

# Other Material Information

## i-Select Superannuation Scheme

Dated 1 July 2022  
Issued by i-Select Limited

*This document contains important information relating to the offer of membership in the i-Select Superannuation Scheme that is not contained in the Product Disclosure Statement for the Scheme or the other documents within the Scheme's entry on the register of offers of financial products at [www.business.govt.nz/disclose](http://www.business.govt.nz/disclose). It should be read together with those documents. The Information in this document could change in the future. Please check the offer register at [www.business.govt.nz/disclose](http://www.business.govt.nz/disclose) for any updates.*





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## General Information

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### In this document:

- the words **'you'** or **'your'** refer to you and other persons who apply for membership of the Scheme or who are accepted as Members of the Scheme.
- the words **'we'**, **'us'**, **'i-Select'**, **'Manager'** or **'our'** refer to i-Select Limited, the Manager of the Scheme. We have prepared the information in this document.
- where words are defined in this section, those words have the meaning given whenever they are used in this document.
- where we refer to something that we or someone else 'currently' does, this describes our or their practice at the date of this document only. We can review and change our practices without notice to you, as long as we comply with the Trust Deed and the Governing Legislation. Other parties may change their practices at any time.



## Glossary

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**Auditor** means the person appointed as auditor of the scheme from time to time. The auditor must be a qualified auditor under the FMCA. The Scheme's current Auditor is BDO Christchurch.

**Authorised Investments** means the equity securities, fixed interest securities, managed investment products, investment trusts, index funds, listed property trusts, cash and other investments made available by i-Select for inclusion in a Personal Plan.

**Effective Date** means 30 November 2016, being the date on which the Scheme transitioned to the FMCA regime.

**Eligible Investor** means an individual who, under the FMCA, certifies that they have sufficient knowledge and experience of dealing in financial products that enables them to sufficiently assess the merits and risks of a transaction. An Eligible Investor forms part of the category of 'wholesale investor' under the FMCA.

**Financial Adviser** means an individual who is registered on the Financial Service Providers Register and engaged by a licensed financial advice provider.

**FMA** and **Financial Markets Authority** means the Financial Markets Authority, New Zealand's financial markets conduct regulator. The Scheme is registered with and regulated by FMA. FMA does not endorse the Scheme and no person (including FMA) guarantees the performance of your investment in the Scheme or the return of your investment capital.

**FMCA** means the Financial Markets Conduct Act 2013 (and includes the Financial Markets Conduct Regulations 2014).

**Governing Legislation** means, as appropriate, all laws and regulations applicable to us (including compliance by us with the terms of its licence under the FMCA as a manager of managed investment scheme), the Supervisor, and the Scheme at applicable points in time, and which may include without limitation, the Financial Markets Legislation and methodologies or frameworks issued by the FMA under the FMCA.

**Member** means a person who has joined the Scheme.

**Member Account** means the Member's account in the Scheme. The value of the account is the value of the

Member's investments in the Personal Plans, plus the value of any cash held on account of the Member, minus any liabilities such as unpaid tax and accrued fees and expenses.

**Other Contributions** means the part of your Member Account that is not your UK Pension Transfer Accumulation.

**Permitted Withdrawals** means the withdrawals Members become entitled to from their Member Account under the Superannuation Scheme Rules and the Trust Deed.

**Personal Plans** means at any time, all of the Authorised Investments selected by the scheme participant for investment within the Personal Plan at that time.

**Public Trust** means Public Trust, the Scheme's Supervisor.

**ROPS** or **Recognised Overseas Pension Scheme** means a designation for retirement savings schemes under UK tax law. Retirement savings schemes that are ROPS may receive pension transfers from registered pension schemes in the UK and also transfers of UK pension funds from other ROPS. These transfers are subject to certain restrictions on payments made from the amounts transferred.

**Scheme** or **i-Select Superannuation Scheme** means the Personal Section of the i-Select Superannuation Scheme as a whole, which is a registered managed investment scheme.

**i-Select, we, us, our** and the **Manager** means i-Select Limited, the Manager of the i-Select Superannuation Scheme.

**Superannuation Scheme Rules** means Schedule 12 of the Financial Markets Conduct Act Regulations 2014 which, together with the Trust Deed, define Permitted Withdrawals.

**Supervisor** means the person who is the supervisor of the Scheme from time to time. Public Trust is the Scheme's current Supervisor.

**Trust Deed** means the trust deed which governs the Scheme, as amended and restated from time to time.

**UK Pension Transfer Accumulation** means UK pension transfer money you transfer to the Scheme and investment gains on that money

## Additional information on the Scheme and the persons involved

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The i-Select Superannuation Scheme is a defined contribution superannuation scheme, established in 2012. Its principal purpose is to provide retirement benefits to Members.

The Scheme is governed by a trust deed dated 30 November 2016 as amended 25 May 2017 and 13 October 2020 (the Trust Deed) and has two sections:

- a. the Legacy Section, which has been designated as a legacy scheme and is closed to new members;
- b. the Personal Section, which is regulated under the FMCA as a superannuation scheme.

### Manager

i-Select acts as the Manager of the Scheme. As Manager we are responsible for offering and issuing interests in the Scheme to Members, managing the assets of the Scheme, and administering the Scheme. We are licensed under the FMCA as a Manager of registered schemes. Further information on our licence is available on the FMA website ([www.fma.govt.nz](http://www.fma.govt.nz)) and also on the Financial Service Providers Register website ([www.business.govt.nz/fsp](http://www.business.govt.nz/fsp)).

Some information about us as at the date of this document is below:

i-Select Ltd was originally incorporated in New Zealand as a company on 2 July 2012 as i-Select Trustee Services Limited. It changed its name to i-Select Limited on 28 October 2016 as part of the transition to the Financial Markets Conduct Act 2013. **The address of the Manager and its board members is 1/161 Burnett Street, Ashburton 7700.**



**Chris Heffernan**  
(Director and CEO)

Is a UK Chartered Tax Adviser, a Fellow of the UK Association of Taxation Technicians, and has the UK financial services qualification, Cert(PFS). He is a member of the UK Chartered Institute of Taxation, the UK Association of Taxation Technicians, the UK Personal Finance Society (part of the Chartered Insurance Institute) and Financial Advice New Zealand. He has been a practising tax adviser since the early 1980s and involved in the financial services profession since the late 1980s. He practised in the UK for 21 years before moving to New Zealand in 2003 and has since practised here in UK and New Zealand taxation and financial services.



**Gary Leech**  
(Director and Chairman)

Has been a Chartered Accountant for over 40 years. He was the longest serving member of the Disciplinary Tribunal of the Chartered Accountants Australia and New Zealand, and is now a member of the Institute's Appeals Council. Early in his career he rose to International Treasurer of the Junior Chamber International and, since then, has acquired a wealth of experience in strategy and governance, sitting on the board of listed companies and holding a number of directorships. He is a professional director and Accredited Fellow of the Institute of Directors.



**Richard Austin**  
(Director)

Is a Chartered Accountant who advises high net worth clients and is directly involved in merger, acquisitions and private equity investing. He advises a number of charitable organisations on investment strategies, portfolio structuring and management. A director of a number of companies in a diverse range of industries, his past roles include Chief Investment Officer at Gould Holdings Ltd, and General Manager of Financial Advisory and Funds Management at Perpetual Trust. Currently he holds directorships at various companies, including Business Mentors NZ Ltd, and Cambridge Partners Ltd.



## Supervisor

Public Trust is the Supervisor of the Scheme. The Supervisor is responsible for supervising the performance of our functions as Manager. The Supervisor (or someone else it appoints in accordance with the FMCA and the Trust Deed, and who cannot be us or a related party of us) also holds all assets of the Scheme in trust for the Scheme's Members. Some information about the Supervisor is set out below:

### **Licence**

On 10 April 2015, the Supervisor was granted a licence pursuant to the Financial Markets Supervisors Act 2011 to act as a supervisor of superannuation schemes. The licence expires on 16 January 2023 and is subject to reporting conditions. Further information on the Supervisor's licence is available on the FMA website ([www.fma.govt.nz](http://www.fma.govt.nz)) and also on the Financial Service Providers Register website ([www.business.govt.nz/fsp](http://www.business.govt.nz/fsp)). The Supervisor is a statutory corporation and Crown entity established and constituted in New Zealand on 1 March 2002, under the provisions of the Public Trust Act 2001 ('Act'). The Supervisor has more than 140 years' experience in a wide range of services as trustee, executor, manager and attorney. The Supervisor currently administers estates, trusts, funds and agencies. The Board of the Supervisor is responsible for its supervision and management.

You can find the current board members of Public Trust at [www.publictrust.co.nz](http://www.publictrust.co.nz)

The address of the Supervisor and its board members is Level 16, SAP Tower, 151 Queen Street, Auckland 1010.

## Custodian

The Supervisor has appointed Investment Custodial Services Limited, FNZ Limited and Hobson Wealth Custodian Limited as Custodians to hold all assets of the scheme.

## Other Parties

### **Service Providers**

We may appoint administration or investment managers to carry out administration or investment management (as applicable) of the Scheme. Any administration or investment managers appointed by us may change from time to time without notice to you. As at the date of this document we have not appointed any investment managers to carry out investment management in relation to the Scheme.

## Auditor

BDO Christchurch has been appointed as Auditor of the Scheme. BDO Christchurch is registered under the Auditor Regulation Act 2011 and is a qualified auditor under the FMCA. Other than in its capacity as auditor, BDO Christchurch has no relationship with, or interests in, the Scheme.

## Solicitors

Our Solicitors are DLA Piper New Zealand.

## No Guarantee

There is no guarantee from the Crown or any other person in respect of the Scheme or any Personal Plan of the Scheme. No person associated with the Scheme guarantees the repayment of capital or the investment performance of the Scheme. Our obligations, and those of the Supervisor, are not guaranteed by any third party.

## Additional information on the terms of the Scheme

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### Establishment

The Scheme was established in July 2012 with the principal purpose of assisting its members to save for their retirement and providing retirement benefits.

The Trust Deed is available on the schemes register at [www.business.govt.nz/disclose](http://www.business.govt.nz/disclose) (scheme number SCH11049).

The Scheme is registered on the register of managed investment schemes under the FMCA as a “superannuation scheme”. The operation of the Scheme is governed by the FMCA. When you become a Member of the Scheme you get the benefit of, and are bound by, the terms of the Scheme as set out in the Trust Deed. The FMCA provides that the Superannuation Scheme Rules (which, amongst other things, set out the rules around permitted withdrawals from the Scheme) and certain other terms are implied into the Trust Deed.

The Scheme is subject to an exemption granted by the FMA which can be found at <http://fma.govt.nz/compliance/exemptions/current-exemption-notice/>. The exemption provides, among other things, that:

- a. you must receive advice from a Financial Adviser before investing in the Scheme (unless you qualify as an Eligible Investor);
- b. you will be provided with an Investment Options Supplement (IOS) along with the Product Disclosure Statement (PDS);
- c. the PDS you receive will contain less information than a usual PDS; and
- d. you will receive personalised reports specific to your Personal Plan on a quarterly basis.

For more information on this please contact us directly.

### Other key terms

#### Personal Plans

The Scheme offers Personal Plans which are set up separately to hold specific investments for members, providing an investment portfolio managed on an individual basis. As a member, you choose the investments for your Personal Plan based on advice from your Financial Adviser. You can change the investments within your Personal Plan by arrangement with your Financial Adviser.

The investment options are described in the IOS that accompanies the PDS. The investment options include equity securities, fixed interest securities, managed investment products, investment trusts, index funds, listed property trusts and cash.

#### Suspension of withdrawals

While considered unlikely by i-Select, we can suspend withdrawals from the Scheme where we think allowing withdrawals would be materially prejudicial to Members of the Scheme. The suspension will last until either we cancel it, or for 90 days (or such longer period as we determine in consultation with the Supervisor).

#### Manager and Supervisor's indemnity from the Scheme

Both we and the Supervisor have the benefit of an indemnity from the Scheme for any claims, costs, damages, liabilities or expenses that are reasonably paid or incurred in acting as Manager or Supervisor (as the case may be). This indemnity does not apply where we or the Supervisor (as the case may be) have failed to show the care and diligence required by law, or we or the Supervisor are wilfully in default or wilfully in breach of trust. The indemnity is only available in respect of the proper performance of our functions under the FMCA.

#### Removal and retirement of Supervisor

We can remove the Supervisor with the approval of the FMA, if we reasonably believe it is in the best interests of Members that the Supervisor be removed, and we certify to that effect (providing reasons). Members can remove the Supervisor by special resolution. The Supervisor must resign if it becomes insolvent, suspends (or threatens to suspend) or reschedules payments of its debts or makes an assignment with its creditors for its debts. The Supervisor can also resign at any time on 90 days' notice. Generally, the removal or retirement of the Supervisor cannot be completed until a new Supervisor is appointed and signs a deed of appointment. In most cases, we have the power to appoint a new Supervisor. Once the new Supervisor signs the Deed of Appointment, the old Supervisor will be released from all its responsibilities under the Trust Deed.

#### Removal and retirement of Manager

The Supervisor can remove us as Manager after certifying that this is in the best interests of Members. For example, this could be where we have been placed into liquidation, receivership or statutory management. Members can remove us by special resolution. The FMA can apply to Court to have us removed. We can resign on 90 days' notice to the Supervisor.

The Supervisor has the power to appoint a new Manager in consultation with us. The new Manager has to sign a deed of appointment. Once the new Manager has signed the deed of appointment, we will be released from all our responsibilities under the Trust Deed.

## **Amendments to Trust Deed**

The Trust Deed can be amended by agreement between us and the Supervisor, so long as the amendment does not detract from the Scheme's principal purpose of providing retirement benefits to Members. Any amendment that reduces postpones or otherwise adversely affects benefits payable to Members, or that increases fees or charges payable by Members, must have the written consent of all Members who would be adversely affected by the amendment.

## **Winding up**

The Scheme may be wound up if either we or the Supervisor resolves as such and notifies the other in writing.

The Scheme will be wound up if it has no Members or beneficiaries and the Supervisor resolves that the Scheme is wound up. The FMA can also wind up the Scheme using its powers under the FMCA.

From the winding up date, no new Members can join the Scheme, no new contributions can be made to the Scheme and no further benefits will be paid. We will sell all the Scheme's assets as soon as we reasonably can (using commercial common sense) to realise cash. Then, we will pay from that cash all reasonable costs, fees, liabilities and expenses for the winding up and other expenses that accrued up to the winding up date. After that, we will pay unpaid benefits. Finally, we will pay each Member a proportionate share of the remainder.

## **Meetings**

We will call meetings of Members where required by the FMCA and such meetings will be conducted in accordance with the provisions of the FMCA. Members may call a meeting by having at least 5% of the total number of Members in the Scheme giving us written notice of their request for a meeting. At a meeting, Members can give directions to us or the Supervisor by passing a special resolution. We and the Supervisor will comply with any such directions but will not be liable for anything done or omitted by reason of following those directions.

## **Other Administrative matters**

We maintain a register of Members which includes the names and addresses of each Member and particulars of the membership interest held by each Member. This register is audited annually by the Scheme's Auditor. We also keep accounting records, prepare annual financial statements for the Scheme in accordance with the applicable statutory requirements and have these audited by the Scheme's Auditor. The financial statements will be lodged on the Scheme's entry on the schemes register on the Disclose website annually.

## **Material Contracts**

### **Trust Deed**

The Scheme is governed by the Trust Deed. The full Trust Deed is available from the Scheme's scheme register on Disclose website [www.business.govt.nz/disclose](http://www.business.govt.nz/disclose), Scheme Number SCH11049.

### **Distribution and Service Agreement**

The exemption to which the Scheme is subject to requires Members to receive a Statement of Advice from a Financial Adviser before investing in the Scheme.

The Manager will enter into Distribution and Service Agreements with Financial Advisers from time to time, under which the Financial Adviser will distribute and provide investment portfolio and financial advisory services to investors, in relation to the Scheme. They will also provide information to i-Select, to enable us to discharge our obligations to Members.

### **Supervisor Reporting Agreement**

We have entered into a Supervisor Reporting Agreement with the Supervisor. This clarifies the parties' respective functions, power and duties in respect of the Scheme. This includes responsibility for compliance with requirements such as preparation of disclosure documents required by the FMCA. In addition, the agreement provides for regular and ad hoc reports to be made to the Supervisor in respect of various matters related to the Scheme.





## Additional information on Eligible Investors

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### Membership of i-Select Superannuation Scheme

Following the commencement of the Financial Markets Conduct (iSelect Superannuation Scheme) Exemption Notice 2018 from 25 November 2018, the terms of the offer for membership of the i-Select Superannuation Scheme are different if an individual is accepted for Membership as an Eligible Investor.

In such cases, an Eligible Investor is not required to:

- Have received advice from a Financial Adviser in relation to the composition of their investment portfolio within their Personal Plan;
- Have a Financial Adviser determine the investment policy and objectives that are to apply to their Personal Plan;
- Have received from a Financial Adviser in relation to the composition of their investment portfolio:
  - + A risk indicator;
  - + A description of the circumstances that may exist or are likely to arise that significantly increase the risk to returns other than the circumstances that are reflected in the risk indicator;
  - + A note of the annual fund charge; or
  - + Any applicable performance fees.

### Eligible Investors and Wholesale Investors

An Eligible Investor under the Financial Markets Conduct Act 2013 (FMCA) is a person who certifies they have sufficient knowledge and experience of dealing in financial products that enables them to sufficiently assess the merits and risks of a transaction. An Eligible Investor forms part of the category of 'Wholesale Investor' under the Act.

Financial markets legislation provides greater protections for retail investors than it does for Wholesale Investors. For instance, an offer of financial products to a Wholesale Investor does not require certain disclosure under Part 3 of the FMCA ("Disclosure of Offers and Financial Products").

### Entitlement to be an Eligible Investor under the FMCA

To be an Eligible Investor under the FMCA, an individual must certify in writing that they are an Eligible Investor. Such certificate must:

- State that the person has sufficient previous experience in acquiring or disposing of financial products that allows them to assess the merits of the transaction and the adequacy of the information provided to them;
- State that they understand the consequences of certifying themselves to be an Eligible Investor;
- State the basis for the certification, such as an outline of the nature and extent of their previous experience;
- Include a signed confirmation of the certificate by a Financial Adviser, Chartered Accountant or lawyer that the individual has received sufficient advice about the consequences of certifying themselves to be an Eligible investor and that there is no reason to believe that the certificate is incorrect;

### Applying for Membership as an Eligible Investor

You may apply for Membership of the i-Select Superannuation Scheme as an Eligible Investor and still use the services of a Financial Adviser by:

- Providing your Financial Adviser with the appropriate Eligible Investor certificate; and
- Providing i-Select with the appropriate Eligible Investor certificate.

You may also apply for Membership of the i-Select Superannuation Scheme as an Eligible Investor without using the services of a Financial Adviser by providing i-Select with the appropriate Eligible Investor certificate, and entering into a separate agreement with i-Select covering matters such as the use of approved platforms, eligible investments and reporting etc.

If you are accepted as a Member of the i-Select Superannuation Scheme as an Eligible Investor, all other terms of Membership, not covered here, apply.

## Additional information on NZ taxation

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The information in this section is only intended to provide general guidance on New Zealand income tax law as it relates to Members and is an indication of the relevant legislation in effect as at the date of this document. The application of tax law is fact specific. You should seek professional tax advice specific to your individual circumstances (including your foreign tax position) prior to investing in the Scheme so that you clearly understand the taxation implications of such an investment. None of the Manager, the Supervisor, or any other person accepts any responsibility for the taxation consequences of your investment in the Scheme.

As a Registered Superannuation Scheme, the Scheme currently pays tax on its net income at 28 cents in the dollar.

The Scheme is a complying trust for New Zealand tax purposes. All income of the Scheme is required to be treated as trustee income for the purposes of the tax rules with tax payable by the Supervisor. No tax is payable in the hands of the investor. The tax position of the Scheme for any given tax year to 31 March will be finalised upon the filing of the tax return with the Inland Revenue. The Scheme's tax return is required to be filed by 31 March following balance date.

Each Member's share of the Scheme's overall tax position is then calculated based on the Member's transactions during the period. This can result in some Members being in a notional tax payable position and other Members being in a notional tax refund or tax loss position. It is therefore possible for an individual investor to have tax losses carried forward, while the Scheme as a whole has tax to pay.

Tax losses calculated at the Member level will only be of value to those Members if sufficient taxable income arises in their calculations in that year or in future periods. However, where insufficient taxable income arises in the Member calculations, the tax losses will be of no benefit.

You cannot apply these losses to any income other than that earned by the Scheme, as they are deemed to be incurred by the Scheme. The risk therefore exists that you may exit the Scheme, whilst still holding a share of the Scheme's tax losses, and there is insufficient taxable income earned by your Personal Plan within the Scheme against which the losses can be applied. In this case, you may not realise the benefit of these tax losses.

You are not personally liable for income tax on your investment returns or on withdrawals from the Scheme pursuant to an exemption under current tax legislation. The Scheme is not a portfolio investment entity for tax purposes.

The comments relating to taxation are based on legislation as it applies at the date of this document. Prospective Members should confirm the current position with their own tax adviser.

## Additional information on risks

All investments carry risk. There are risks associated with the Scheme that could affect your ability to recover the amount of your contributions, or impact on the returns payable from the Scheme. Events affecting investments cannot always be foreseen, and no-one guarantees any rate of return (or the return of capital). The value of your investments can go up and down at any time.

We cannot eliminate all risk. We will do our best to try to mitigate (meaning reduce and manage) the risks, but we cannot guarantee that our risk management methods will always be successful.

Before joining the Scheme, you should carefully consider the risks. Your Financial Adviser can explain the risks in more detail, and tailor advice to suit your needs and objectives.

The main risks of investing in the Scheme are summarised in the PDS and as advised to you by your Financial Adviser – namely asset allocation risk, market risk, currency risk, interest rate risk, credit risk and liquidity risk. Other specific risks that apply to the Scheme are Financial Adviser risk and ROPS.

Because of these risks, it is possible that you may receive a lower return than expected, or potentially lose some, or all, of the value of the original investment made. There are no guarantees on the payment of any money payable from the Scheme, including the repayment of any investment in the Scheme or the payment of any return on it.

Using a Financial Adviser cannot prevent you from losing money but should be able to help you make better investment decisions.

### Asset allocation risk and currency risk

Asset allocation risk is the risk that returns from the Scheme's investments will be negative or lower than expected, affecting the value of your investment in the Scheme. The asset allocation risk of your specific Personal Plan will depend on the individual investments you select for your Personal Plan.

When the investments you select are denominated in a currency other than New Zealand dollars you will also be exposed to currency risk. Currency risk is a risk that investments denominated in a foreign currency are adversely impacted by the New Zealand dollar appreciating relative to the foreign currency. If this occurs, it is likely the value of your foreign currency investments will fall when measured in New Zealand dollars.

Investments are often divided into five major investment classes – cash, bonds, property, shares and alternative assets – which have differing levels of risk. There is generally a risk/return trade-off. This means that, when investing in higher risk investments, a higher return is expected on those investments to compensate for the additional risk. Lower risk investments are expected to generate a lower return on average over time.

### Example risk indicator





Determining how much risk to take should be related to the period of investment. Generally, if investing for a longer period of time, a portfolio should hold more growth assets (such as shares and property). Returns are expected to be higher and there is a longer time period in which to balance out any negative returns received against positive returns. Lower risk investments are generally more suitable for someone with a shorter time horizon, as these investors require greater stability in returns with less risk of loss of capital.

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

Each investment class has specific investment risks that relate to the particular class. For example:

- Cash is generally suitable for short term requirements, but inflation erodes its value. In addition, where cash assets are placed on bank deposit there is a small risk of the bank defaulting, meaning that some or all of the cash may be lost.
- Bond values are affected by changes in interest rates (particularly where the bond pays a fixed rate of interest) and there is the risk of the bond issuer not making the required interest payments and/or not repaying the bond.
- Property investments are susceptible to a lack of liquidity (meaning that investments may not be easily sold, or may only be able to be sold at a lower price than expected) and valuation issues (meaning that the actual value of investments may not always reflect the value attributed to them by the Manager). In addition, high transaction costs are often involved.
- Shares generally offer the possibility of greater returns and tend to be more accessible and liquid than other securities. However, the risk factor with shares is relatively high, as their value is very much dependent on the performance of the company that issued them, as well as market opinion. There are also extra costs due to brokerage services.

- Alternative assets are investments that can include macro-economic strategies, hedge funds, commodities and direct property. These investments generally do not follow the typical market cycle and as such can provide a portfolio with alternative sources of growth when markets are underperforming. Lack of liquidity is a risk for alternative assets. In addition, alternative managers may utilise leverage and other speculative investment practices that can increase the risk of investment loss.

The issuer of a security into which you have chosen to invest your Personal Plan (including units in a managed fund) or the investment manager of an underlying security, may become insolvent, or the assets backing a security may decline significantly in value. If this occurs the full value of your contributions may not be recovered.

The investment options into which your Personal Plan is invested could perform badly and you could lose money as a result.

This risk may be exacerbated by the fact that you do not have on demand access to your Personal Plan but must instead wait until you are eligible for a benefit payment or make a transfer to another scheme.

This risk may also be exacerbated by the fact that you direct the investment options into which your Personal Plan invests without oversight from us, unlike in other superannuation schemes. As such we have no control over managing this risk on your behalf. We try to mitigate the risk of poor performance of investment options by requiring that you receive financial advice from a Financial Adviser before choosing investments for your Personal Plan.

You can seek to reduce investment risk by investing (directly or indirectly) in a wide range of different assets. While diversifying your investments will reduce the risk of negative performance, some risk will always remain.

If the Scheme did experience liquidity problems, the Supervisor may suspend withdrawals

## Additional information on UK Pension Transfers

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### Transfers from UK Pensions

The Scheme is a ROPS. This means you may be able to transfer UK pension funds to the Scheme e.g. from a registered pension scheme in the UK or from another ROPS. UK pension funds that are transferred to the Scheme will be subject to such restrictions as are imposed by the prevailing rules for ROPS. As at the date of this document this means:

- You cannot make a withdrawal from UK pension transfer funds within your Member Account before age 55 (57 from 6 April 2028) unless you meet the terminal illness condition, or die;
- You may access 100% of your tax relieved UK pension transfer fund from the age of 55 (57 from 6 April 2028). In 2014 the UK Government announced that the pension age would be increased from 55 to 57. Legislation has now been passed to bring this into effect.

When transferring from a UK Registered Pension Scheme, pension funds will be tested against the UK Lifetime Allowance test. This test, which is designed to take into account all pension benefits, tests to see if the total pension holdings, relative to certain enhancements which may on occasion be available, are in excess of the taxed advantaged limits prescribed by HMRC treasury. Where they are considered to be in excess of this amount, a tax charge of 25% may be levied prior to transfer.

For any transfers of UK pension funds that are requested on or after 9 March 2017, they may suffer a 25% Overseas Transfer Charge. This charge will not apply in a number of circumstances including where the Member is tax resident in New Zealand at the time of transfer and for the following five full UK tax years and the ROPS scheme is established in New Zealand. i-Select is established in New Zealand.

We strongly recommend you seek advice from an appropriately qualified and experienced Financial Adviser before joining or making a transfer to the Scheme. For any UK pension transfer from a defined benefit scheme or a scheme offering guaranteed annuity rates where the transfer value is GBP30,000 or more, you must first obtain advice about that transfer from a UK registered and qualified Independent Financial Adviser.

### UK Pensions and Non Residents

The Scheme can accept members who are not resident in New Zealand, but there may be specific disadvantages following the introduction of the Overseas Transfer Charge by the UK government with effect from 9 March 2017. It is unlikely that a non resident would qualify for any of the exemptions from this charge at present.

### Australian Residents (and non-UK pension funds)

The Manager has registered the scheme with ASIC (the Australian Securities and Investments Commission) under the mutual recognition scheme related to the offering of financial products in both countries. The required warning regarding the making of an investment by an Australian resident in a New Zealand security is included in the Product Disclosure Statement in Section 10 (How to Apply).

There may be advantages and disadvantages to Australians investing in New Zealand superannuation schemes because of changes to the Australian superannuation contribution rules.

The assessable income arising within Personal Plans will be taxable on the Scheme at 28%, although the Scheme does not pay tax on its capital gains on the basis that investments are held passively.

When an Australian Member receives lump sum or regular benefits from the Scheme, under the Double Taxation Agreement between New Zealand and Australia, these will be free of both Australian and New Zealand taxation.

Transfers of pension funds from New Zealand superannuation schemes to Australian superannuation schemes are treated as non-concessional contributions and should form part of the taxed portion of the Australian superannuation scheme when benefits are taken.

We strongly recommend you seek advice from an appropriately qualified and experienced taxation adviser before joining or making a transfer to the Scheme.

## Additional information on FATCA

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The Foreign Account Tax Compliance Act is a US law that imposes reporting obligations on all countries outside of the US. Both the Governments of the United States of America and New Zealand signed an inter-governmental agreement (IGA) on 12 June 2014 to improve international tax compliance and to implement FATCA. Amending legislation has been enacted to incorporate New Zealand's FATCA obligations into New Zealand law.

The IGA treats 'Treaty-Qualified Retirement Funds' as Non-Reporting New Zealand Financial Institutions and as exempt beneficial owners for the purposes of the US Internal Revenue Code (instead of the members). Treaty Qualified Retirement Funds encompass any New Zealand registered superannuation scheme provided non-residents constitute less than 50% of the Scheme's members.

On the basis that the i-Select Superannuation Scheme is established and registered in New Zealand and has mostly New Zealand resident beneficiaries, it qualifies for the exemption as a Treaty-Qualified Retirement Fund under the IGA, and is not required to report to Inland Revenue or to register with the US Internal Revenue Service for FATCA purposes.

The IGA and guidance notes and other FATCA information materials can be found on the IRD website at: <http://www.ird.govt.nz/international/nzwithos/fatca/>. Additional information on Common Reporting Standards Additional information on FATCA

## Additional information on Common Reporting Standards

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The Common Standard on Reporting and Due Diligence for Financial Account Information (known as CRS) is a standard developed by the Organisation for Economic Co-operation and Development (OECD) to combat tax evasion. It has been incorporated into New Zealand law and has effect from 1 July 2017.

Certain exemptions from CRS were agreed by the OECD, and one such exemption applies to retirement or pension accounts. The IRD have determined that i-Select Superannuation Scheme has similar characteristics to a retirement or pension account, as defined, and has therefore been granted 'Excluded Account' status for CRS purposes.

Provided i-Select Superannuation Scheme remains a registered New Zealand superannuation scheme and a ROPS, and ROPS personal contributions (i.e. those that are reportable to HMRC) are less than US\$50,000 per annum or less than US\$1 million in total, i-Select will be exempt from reporting on individual Members' Personal Plans under CRS. Pension transfers from other schemes are not counted as personal contributions for this purpose.

In the case of pension transfers, a Members' Personal Plan is also exempt from CRS reporting provided the fund transferred or being transferred to i-Select is one of the following:

- Broad Participation Fund (e.g. a UK defined benefit pension fund);
- Narrow Participation Fund (e.g. UK Group Personal Pension);
- Government entity, International Entity or Central Bank (e.g. UK local government pension fund);
- Retirement and Pension Account (e.g. UK personal pension); and
- Non-Retirement Tax-Favoured Account (e.g. other non-UK savings schemes).



## Additional information on Withdrawals

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Withdrawals are permitted by Members in some circumstances, although withdrawals of amounts relating to ROPS transfers are subject to UK tax reporting obligations and requirements, and may have UK tax implications for the Member.

Where some or all of your money in the Scheme does not derive from UK pension funds, you will need to apply for a withdrawal permitted under the Superannuation Scheme Rules in the Financial Markets Conduct Regulations 2014. Currently the age of eligibility at which you can withdraw some or all of the funds in your Personal Plan is 65 years.

There are a number of circumstances that may allow you to make a withdrawal before reaching that age:

1. You reach the age of 55 and take benefits in stages between the age of 55 and 65 as determined under the Superannuation Scheme Rules;
2. You reach the age of 60 and provide satisfactory evidence to the Manager that you have permanently retired from all employment and self-employment;
3. You suffer significant financial hardship or serious illness;
4. A court orders the release of funds from your Personal Plan; or
5. Should you die, in which case the value of your Personal Plan will be paid to your estate's personal representative.

Members transferring UK tax-relieved amounts into the Scheme are no longer subject to additional lock-in provisions under the ROPS rules, but may be subject to an exit charge where a withdrawal amount in excess of 30% of the initial amount received is made within 2 years.

Withdrawals from the Scheme are, where permitted, made by notice from you to us, with payments being made to you as soon as practicable after the receipt of the withdrawal notice.

A withdrawal request by a locked-in Member is also subject to:

- all other provisions of the Trust Deed;
- any restrictions the Supervisor imposes having regard to the purpose of the Scheme and any requirements the Supervisor needs to satisfy to maintain registration of the Scheme under the Financial Markets Conduct Act 2013 or ROPS status under the laws of the United Kingdom; and

- any conditions that you may agree from time to time with the Supervisor or that may apply in respect of any of your contributions.

If you transfer funds into the Scheme from a UK pension scheme or amounts that otherwise have UK tax-relieved status the amount transferred into the Scheme will, if accepted by the Supervisor as a 'recognised transfer' in terms of the UK Finance Act 2004, ordinarily be held by the Supervisor on the following basis:

Any benefit payable to you, to the extent that it relates to the amount transferred into the Scheme, cannot be paid any earlier than it would be payable if pension rule 1 in section 165 of the Finance Act 2004 (UK) applied which, as at the date of this document, does not allow withdrawals before the normal minimum pension age (currently age 55 but age 57 from 6 April 2028) except for ill health (within the meaning of that Act); or death.

### **Income for Life policy**

Prior to 1 July 2017 (25 June 2017 for Australian residents) the Manager designated from the total benefit potentially available an amount equal to 70% of the amount transferred into the Scheme (or a greater amount if requested by the Member) for the purpose of providing you with an Income for Life. An "Income for Life" is an annual or more frequent benefit payable to you from the amount set aside for this purpose, in accordance with the Scheme's current Income for Life policy.

The Scheme's Income for Life policy is required to set out the terms and conditions (including frequency and flexibility of individual payments) applicable to the relevant benefit payments, as determined appropriate by the Supervisor, to spread the payment of the benefit subject to the Income for Life provisions over the course of your life.

As at the date of this document, that policy contemplates benefits being paid on a regular basis (annually, six-monthly quarterly, or monthly) in advance with the amount paid set annually for a 12-month period. The calculator used by the Manager can be viewed at our website [www.i-select.co.nz/calculator](http://www.i-select.co.nz/calculator).

Although the Manager is no longer required to provide an Income for Life under the ROPS rules, i-Select intends to continue offering this option to Members.

## Death

On your death the Manager will pay the value of your Personal Plan to your estate's executor or personal representative.

## Currency and in specie contributions

The Manager has discretion to accept contributions made in any approved currency. The Manager may also accept contributions by in specie transfer of assets from another scheme. Benefits will usually be paid in New Zealand currency, although the Manager has the

discretion to accept your request to pay benefits in another currency. If that discretion is exercised, the costs of any currency conversion incurred as a consequence are charged to you.

## General

The maximum benefits payable is the sum of your contributions, adjusted to reflect gains or losses on those contributions. Your share of gains or losses is determined by us from time to time by reference to the net asset value of your Personal Plan, less the fund management fee, any expenses incurred and any relevant tax or duty.

# Related party transactions, conflicts of interest, and changes to the Scheme

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## Related Party Transactions

We will only enter into transactions where a related party (a person associated with us or the Scheme) benefits from the transaction where that is permitted by the Governing Legislation and scheme agreements. We will notify the Supervisor and arrange for certification where required. Investment or administration managers and other delegates that we appoint must also comply with this requirement. However, we or any related party will not be liable to account to the Scheme for any profit arising from those types of transactions, unless that is required by the Governing Legislation.

## Conflicts of Interest

A Conflict of Interest may arise when a relationship or dealing by us may materially influence our investment decisions in respect of the Scheme, or any Fund within the Scheme.

Related and associated parties may materially influence our investment decisions in relation to the Scheme and each Fund by providing positive or negative incentives or exerting management control to:

- Influence us to invest in securities issued by the related party in preference to securities of other issuers;
- Influence us to use third parties which provide benefits to the related party;
- Influence our decisions to obtain benefit for the related party, or another party over which we have control;
- Influence us to use the services of a related party ahead of third parties.

The directors are required in the event of a conflict to act in the best interests of the company and not in their own best interests. We are also subject to the related party transaction restrictions in the FMCA and required to act in the best interests of investors of the Scheme. These statutory controls have been built into our internal compliance processes and procedures, including the Conflicts of Interest and Related Party Transactions Policy and Procedure which reflects the FMCA's related party transaction rules.

## Additional information on Fees

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### Entry Fee

The Entry Fee is currently between 0% to 5% of the initial investment and/or additional investment (inclusive of GST and any other taxes, if any) as agreed between you and your Financial Adviser. The Entry Fee will be deducted from your initial investment and/or additional investments.

This fee is charged only by your Financial Adviser and is payable to them. The Manager receives none of this fee. When you complete your application form, this entry fee will be negotiated with the Financial Adviser and the Manager will ensure that this is paid within a reasonable time of the receipt of funds. The fee may be in respect of the work involved in constructing a financial plan, or transferring a pension fund from the UK etc.

### Manager's Fee

We are entitled to a Manager's fee for performing our functions as Manager of the Scheme of an amount we determine (plus GST if any), subject to the Trust Deed and the Governing Legislation. The fee is calculated on a basis agreed with the Supervisor. This fee may be reviewed at any time.

As at the date of this document, the Manager's fee is 0.40% per annum (plus any applicable GST) but increases to 0.50% from 1 July 2022. GST is not currently charged on the Manager's fee as it is an exempt supply of financial services as defined by the Goods and Services Tax Act 1985.

The Manager may review the fees they charge the Scheme and may change these on giving Members three months' notice of the change.

### Exit Fee

An Exit Fee applies if funds in excess of 30% of the original contribution amounts are taken as lump sum benefits within a two year period (the amounts caught by the Exit Charge are called "Relevant Contributions" here). The Exit Fee is 3% if Relevant Contributions are taken as lump sum benefits within 12 months, and 1.5% if taken as lump sum benefits between 12 and 24 months.

The two year period is the two year period following the receipt of the Relevant Contributions.

Part of any Exit Fee will be paid to your Financial Adviser unless they elect to waive it. Where your Financial Adviser elects to waive the payment, the Exit Fee will be reduced to 2.5% (within 12 months) and 1.25% (12 to 24 months) respectively.

Exit Fees do not apply to the growth on Relevant Contributions, or Income for Life Payments on Relevant Contributions.

### Supervisor's Fee

The Supervisor is entitled to a fee as agreed with us (inclusive of GST, if any), subject to the Trust Deed and Governing Legislation. The fee is calculated on a basis agreed between us and the Supervisor. As at the date of this document, the Supervisors' fee is 0.04% per annum of the gross asset value of funds under management in the Scheme, with a minimum annual charge of \$60,000. GST is not currently charged on the Supervisors' fee.

The Supervisor is also entitled to reimbursement out of the Scheme of expenses that it incurs in performing its services in relation to the Scheme.

The Supervisor may review the fees they charge the Scheme and may change these on giving Members three months' notice of the change.

### Financial Adviser Fees

Financial Advisers' fees are negotiated directly between the Member and the Financial Adviser at the time the Member appoints the Financial Adviser to advise them in relation to their Personal Fund.

### Maximum Annual Fees

The maximum annual fees that may be charged to the Scheme by the Manager and the Financial Adviser (excluding personal plan and Scheme expenses) is 2.5% p.a. inclusive of the Manager's Fee, the Supervisor's Fee, the Financial Adviser's fee and custody fees. The fees are a tax deductible expense of the Scheme.

### Personal Plan Expenses

Any expenses specific to your Personal Plan, such as transaction costs and brokerage and fees payable to your Financial Adviser, will be deducted from the account balance of the Personal Plan. Information about the amount of these expenses is available by contacting your Financial Adviser.

### Scheme Expenses

The fees and expenses shown below are recovered from members and are reflected in the estimated scheme expenses.

- Supervisor's fees
- Accountancy fees
- Audit fees

The charge for estimated Scheme expenses is currently 0.06% per annum but decreasing to 0.04% from 1 July 2022. These fees are re-estimated each year for the following year and may, therefore, change without notice.



## Brokerage

The brokerage rates quoted by the Scheme's custodians at the date of this document are as follows:

	MMC/ICSL	FNZ	Hobson Wealth Custodian Limited
Investment type	Custodian Brokerage Fees		
NZX Shares	0.35% min \$24.95 plus Trade Fee \$4.50	0.30% min \$30 NZD* plus Trade fee \$10	0.75% min \$100 NZD
NZX Fixed Interest	0.25% min \$25	0.25% min \$30 NZD* plus Trade fee \$10	0.50% min \$100 NZD
ASX Shares	0.40% min \$39.95 AUD	0.30% min \$30 AUD*	0.75% min \$100 AUD
ASX Fixed Interest	N/A	0.25% min \$30 AUD*	0.50% min \$100 AUD
US Shares	0.30% min \$45 USD	0.40% min \$50 USD*	0.75% min \$100 USD
UK Shares	0.60% min £25 (0.50% Stamp Duty on UK purchases)	0.40% min £50* (0.50% Stamp Duty on UK purchases)	0.75% min £100 (0.50% Stamp Duty on UK purchases)

\* This represents the maximum fee that will be charged by the platforms on FNZ.

## Specific fees

Fees are usually also charged and expenses incurred in underlying investment options in which the Personal Plans invest, impacting on returns to those Personal Plans.

## Fund charges not in the PDS

The exemption granted by the FMA to the Scheme on 22 November 2018 means that instead of fund charges being set out in the PDS, the estimated total annual fund charge for each investment option is available in the IOS accompanying the PDS and available at [www.business.govt.nz/disclose](http://www.business.govt.nz/disclose).

## Personalised Quarterly Reports

The exemption granted by the FMA to the Scheme on 22 November 2018 means that, instead of providing quarterly fund updates, we must provide each Scheme participant with an interest in a Personal Plan who is not a Member of the Legacy Section of the Scheme with a Personalised Quarterly Report within 20 working days after the last day of each quarter of each disclosure year.

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