiquid asset (which may also affect the processing of withdrawals); and
- **Private equity:** these are investments comprising indirect ownership interests in operating companies that are not publicly listed on a securities exchange. The main risks with respect to private equity investments are manager risk, market risk and specific investment risk. Liquidity risk also affects this sector, as private equity is a long-term and relatively illiquid asset (which may also affect the processing of withdrawals).

The relative significance of these risks will be affected by a Fund's asset allocations from time to time. The current benchmark asset allocations for each of the three Funds are set out in section 3 of the Scheme's PDS (headed *Description of your investment options*).

Other risks

The value of your investment in the Scheme may also be affected by any one or more of the following risks:

- **Regulatory risk** is the risk of future changes to relevant legislation in New Zealand or overseas adversely affecting the operation of the Scheme and its investments (including changes to the Emissions Trading Scheme, which might affect the returns from our forestry investment);
- **Ethical investment risks** include the following:
 - investments made in accordance with our Ethical Investment Policy may produce returns that differ from investments made without such ethical considerations, so there is a risk that the Funds may not achieve performance results comparable with or superior to funds that do not take non-financial features into account in their investment methodologies;
 - there is also a risk that the Funds may not deliver the desired non-financial outcomes – for example, we may invest in a directly held equity investment that is inconsistent with our Ethical Investment Policy due to limitations or inaccuracies in the data available to us when applying the ethical screening process set out in the policy;
 - if we make investments that do not comply with our Ethical Investment Policy, these may need to be divested to rectify the non-compliance if it is material (see the SIPO) – this may necessitate selling profitable investments because they are contrary to the policy (though to mitigate this risk we employ professional investment management staff who are accountable for confirming quarterly whether the Scheme's investments comply with the SIPO and the Ethical Investment Policy); and
 - applying ethical screening involves additional research and administrative costs, which could reduce the relevant Funds' overall returns;
- **Administrative or operational risk** is the risk arising from technological, process or other failures, fraud, litigation, disruption to business by reason of industrial dispute, system failure, natural disaster or other unforeseen events affecting either the Scheme or markets generally;
- **Taxation risk** is the risk that changes in tax legislation or tax rates may adversely impact on returns;
- **Loss of PIE status risk** is the risk of the Scheme failing to meet the on-going eligibility criteria for PIE status and our being unable to remedy this in time. If this happened then it could result in the Scheme being taxed at a higher rate than the individual prescribed investor rates (**PIRs**) of members. We monitor the Scheme's on-going compliance with the PIE legislation;
- **Counterparty risk** is the risk of the other party to a contract not fulfilling its obligations under that contract, a dispute arising in relation to the contract or the other party becoming insolvent or otherwise being unable to meet its financial obligations (if this occurs, the full value of the investment may not be recovered); and
- **Service provider risk** is the risk of any of the parties associated with operating the Scheme and investing Scheme assets failing to perform its obligations (this may adversely affect investment returns, access to the services or the payment of withdrawals).

8. Additional information about tax

Tax on contributions

Member contributions to the Scheme are made from after-tax income, so no more tax is payable on those contributions.

As at the date of this document, employer contributions to the Scheme have employer's superannuation contribution tax deducted from them at the following rates (an 'income year' is 1 April to 31 March):

- 10.5% if the total of your taxable earnings and the before-tax employer superannuation contributions made for your benefit (to any workplace savings scheme and/or KiwiSaver scheme) was \$18,720 or less in the previous income year;
- 17.5% if the total of those earnings plus employer contributions was between \$18,721 and \$64,200 in the previous income year;
- 30% if the total of those earnings plus employer contributions was between \$64,201 and \$93,720 in the previous income year;
- 33% if the total of those earnings plus employer contributions was between \$93,721 and \$216,000 in the previous income year; and
- 39% in every other case.

If your current employer did not employ you for all of the previous income year, the above rates will be based on estimates of your expected taxable earnings and employer superannuation contributions for the current income year.

Tax on investment income

The following is a general statement of current New Zealand investment income tax law as it relates to Scheme members who are New Zealand residents. Tax legislation, its interpretation and the rates and bases of taxation are subject to change. Different tax rules may apply in respect of non-resident members.

We do not accept any responsibility for your taxation liabilities. You should consult your own tax adviser about your taxation position in relation to the Scheme or withdrawals, payments or transfers from the Scheme.

The Scheme is a multi-rate portfolio investment entity (**PIE**) for tax purposes. As the Scheme is a multi-rate PIE, we:

- attribute to you a proportionate share of each relevant Fund's taxable income and tax credits;
- calculate tax on your proportionate share of that income based on the most recent PIR that you (or Inland Revenue) have notified to us or the default rate (currently 28%) if no PIR has been notified – you must give us your PIR, which will be 10.5%, 17.5% or 28% depending on your income (see *Prescribed Investor Rate* below);
- pay this tax (**PIE tax**); and
- adjust either your investment in the relevant Fund, or the amount paid to you, to reflect the PIE tax.

Investments not subject to Foreign Investment Fund (FIF) regime

Equities held in New Zealand resident companies, or in most Australian resident companies listed on an approved Australian Securities Exchange index, are broadly taxed under the ordinary New Zealand tax rules, subject to certain exceptions. Dividends received on such equities are usually fully taxable, with a credit allowed for any attached imputation credits (but not for any Australian franking credits). The Scheme is entitled to a tax credit for any withholding tax deducted from such dividends. Tax should not be payable by the Scheme on any gains from the sale of such equities and no tax deduction can be claimed for any losses.

Investments subject to FIF regime

Other international equities held by the Scheme are usually taxed under the fair dividend rate (FDR) method of taxation in the FIF regime. Under FDR, such equities give rise to deemed income in an income year (1 April to 31 March) equal to 5% of the opening market value of the equities at the beginning of each quarter for that income year.

The Scheme may be entitled to a credit for any withholding tax paid on dividends received from such equities, subject to certain limits. Any dividends or profits from sales of the equities are ignored for tax purposes. No tax deduction can be claimed for any losses in respect of the equities under this method.

Tax on income derived by Scheme

Interest earned from income investments and cash at the bank, foreign exchange gains from non-New Zealand dollar denominated debt instruments and income derived from hedging contracts are all taxable. The Scheme is entitled to a deduction for expenses incurred in earning income and for any foreign exchange and hedging losses on debt instruments and hedging contracts).

Prescribed Investor Rate (PIR)

For New Zealand resident individuals who give us their IRD number, there are three PIRs available as at the date of this document (a 'tax year' is 1 April to 31 March):

- 10.5% for members who had, in either of the two tax years immediately before the current tax year, taxable income of \$15,600 or less (this excludes PIE income) and \$53,500 or less in taxable income plus net PIE Income;
- 17.5% for members who had, in either of the two tax years immediately before the current tax year, taxable income of \$53,500 or less (this excludes PIE income) and \$78,100 or less in taxable income plus net PIE income; and
- 28% for members who do not qualify for either of the lower rates.

When calculating your PIR, taxable income generally includes foreign-sourced income even if you were not resident in New Zealand when that income was earned. New residents can exclude their non-resident foreign-sourced income if they reasonably expect their taxable income to be lower than their total income from the tax year before becoming a New Zealand resident.

For a non-resident or a member who does not provide an IRD number and/or a PIR the applicable PIR is 28%.

You must tell us if your PIR changes or if you cease to be resident in New Zealand.

We calculate the tax liability attributable to members in relation to each Fund for each calculation period (and as at the date of any full withdrawal or switch between Funds) using members' PIRs. The tax liability attributed to you for each Fund will be deducted from your account(s) before the full withdrawal or switch is made.

If your PIR was not correct during the tax year, Inland Revenue will complete an end of year wash-up following the end of the tax year. This may mean you have further tax to pay (currently capped at a maximum tax rate of 28%) if your PIR was too low. If your PIR was too high, any tax over-withheld will be used to reduce any income tax liability you may have for the tax year and any remaining amount will be refunded to you.

Fees paid by you for management and administration services are taken into account as deductions for the purposes of calculating the tax payable on your behalf. You cannot claim deductions for any such fees in your own tax returns.

You can find more information about PIEs on the Inland Revenue website www.ird.govt.nz (search 'PIEs').

Tax on benefits

Under current legislation, when you make a withdrawal from the Scheme in New Zealand the amount withdrawn will not be subject to any further New Zealand taxation.

Non-resident members should seek tax advice in their country of residence concerning the tax treatment in that country of payments or transfers from the Scheme (and see below).

Tax on overseas transferred funds

UK tax treatment may apply in some cases to a withdrawal of funds transferred to the Scheme (directly or indirectly) from a UK pension scheme. Because KiwiSaver schemes are no longer QROPS for UK pension fund transfer purposes, we cannot accept any transfers to the Scheme from UK pension schemes (and if any UK pension transfer moneys are transferred to the Scheme from another KiwiSaver scheme or New Zealand retirement scheme then the transfer may trigger a UK tax penalty).

The withdrawal of any other funds transferred to the Scheme (directly or indirectly) from any overseas (non-Australian) scheme may also have overseas tax consequences.

For more information in either case, you should consult a tax specialist.

9. Conflicts of interest

We and the Investment Committee maintain conflict of interest policies. Members of the NZACPB and the Investment Committee are required to disclose interests which they believe may have the potential to lead to conflicts of interest or may be relevant to the perception of their conduct as a member of the NZACPB and/or the Investment Committee.

Notwithstanding their interests, all NZACPB members must act honestly, in good faith and in the Scheme members' best interests, treat members equitably and not use Scheme information either for improper advantage or to cause detriment to Scheme members. The Trustee must also, in exercising any power or performing any duty, exercise the care, diligence and skill that a prudent person engaged in the profession of acting as manager of a registered KiwiSaver scheme would exercise in those circumstances. We have a Licensed Independent Trustee as an NZACPB member, as required by the FMCA.

Where the Trustee has entered, or enters, into any transaction providing for a related party benefit (as defined in the FMCA) to be given:

- that transaction must be in the Scheme members' best interests or on arm's length terms (or otherwise comply with the FMCA related party transactions provisions); and
- the Trustee, with the consent of the Licensed Independent Trustee, must certify accordingly.

If any particular conflicts of interest do arise in relation to the Scheme then the Trustee will identify and record those conflicts and take steps to manage them (as appropriate) on a case by case basis. Those steps might include (for example):

- taking independent legal or other advice; and
- having an NZACPB member who is conflicted due to having a direct personal interest in a matter under consideration withdraw from the discussions and decision-making process.

10. Material contracts

We have not entered into any material contracts (not being contracts entered into in the ordinary course of business) in respect of the Scheme.

11. Market indices used in Fund Updates

The market index that has been used to calculate the market index annual return published in our latest annual Fund Update for each Fund (Growth, Balanced and Income) is a composite index:

- comprising the benchmark sector indices used to measure the Fund's investment performance in each of the following asset classes (as applicable):
 - cash and cash equivalents;
 - NZ fixed interest (excluding NZ mortgages);
 - international fixed interest;
 - Australasian equities; and
 - international equities; and
- weighted according to the Fund's target allocation to that asset class.

For a description of each of these benchmark sector indices (and links showing where to obtain more information about them) see the SIPO, a copy of which is available:

- from www.christiankiwisaver.nz/documents or
- on the offers register at www.disclose-register.companiesoffice.govt.nz under Christian KiwiSaver Scheme (select *Search for an offer*, enter OFR10845 and go to *Documents*).

The Trustee has determined that those of the Scheme's assets which comprise:

- NZ mortgages (i.e. direct mortgage-backed loans); and
- alternative assets (described in the Fund Updates as 'other' assets) – these are forests, forest land smart energy (shares in publicly listed companies offering sustainable energy opportunities) and private equity;

do not have either an appropriate market index or a peer group index, because there is no quoted market price for some of the underlying assets and/or the nature of the underlying assets differs markedly from the composition of other relevant possible indices. Specifically:

- in the case of NZ mortgages, some of our mortgage-backed loans are interest only and the majority have been made to clergy and clergy family members, so our clientele is markedly different from the market (and in addition, we have no historical credit loss experience, which differentiates our portfolio from market lenders);
- in the case of our investments in smart energy, we consider that there is no appropriate market index or peer group index due to the nature of the relevant underlying fund, which focuses on a concentrated group of listed companies transitioning away from fossil fuels and into sustainable energy sources;
- in the case of private equity, the pricing information for listed private equity investments includes inputs differing from the returns data generated by our overseas private equity managers, and we do not consider that it provides a useful benchmark for our private equity performance; and
- in the case of forestry, we directly own just one forest in Hawke's Bay which:
 - has been assessed as 66% suitable for ground based harvesting and otherwise as suitable for hauler (cable) harvesting;
 - is close to a port and a pulp and sawlog mill;
 - is predominantly a post-1989 forest, with 659.8 hectares registered in the Emissions Trading Scheme (ETS); and
 - is now into its second rotation;

and because the valuation of this asset is very specific to its location, its land type, and the age classes of the trees (seven, counting post Cyclone Gabrielle replanting), we do not consider that public market data on forestry investments (which is generalised across multiple locations, land types, rotations, ETS classifications and age classes) provides a useful performance benchmark.

The Trustee considers that the composite index described above is likely to be useful to investors when assessing the performance of each Fund as a whole, because:

- throughout the relevant periods, each Fund's investments have principally been held in asset types other than NZ mortgages and alternative assets; and
- accordingly the Trustee considers that composite market index to provide a reasonable benchmark against which to compare the performance of each Fund as a whole.

