

Lump Sum National Scheme

INFORMATION BOOKLET



This is an Information Booklet for the Lump Sum National Scheme. The information in this information Booklet was correct as at 1 August 2024, the date on which this Information Booklet was issued. The Lump Sum National Scheme is managed by the Board of Trustees of the National Provident Fund.

The Lump Sum National Scheme is not required to comply with all the requirements of the Financial Markets Conduct Act 2013, and in particular is not required to prepare a product disclosure statement. Accordingly, this Information Booklet is not a product disclosure statement for the purposes of the Financial Markets Conduct Act 2013.

Contents

What sort of investment is this?	3
Who is involved in providing it for me?	4
How much do I pay?	5
What are the charges?.....	6
What returns will I get?	7
What are my risks?.....	10
Can the investment be altered?.....	12
How do I cash in my investment?	13
Who do I contact with inquiries about my investment?.....	19
Is there anyone to whom I can complain about my investment?	19
What other information can I obtain about this investment?	20
Who is eligible to join and to join the Scheme?	21
Glossary with defined terms.....	22
Application Form	
Nomination Form	

Welcome to the Lump Sum National Scheme

1. What sort of investment is this?

The Lump Sum National Scheme (the **Scheme**) is a defined contribution scheme. The Board of Trustees of the National Provident Fund (**Board**) is responsible for managing and investing the **Contributors'** savings until they retire or they are otherwise eligible to receive them.

The Scheme is registered as a **Superannuation Scheme** under the Financial Markets Conduct Act 2013 (**FMC Act**) and has been approved as a **Complying Superannuation Fund**. The Scheme is governed by a **Trust Deed** dated 28 March 1991 which was last amended and restated on 30 January 2021.

The Scheme offers you the choice of contributing to the **Existing Scheme** or the **Locked-in Scheme**. The Locked-in Scheme offers you many of the same benefits as a **KiwiSaver** scheme.

The Scheme invests in a range of asset classes through the **Global Asset Trust**. The Board is also trustee of the Global Asset Trust. The Global Asset Trust holds assets on behalf of the Scheme and other National Provident Fund Superannuation Schemes. The Board may change the asset allocation of the Scheme from time to time. Please see the Board's website at www.npf.co.nz for the current asset allocation.

The Scheme was closed to new Contributors from 1 April 1991. You are eligible to become a **Member** of the Scheme if you were a Contributor to a National Provident Fund Superannuation Scheme on 31 March 1991.

Special conditions affecting eligibility to join the Scheme apply to contributors to the National Provident DBP Contributors Scheme and the Aircrew Scheme. Please ask the scheme administrator, **Datacom**, for details.

If you elect to receive a pension, rather than a lump sum, your pension and any pension payable to your **Nominee** will be paid from the National Provident Pension Scheme (**Pension Scheme**). When a pension or benefit becomes payable, the liability to pay is transferred from the Scheme to the Pension Scheme, along with the transfer of an appropriate amount of assets to meet the liability transferred.

Crown guarantee

The Minimum Earnings Rate and the benefits payable by the Scheme and the Pension Scheme are guaranteed by the Crown under section 60 of the National Provident Fund Restructuring Act 1990 (**Act**). This guarantee is not secured by a mortgage or other charge. The only condition applying to the guarantee is that, upon a winding up of this Scheme, the assets will be realised and the proceeds (after deduction of reasonable costs of the winding up) will be allocated to the remaining Contributors and Members on a pro rata basis, taking into account their interests in the Scheme.

In addition, under section 72 of the Act, the Crown (when requested by the Board) will pay funds into the Scheme in any financial year where the Scheme has insufficient reserves to meet the Minimum Earnings Rate, or where crediting the Minimum Earnings Rate will mean the reserves of the Scheme will be negative.

2. Who is involved in providing it for me?

The Scheme is called the National Provident Lump Sum National Scheme. The Trustee of the Scheme is the Board.

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

Level 12
The Todd Building
95 Customhouse Quay
Wellington 6011

Email: enquiries@npf.co.nz

The members of the Board and the Board's address may change from time to time without notice to Members. Information on the Board members and the Board's address is available online under the "About Us/Contact Us" tab at www.npf.co.nz.

Annuitas Management Limited (**Annuitas**) provides management services to the Board. Annuitas has regular contact with investment managers and Datacom, the Scheme administrator, on behalf of the Scheme. The Board owns 50% of the shares in Annuitas.

Annuitas also provides management services to the Government Superannuation Fund Authority, which owns the other 50% of the shares in Annuitas.

Scheme administrator

The Board has appointed Datacom to administer the Scheme.

Datacom's address, at which it can be contacted in relation to the Scheme is:

PO Box 1036
Wellington 6140

Toll free telephone number: 0800 628 776

Telephone: +64 4 381 0600

The address of Datacom may change from time to time without notice to Members.

Datacom's address is available online under the "About Us/Contact Us" tab at www.npf.co.nz.

History of the Scheme

The Scheme was established in 1987 under the National Provident Fund Act 1950 and, until 1991, operated through a combined fund called the National Provident Fund.

Under the Act, the Scheme was deemed to become a separate Superannuation Scheme. The Scheme is now governed by an amended and restated Trust Deed dated 30 January 2021.

The Scheme is a Complying Superannuation Fund registered as a Superannuation Scheme under the FMC Act.

On 1 May 1999, all pensions then being paid by the Scheme were transferred to the Pension Scheme. All pensions payable after that date are also paid from the Pension Scheme.

Responsible investing

Responsible investment, including environmental, social, and governance considerations, is taken into account in the investment policies and procedures of the Scheme, as at the date of this **Information Booklet**. You can obtain an explanation of the extent to which responsible investment is taken into account in those policies and procedures:

- on the Board's website on the Internet at www.npf.co.nz (under "How We Invest", then "Investment Publications"), which is publicly accessible at all reasonable times; and
- from the Board, free of charge, upon request.

3. How much do I pay?

The payments you make to the Scheme are called contributions. You may elect to join or recommence contributions to one or both of the following sections of the Scheme:

- the Existing Scheme (non locked-in section); or
- the Locked-in Scheme.

Information on joining the Scheme and the **Minimum Contribution** required for each of the Existing Scheme and the Locked-in Scheme and on changing your contributions is provided below.

Please note that on receipt of a significant voluntary payment or before making a benefit payment, Datacom and/or the Board may require further information in order to verify your identity. This is to enable the Board to comply with the requirements of the Anti-Money Laundering and Countering Financing of Terrorism Act 2009.

All your contributions to the Scheme will be paid by your employer to Datacom from deductions made from your after-tax salary or from other money provided by you or your employer at the times and as otherwise agreed between you and your employer.

Existing Scheme (non locked-in section)

Contributions

You may make contributions to the Existing Scheme at any rate agreed between you and your employer. However, the rate must not be less than the Minimum Contribution, which is the lesser of 1% of your **Base Salary** (your before-tax salary excluding bonuses and allowances) or \$10 per week.

You may also make voluntary contributions at any time through your employer.

Your employer will contribute to the Existing Scheme at a rate which has been agreed with you. Your contributions, and those of your employer, will be forwarded by your employer to Datacom.

How to change or suspend your contribution rate

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

What if I am no longer employed?

Your employee and employer contributions will stop if you stop being employed. You may continue to contribute for as long as you remain in the employ of an employer who participates in the Scheme. If you are not employed, you cannot contribute to the Existing Scheme.

Locked-in Scheme

Contributions

The Locked-in Scheme has been approved as a Complying Superannuation Fund, which means that if you contribute to the Locked-in Scheme you can get many of the same benefits as a person who is a member of a KiwiSaver scheme.

As at the date of this Information Booklet, the Minimum Contribution you can make to the Locked-in Scheme is 3% of your Base Salary.

As at the date of this Information Booklet, your employer is required to make contributions to the Locked-in Scheme on your behalf of at least 3% of Base Salary. This amount is inclusive of Employer Superannuation Contribution Tax.

Your employer need not contribute on your behalf to the Locked-in Scheme if it is already contributing to a KiwiSaver scheme (or, in certain limited circumstances, to another Superannuation Scheme) for your benefit.

How to change or suspend your contribution rate

If you are currently making contributions of 4% of Base Salary to the Locked-in Scheme, with the agreement of your employer, you may elect to reduce your contributions to 3% of Base Salary.

You can suspend all your contributions to the Locked-in Scheme, but only for a maximum period of 5 years and only after you have been contributing to the Locked-in Scheme for at least 2 years. Any suspension of contributions would mean your employer contributions would also be suspended.

What if I am no longer employed?

Your employee and employer contributions will stop if you stop being employed. You may continue to contribute for as long as you remain in the employ of an employer who participates in the Scheme. If you are not employed, you cannot contribute to the Locked-in Scheme.

4. What are the charges?

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

Fees and expenses are paid by the Scheme to Datacom, the actuary and the auditor of the Scheme, and to the Board's accountants, solicitors and other advisers.

The total fees payable to Datacom for the administration of all National Provident Fund Superannuation Schemes are set by an agreement between the Board and Datacom. Of these total fees, those paid by the Scheme are determined by membership category, membership numbers and the number of administration transactions undertaken by Datacom for the Scheme.

The Board pays fees to Annuitas for providing management services. These fees are based on Annuitas' costs and the proportion of the total services it performs which are provided to the Board.

The Scheme invests only in the Global Asset Trust (of which the Board is also the Trustee). The Global Asset Trust holds assets on behalf of the National Provident Fund Superannuation Schemes. The Scheme invests in a range of asset classes through the Global Asset Trust. The Board may change the asset allocation of the Scheme from time to time. Please see the Board's website at www.npf.co.nz for the current asset allocation. Fees and expenses are paid by the Global Asset Trust to the investment managers and custodians, and to various consultants.

The remuneration of Board members and expenses incurred in carrying out the Board's affairs are paid from the Scheme, other National Provident Fund Superannuation Schemes, and the Global Asset Trust.

The fees and expenses payable by the Scheme may be altered from time to time.

As the above fees and expenses are paid by the Scheme, or the Global Asset Trust, they affect the amount of earnings of the Scheme available to be credited to you. By way of example, the total fees and expenses paid by the Scheme in the year ended 31 March 2024, after tax, were equivalent to 1.01% of the net assets of the Scheme, or \$101 on a Contributor's **Total Credit** of \$10,000. The percentage may vary from year to year.

Expenses associated with establishing or maintaining an account with the Locked-in Scheme may be debited from that account. As the Scheme is a Complying Superannuation Fund, the Locked-in Scheme is subject to certain "reasonable fees" limits under which the Board, and any administration or investment manager, may not charge a fee that is unreasonable.

At times Members relocate and do not advise the Scheme of their new address or contact details. Each of these Members is classified by the Scheme as a **Missing Person**. The Board may deduct from the entitlement or earnings due to a Missing Person a reasonable amount to cover the additional costs incurred by the Board in endeavouring to locate and confirm the identity of that person. The current charge to each Missing Person set by the Board is up to \$140.00.

5. What returns will I get?

Your return from the Scheme comprises earnings on your investment and may include a share of the reserves held by the Scheme. More information on earnings and reserves is provided below.

Earnings

The Scheme's investment assets, along with the assets of other National Provident Fund Superannuation Schemes, are invested through the Global Asset Trust. The Global Asset Trust in turn invests in various investments such as New Zealand and international shares and debt securities (including Government stock, bank bills, company debentures, and short term deposits).

After payment of the fees, expenses and tax of the Global Asset Trust (including the fees and expenses paid to investment managers and custodians – see above), the earnings from these investments are credited to the National Provident Fund Superannuation Schemes which have invested in the Global Asset Trust.

At the end of each financial year (and subject to the Minimum Earnings Rate) the Board declares an earnings rate for the Scheme for that year that is credited to your Total Credit (and/or **Locked-in Total Credit**). The earnings rate generally reflects the returns of the Scheme from the Global Asset Trust, less the fees, expenses and tax incurred (the **Investment Return**) after application of the Board's crediting and reserving policy.

The Scheme's Trust Deed provides that the Minimum Earnings Rate credited to your Total Credit and/or Locked-in Total Credit each year must not be less than 4% per annum. This means the earnings rate you receive may be greater than 4% per annum, but will not be less than 4% per annum. No other amount of return has been promised.

Any positive Investment Return remaining after the earnings rate has been credited to Contributors' Total Credits and Locked-in Total Credits is credited to the Scheme reserves.

At the date of this Information Booklet, the Board's policy is (when possible) to build and maintain a level of reserves which will enable it to credit the Minimum Earnings Rate in years when the Investment Return is less than the Minimum Earnings Rate.

The Minimum Earnings Rate is guaranteed by the Crown.

Key factors affecting the amount of your benefits

The key factors which influence the amount of your benefits are:

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

No amount of return has been promised by any person.

Reserves

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

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

If you are joining the Scheme for the first time, and the Board subsequently decides to make a distribution from the reserves under the above provisions, you will not share in the reserves accumulated within the Scheme prior to 1 April 1993 unless the Board determines otherwise.

If you are re-joining the Scheme, having previously been a Contributor, you may in some circumstances share in those reserves.

Tax

Under legislation applying as at the date of this Information Booklet, if you are a New Zealand tax resident:

- your contributions to the Scheme are made from your after-tax income, and are not tax deductible;
- your contributions to the Locked-in Scheme will entitle you to a **Tax Credit Contribution** from the Government of up to a maximum of \$521.43 a year;
- the taxable income of the Scheme is taxed at 28%;
- the taxable income of the Global Asset Trust is taxed at 28%; and
- you do not pay tax on any benefit received from the Scheme (so it is not required to be shown in any income tax return).

If you are not a New Zealand tax resident we recommend you seek independent tax advice.

Benefit payments

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

Transfers out of the Scheme may be delayed for liquidity reasons, i.e. where insufficient cash is held or can be realised by the Scheme to meet requests for payment.

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

Crown guarantee

The Minimum Earnings Rate and the benefits payable by the Scheme and the Pension Scheme are guaranteed by the Crown under sections 60 and 72 of the Act. This guarantee is not secured by a mortgage or other charge. The only condition applying to the guarantee is that, upon a winding up of this Scheme, the assets will be realised and the proceeds (after deduction of reasonable costs of the winding up) will be allocated to the remaining Members and Contributors on a pro rata basis, taking into account their interests in the Scheme.

6. What are my risks?

The benefits payable by the Scheme and the Pension Scheme are guaranteed by the Crown under section 60 of the Act.

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

There is no obligation on you to contribute any money to the Existing Scheme, other than contributions you have agreed to make. In relation to the Locked-in Scheme, the Minimum Contribution obligations described above apply.

Your returns from the Scheme may fluctuate depending on the performance of the Scheme, but your returns will always be subject to the Minimum Earnings Rate.

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

Investment risks

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

Active management risk

The Board has appointed professional investment managers to manage the assets of the Global Asset Trust. A list of these managers is available under the "How We Invest" tab and a breakdown of the asset allocation is available under the "Members/Schemes" tab online at www.npf.co.nz. The Board's Statement of Investment Policies, Standards and Procedures is also available on this website. Investment mandates are set and each investment manager's performance is monitored against its mandate on a regular basis.

Poor performance by investment managers may result in the Scheme not reaching expected Investment Return benchmarks and the assets of the Scheme being less than the liabilities of the Scheme. When this happens, the solvency position (funding level) of the Scheme will be less than 100%. The Board mitigates this risk by having a comprehensive reporting regime for investment managers.

The Crown guarantee means you will receive no less than the Minimum Earnings Rate (except on wind up of the Scheme, when your entitlement is to receive a pro rata share of the assets after the deduction of reasonable costs). This provides some protection from poor investment performance.

Currency risk

Currency risk may affect the Scheme's investments in offshore assets which are not hedged or only partially hedged. Currency risk is the risk of exchange rate fluctuations between the New Zealand dollar and foreign currencies. As some of the assets of the Scheme are invested overseas, returns can be affected by movements between the New Zealand dollar and other currencies.

Valuation risk

The Scheme's assets are invested in the Global Asset Trust. Pricing of the units the Scheme holds in the Global Asset Trust is based on the latest market information. For securities or

stocks that are illiquid or trade infrequently this pricing may not fully reflect the price available to either buyers or sellers. Accordingly there is a risk that the quoted unit price may change when these assets are revalued by the market following a transaction.

Risks associated with derivatives

Financial instruments, known as derivatives, may be used to manage risks (particularly market and currency risk) and for investment purposes. A derivative is a contract with a return that depends on or derives from one or more underlying assets or reference items. The most common underlying assets or reference items include shares, bonds, currencies, cash, interest rates, events, entities and market indices. Specific risks with derivatives are:

- Losses because of changes in the value of the underlying assets, indices or rates.
- Losses if the other party to the derivatives contract fails to meet its contract obligations.
- Exaggerations in the effect of any increase or decrease in the value of the underlying assets, indices or rates.

The Board seeks to mitigate these risks by taking into account the financial strength of any counterparties to derivative contracts and by monitoring to make sure we are using derivatives in accordance with our Statement of Investment Policies, Standards and Procedures.

Liquidity risk

During normal operational circumstances, benefits will be met out of cash held by the Scheme. The Scheme's Trust Deed provides that transfers out of the Scheme may be delayed for liquidity reasons, i.e. where insufficient cash is held or can be realised by the Scheme to meet requests for payment.

Operational risk

The Board may be exposed to operational risks that result from external events or failure of internal processes, people and systems. These risks include technology risk (including business system failure), human error or failure, fraud, non-compliance with legal and regulatory obligations, counterparty performance under outsourcing arrangements, legal risk, data integrity risk, security risk and external events. These risks may impact on the overall management and operations of the Scheme.

Losing contact with the Scheme

If you do not keep the Board informed of your current address for more than 5 years, you will be classified as a Missing Person and the Board may (after using reasonable efforts to find your current address) decide to cancel the liabilities of the Scheme to you (that is, the entitlements due to you or your Nominee). However, those entitlements will be reinstated if, within 15 years following the date of cancellation, you establish, to the Board's satisfaction, that you are the person to whom those entitlements were owed. A fee may apply in respect of any reinstatement of entitlements.

The Scheme can be wound up

There is a risk that if the Scheme is wound up, the amount you receive will be less than the amount of your contributions to the Scheme.

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

Subject to any tax or other obligations personal to you that you may owe to Inland Revenue or a taxing authority in another country or that you may be required to make as a result of any Court order served on the Board, you will not be liable to pay money to any person if the Scheme is wound up.

On winding up, the net assets of the Scheme (or a proportionate part if only part of the Scheme is wound up), less the reasonable costs of the winding up, will be realised and then allocated, on a pro rata basis to each remaining Member, subject to any restriction on entitlement to reserves. No part of the assets will be payable to any employer. On a winding up, the proportion of any benefit payable to you that is attributable to the Locked-in Scheme must be transferred to a KiwiSaver scheme unless you have reached your **Locked-in Payment Date** in which case any such benefit payable will be paid to you as a lump sum.

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

Please note the exception to this is that, upon a winding up of this Scheme, the assets will be realised and the proceeds (after deduction of reasonable costs of the winding up) will be allocated to Members on a pro rata basis, taking into account their interests in the Scheme.

7. Can the investment be altered?

The Trust Deed

The Trust Deed of the Scheme contains a clause allowing amendment of the deed by the Board.

There are certain conditions set out in the Trust Deed that must be met before the Trust Deed can be amended.

An Act of Parliament may authorise amendment of the Scheme's Trust Deed without the need to obtain the consent of Contributors and beneficiaries.

You can change your contributions

You can vary the rate of your contributions to the Scheme by agreement from time to time with your employer, but subject to maintaining the Minimum Contribution. There is a minimum rate of 1% of your Base Salary or \$10 per week (whichever is the lesser) in relation to contributions to the Existing Scheme and (as at the date of this Information Booklet) a minimum rate of 3% of your Base Salary in relation to contributions to the Locked-in Scheme.

You can suspend your contributions to the Locked-in Scheme, but only for a maximum period of 5 years and only after you have been contributing to the Locked-in Scheme for at least 2 years.

You can transfer

You can transfer between some National Provident Fund Superannuation Schemes or to another Superannuation Scheme or KiwiSaver scheme at any time on certain conditions (refer page 14, for the Existing Scheme and page 15 for the Locked-in Scheme for more information).

Changes to the law

The Scheme complies with the Act and other relevant legislation and may change if the law changes.

8. How do I cash in my investment?

Your entitlement from the Scheme will vary depending on whether the entitlement is drawn from the Existing Scheme or the Locked-in Scheme.

With the exception of the withdrawal benefit and the transfer benefit each of the benefits is based on your **Benefit Credit** in the Existing Scheme or your **Locked-in Benefit Credit** in the Locked-in Scheme.

The definitions of Benefit Credit and Locked-in Benefit Credit are provided below:

- Your Benefit Credit is made up of your Total Credit (your non locked-in contributions, your employer's contributions to the Existing Scheme for you (if any) plus earnings and any reserve distributions during your membership of the Scheme credited to your Total Credit) plus an equitable share of any positive reserves in the Scheme at the time you elect or become eligible to receive your Benefit Credit.
- Your Locked-in Benefit Credit is made up of your Locked-in Total Credit (your locked-in contributions, your employer's contributions to the Locked-in Scheme for you (if any) plus earnings and any reserve distributions during your membership of the Scheme credited to your Locked-in Total Credit) plus an equitable share of any positive reserves in the Scheme at the time you elect or become eligible to receive your Locked-in Benefit Credit.

For both the Existing Scheme and the Locked-in Scheme, your share of any reserves is determined at the time your benefit becomes payable and will not include amounts accumulated within the Scheme before you joined it. See page 8 for more information on how reserves may be built up.

Please note that before making a benefit payment, Datacom and/or the Board may require further information in order to verify your identity. This is required by the Board to meet its obligations under the Anti-Money Laundering and Countering Financing of Terrorism Act 2009.

Information on when you may receive your savings from the Existing Scheme and the Locked-in Scheme is provided below.

Existing Scheme

Your entitlement from the Existing Scheme will be in the form of one of the following benefits:

- Retirement benefit.
- Permanent incapacity benefit.
- Death benefit.
- Transfer benefit.
- Withdrawal benefit.

Retirement benefit

This benefit is a lump sum payment of your Benefit Credit.

The normal retirement age for the Existing Scheme is any age after 60. However, with your employer's agreement, you may retire at or after age 50.

You must have ceased employment with your last **Participating Employer** to claim a retirement benefit.

When you retire, you may choose one of the following, subject to any pension elected being more than the **Minimum Pension** (as determined by the Board from time to time) of \$1,042.86 per annum:

- take your Benefit Credit in the Scheme as a lump sum;
- convert your Benefit Credit in the Existing Scheme to a pension payable for life; or
- take up to 25% of your Benefit Credit as a lump sum and convert the rest to a pension;
- take a refund of your Benefit Credit if it is below a certain amount (currently \$21,000).

Permanent incapacity benefit

Before otherwise electing a benefit under the Existing Scheme, if the Board accepts you are permanently incapacitated, you may elect to receive a retirement benefit, as outlined above, or the Board may, in its discretion, pay your Benefit Credit to you in cash.

Death benefit

If you die within 5 years from the date your pension commences the Board's current policy is to pay to your Nominee, or if you do not have a surviving nominee, your estate an amount equal to the greater of:

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

If you die before receiving a benefit under the Existing Scheme, your Nominee will receive your Benefit Credit in cash. If you have not nominated a Nominee your Benefit Credit will be paid in cash to the administrator of your estate, or to your legal representative. This amount will be paid from the Existing Scheme.

A **Nomination Form** is enclosed with this Information Booklet.

Transfer benefit

You may elect to transfer from the Existing Scheme to another Superannuation Scheme at any time on certain conditions. On transfer the Board will transfer your Total Credit in the Scheme to the new Superannuation Scheme plus (or minus, if the reserves are then negative) an equitable share determined by the Board of the Scheme's reserves at that time.

This means that if the reserves are negative the amount transferred may be less than your Total Credit. There is a risk the transfer amount you receive will be less than the amount of your contributions to the Existing Scheme.

Your share of reserves will not include amounts accumulated in the Scheme before you joined it. In some circumstances, you may be able to cash in your Total Credit in the Existing Scheme by transferring to another Superannuation Scheme and then withdrawing from that scheme.

Withdrawal benefit

If you stop working for your current employer:

- you may leave your contributions in the Existing Scheme to continue to accumulate earnings until needed. If, at any stage, you start work with another Participating Employer you may recommence contributions; or
- alternatively, you may elect to withdraw from the Existing Scheme. If you withdraw from the Existing Scheme you will receive a lump sum equal to your contributions plus earnings and 20% of the employer's contributions plus earnings for each complete year you have been a member of the Existing Scheme to a maximum of 5 years. This means that after 5 years' membership you will receive all the employer contributions made to the Existing Scheme on your behalf.

If the Board is satisfied the withdrawal is due to redundancy, an additional amount may be paid, provided the total benefit does not exceed your Benefit Credit.

If you transfer into the Existing Scheme from another Superannuation Scheme (see page 15), the time during which you contributed to that other scheme may, in some circumstances, be counted as time in the Existing Scheme for the purposes of the minimum period referred to above.

Partial withdrawals are not permitted from the Existing Scheme.

Locked-in Scheme

Your entitlement from the Scheme will be in the form of one of the following benefits:

- Retirement benefit.
- Death benefit.
- Transfer benefit.
- Early withdrawal benefit (where required by legislation or for life-shortening congenital conditions, serious illness, significant financial hardship, first home purchase or permanent emigration).

Retirement benefit

This benefit is a lump sum payment of your Locked-in Benefit Credit.

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

- the date when you reach New Zealand superannuation qualification age (currently 65); or
- the date you complete 5 years' membership of a Complying Superannuation Fund or a KiwiSaver scheme.

On the Locked-in Payment Date, the amount you can withdraw is your Locked-in Benefit Credit. You must have ceased employment with your last Participating Employer to claim a retirement benefit.

When you retire, you may choose one of the following, subject to any pension elected being more than the Minimum Pension (as determined by the Board from time to time) of \$1,042.86 per annum:

- convert your Benefit Credit in the Existing Scheme to a pension payable for life;
- take up to 25% of your Benefit Credit as a lump sum and convert the rest to a pension; or
- take a refund of your Benefit Credit if it is below a certain amount (currently \$21,000).

Death benefit

If you die the Board must, on application from your personal representative, pay to that person your Locked-in Benefit Credit as at the date of the application.

Transfer benefit

You may elect to transfer your Locked-in Total Credit to a KiwiSaver scheme or another Complying Superannuation Fund at any time. In addition, on the later of reaching age 65 or having contributed to the Locked-in Scheme for at least five years, you may transfer your Locked-in Total Credit to another Superannuation Scheme. The amount transferred will be your Locked-in Total Credit plus (or minus, if the reserves are then negative) an equitable share, as determined by the Board, of the reserves of the Scheme at that time.

This means that if the reserves are negative the amount transferred may be less than your Locked-in Total Credit. There is a risk the transfer amount you receive will be less than the amount of your contributions to the Locked-in Scheme.

Early withdrawal benefit

There are some circumstances in which you may withdraw some or all of your entitlement early from the Locked-in Scheme. You may be able to make an early withdrawal:

- where required by legislation (for example, pursuant to a relationship property sharing order made under the Property (Relationships) Act 1976);
- for significant financial hardship;
- to purchase a first home (or a subsequent home, where Datacom has received from you a written confirmation, signed by Housing New Zealand, stating it is satisfied your financial position is what would be expected of a person who has never owned a home);
- for life-shortening congenital conditions or following serious illness (the Board may approve such a withdrawal where it is satisfied it would meet the requirements of a withdrawal from a KiwiSaver scheme); or
- if you permanently emigrate from New Zealand. An application for withdrawal on the grounds of permanent emigration may only be made one year or more after you have permanently emigrated from New Zealand; however at any time after permanent emigration you can apply to have your Locked-in Benefit Credit transferred to a recognised foreign superannuation scheme,

in each case where withdrawal in these circumstances would be allowed under the KiwiSaver Act 2006, and in all cases, at the Board's discretion.

Ceasing employment

If you stop working for your current employer your contributions to the Locked-in Scheme must remain in the Locked-in Scheme until the Locked-in Payment Date unless one of the circumstances for early withdrawal arises (see above) or you elect to transfer it to another Complying Superannuation Fund or a KiwiSaver scheme.

If you choose to withdraw on ceasing employment with a Participating Employer before the Locked-in Payment Date and do not elect to transfer your Locked-in Benefit Credit to a KiwiSaver scheme or another Complying Superannuation Fund, your Locked-in Benefit Credit will be transferred to a KiwiSaver scheme.

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

While you have a Total Credit with the Existing Scheme, your Locked-in Total Credit can remain in the Locked-in Scheme (i.e. the Board will not compulsorily transfer it out) subject to your Locked-in Total Credit being more than the required minimum amount (currently \$5,000).

If your Total Credit reduces to zero (for example because you have transferred your Total Credit to another scheme) or it has been paid out because your Total Credit balance was less than the minimum amount required for each account in the Scheme, the Board can transfer your Locked-in Benefit Credit to a KiwiSaver scheme. No negative reserves are included in this situation.

Tax Credit Contributions

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

You cannot withdraw Tax Credit Contributions if you make a withdrawal from the Locked-in Scheme to:

- purchase a home;
- as a result of significant financial hardship; or
- following permanent emigration.

If you make a withdrawal from the Locked-in Scheme to purchase a home, or as a result of significant financial hardship, the Tax Credit Contributions credited to you (disregarding any positive or negative returns) will remain in your account with the Locked-in Scheme. If you permanently emigrate, the Tax Credit Contributions credited to you will be repaid to the Crown.

The Tax Credit Contributions may be withdrawn on your Locked-in Payment Date or earlier if you make a withdrawal on the grounds of serious illness or death, but only if you (or your personal representative) provide a statutory declaration stating the periods for which you have resided mainly in New Zealand. A Tax Credit Contribution may not be withdrawn if the Board has notice that a claim for that amount is wrong (for example, because Tax Credit Contributions were credited to you when you did not reside mainly in New Zealand).

Existing Scheme and Locked-in Scheme

The following sections on extinguished liabilities, no right to sell or mortgage, **Minimum Balance**, receiving a pension, benefit payments and pension payment apply to all sections of the Scheme, including the Existing Scheme and the Locked-in Scheme.

Extinguished liabilities

The Board may extinguish the liabilities of the Scheme for a person who has been a Missing Person for at least five years, provided the Board has used reasonable endeavours to locate the person.

No right to sell or mortgage

There is no right to sell, assign, charge, borrow against, transfer, or obtain payment of your Total Credit or your Locked-in Total Credit, other than as described in this section headed "How do I cash in my investment?".

Minimum Balance

If at any time you stop making contributions and your Total Credit in the Existing Scheme is less than a minimum amount specified by the Board from time to time, the Board may pay your Benefit Credit to you and you will then cease to be a Member of the Scheme. As at the date of this Information Booklet the Minimum Balance is \$5,000.

Before making such a payment, the Board will give you at least 6 months' notice and give you the opportunity to increase your Total Credit to the minimum amount.

Additionally, if your Locked-in Total Credit is less than the current Minimum Balance the Board can transfer your Locked-in Benefit Credit to a KiwiSaver scheme.

Receiving a pension

You can elect to take your Benefit Credit or Locked-in Benefit Credit as a pension (or to take 25% of your Benefit Credit or Locked-in Benefit Credit as a lump sum and the balance as a pension) subject to:

- your Benefit Credit and/or your Locked-in Benefit Credit exceeding a certain minimum (currently \$21,000); and
- the pension being greater than the Minimum Pension.

These rules apply to all pensions payable by all sections of the Scheme (including the Existing Scheme and the Locked-in Scheme) on retirement.

See page 13 (for the Existing Scheme) or page 15 (for the Locked-in Scheme) for the options for taking your retirement benefit.

Benefit payments

At the date of this Information Booklet, it is not possible to quantify the amount of any benefit or other payment that may become due to you from the Scheme.

All payments are made by way of direct credit to a bank account.

Pension payment

All pensions becoming payable under the Scheme (for both the Existing Scheme and the Locked-in Scheme) are paid from the Pension Scheme.

When the liability to pay a pension is transferred to the Pension Scheme the Board also transfers assets, with a value as determined by the Board (having considered the advice of the actuary), to meet the liability transferred.

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

As at the date of this Information Booklet, the Minimum Pension (as determined by the Board) is \$1,042.86 per annum. You may not elect to receive a pension, for you or your Nominee, if that pension would be less than the Minimum Pension. In that case, your Benefit Credit will then be paid to you as a lump sum.

In addition, if your Benefit Credit or Locked-in Benefit Credit is less than a certain minimum set by the Board (currently \$21,000) you must take your benefit as a lump sum. The amount of the minimum Benefit Credit and Locked-in Benefit Credit is updated annually, based on movements in the cost of living, and rounded up to the nearest \$1,000.

Any lump-sum payment will be made as soon as practicable after you, or your Nominee or estate, become entitled to it.

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

Your Scheme's administrator is Datacom, whose staff will be pleased to assist you with any inquiries you may have regarding the terms of the Scheme.

Datacom can be contacted at either of the following addresses:

P O Box 1036
Wellington 6140

or by calling between 8.30am and 5.00pm on business days toll free on 0800 628 776 or +64 4 381 0600.

10. Is there anyone to whom I can complain about my investment?

Complaints about the Scheme should, in the first instance, be made to Datacom at either of the following addresses:

P O Box 1036
Wellington 6140

or by calling between 8.30am and 5.00pm on business days toll free on 0800 628 776 or +64 4 381 0600.

Complaints can also be made to the Board of Trustees of the National Provident Fund at:

Level 12
The Todd Building
95 Customhouse Quay
Wellington 6011

Email: enquiries@npf.co.nz

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

You can complain to the Ombudsman about any decision or recommendation made, or any act done or omitted by the Board relating to the administration of the Scheme at:

The Ombudsman

Level 7

70 The Terrace

PO Box 10152

Wellington 6143

Telephone: 0800 802 602

Email: info@ombudsman.parliament.nz

Online:

<https://www.ombudsman.parliament.nz/get-help-public/make-complaint-members-public>

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

This Information Booklet sets out only a summary of some of the terms of the Scheme. The following documents give you more information about the Scheme:

- the Trust Deed;
- the latest summary annual report;
- the latest full financial statements; and
- the most recent triennial actuarial examination of the Scheme.

You may view the Trust Deed, the summary annual report and the full financial statements on our website – www.npf.co.nz.

Annual information for the Scheme

Each year you will be sent a copy of the Scheme's summary annual report and a statement relating to your Total Credit and/or Locked-in Total Credit detailing:

- the contributions made by or for you during the preceding year;
- the earnings credited to you during the preceding year; and
- your Total Credit and/or Locked-in Total Credit at the end of the preceding year.

Information that you may request

Copies of the Trust Deed and the most recent triennial actuarial examination of the Scheme may be purchased from Datacom for \$10 each.

You may also request Datacom to provide you with the following information free of charge:

- an estimate of your benefit from your Existing Scheme and/or your Locked-in Scheme;
- a copy of the latest summary annual report and/or the latest full financial statements for the Scheme;
- a statement of the interest and other assumptions and bases of calculation used by the actuary for the purposes of a triennial actuarial examination of the Scheme;
- a copy of the latest Information Booklet for the Scheme; and
- any information required to be disclosed by the Privacy Act 2020.

Requests to Datacom for information should be made in writing to its address set out on page 19 or by calling toll free between 8.30am and 5.00pm on business days on 0800 628 776.

12. Who is eligible to join and how to join the Scheme?

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

Special conditions affecting eligibility to join the Scheme apply to contributors to the National Provident DBP Contributors Scheme and the Aircrew Scheme. Please ask Datacom for details.

How to join

An **Application Form** is enclosed with this Information Booklet. To join, simply complete the form, have it signed by your employer, then return it either to your payroll officer or to Datacom.

If you wish to nominate a person to receive a benefit from your Existing Scheme if you die while still a Contributor to the Scheme, please also complete the Nomination Form enclosed. Nominations **cannot** be made:

- if you were previously a Contributor to the Scheme prior to 1 January 1996; or
- in relation to benefits from the Locked-in Scheme, which are paid to your estate if you die.

In accordance with the Privacy Act 2020, the information supplied on your Application Form and your Nomination Form will be used only for the purpose intended.

Financial advice

In considering whether to join this Scheme you may wish to seek the advice of a professional financial advisor. Financial advisors are regulated by the Financial Markets Authority. Information on choosing an advisor can be found on their website at www.fma.govt.nz.

Neither the Board nor Datacom are authorised to provide financial advice.

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

Glossary

In this Information Booklet, words stated in bold are defined terms. Defined terms will only appear stated in bold the first time they are used in this Information Booklet. From then on, they will be capitalised.

The below terms will have the meaning ascribed to them in this table when used in this Information Booklet. The singular includes the plural and vice versa.

Term	Definition
Act	means the National Provident Fund Restructuring Act 1990.
Annuitas	means Annuitas Management Limited, which provides management services to the Board.
Application Form	means the Application to Join or Recommence Contributions on Joining a New Employer attached to this Information Booklet.
Base Salary	means your before-tax salary excluding bonuses and allowances.
Benefit Credit	means your Total Credit plus an equitable share, as determined by the Board, of any positive reserves in the Scheme at the time you elect or become eligible to receive a benefit.
Board	means the Board of Trustees of the National Provident Fund. The Board is the Trustee of the Scheme.
Complying Superannuation Fund	means a Superannuation Scheme or workplace savings scheme that is identified as a complying superannuation fund on the register of managed investment schemes (or if the scheme is identified as a complying superannuation fund in respect of only a section of the scheme, the scheme in respect of that section) in accordance with the FMC Act.
Contributor	means a person who has existing Total Credit in the Scheme.
Crown	means His Majesty the King in right of New Zealand.
Datacom	means Datacom Connect Limited who has been appointed by the Board to administer the Scheme.
Existing Scheme	means the non locked-in section of the Scheme where contributions are made to your Total Credit.
FMC Act	means the Financial Markets Conduct Act 2013.
Global Asset Trust	means the National Provident Global Asset Trust. The Board is the Trustee of the Global Asset Trust and the Scheme invests only into the Global Asset Trust.
Information Booklet	means this information booklet for the Scheme.
Investment return	means the returns on the assets of the Scheme from its investment in the Global Asset Trust less the fees, expenses and tax incurred as determined by the Board.
KiwiSaver scheme	means a scheme that is registered on the register of managed investment schemes as a KiwiSaver scheme in accordance with the FMC Act.
Locked-in Benefit Credit	means your Locked-in Total Credit plus an equitable share, as determined by the Board, of any positive reserves in the Scheme at the time you elect or become eligible to receive a benefit.
Locked-in Payment Date	means the latter of: (a) the date on which you reach New Zealand superannuation qualification age (currently 65); and (b) the date you complete 5 years' membership of a Complying Superannuation Fund or KiwiSaver scheme.

Term	Definition
Locked-in Scheme	means the locked-in section of the Scheme where contributions are made to your Locked-in Total Credit.
Locked-in Total Credit	means your contributions, plus employer contributions made to the Locked-in Scheme on your behalf, plus earnings and any reserve distributions plus any Tax Credit Contributions credited to your account during your membership of the Locked-in Scheme.
Member	means a person who is, or may become, entitled to benefits from the Scheme.
Minimum Balance	means the minimum account balance that can be held in the Scheme at any time, as determined by the Board. At the date of this Information Booklet the Minimum Balance is \$5,000.
Minimum Contribution	means: (a) in respect of your Total Credit, the lesser of 1% of your Base Salary and \$10 per annum; and (b) in respect of your Locked-in Total Credit, 3% of your Base Salary.
Minimum earnings rate	means the minimum earnings rate of 4% per annum as set out in the Scheme's Trust Deed.
Minimum Pension	means an amount the Board decides from time to time as the minimum annual pension. As at the date of this Information Booklet the Minimum Pension is \$1,042.86 per annum.
Missing Person	means a person who has not kept the Board informed of their current address for more than 5 years.
Nominee	means the person nominated by you to receive benefits from your Benefit Credit if you die whilst still a Contributor to the Scheme.
Nomination Form	means the nomination form on which you name the person to receive a benefit from your Benefit Credit if you die whilst still a Contributor to the Scheme, set out at the back of this Information Booklet.
Participating Employer	means an employer who contributes to the Scheme on behalf of its employees. Please check with your employer if you are not sure whether they are a Participating Employer.
Pension Scheme	means the National Provident Pension Scheme. Any pension benefit payable from the Scheme will be paid from the Pension Scheme.
Superannuation Scheme	means a superannuation scheme that is registered under the FMC Act.
Scheme	means the Lump Sum National Scheme.
Tax Credit Contributions	means tax credit contributions received from the Crown in respect of your membership of the Locked-in Scheme.
Total Credit	means your contributions, plus employer contributions made to the Existing Scheme on your behalf (if any), plus earnings and any reserve distributions during your membership of the Existing Scheme credited to your Total Credit.
Trust Deed	means the trust deed for the Scheme first entered into by the Board on 28 March 1991, as amended and restated.
Trustee	means the Board acting in its capacity as trustee of the Scheme.



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