

New Zealand Fire Service Superannuation Scheme

Brochure

27 August 2014

Introduction

The brochure describes the New Zealand Fire Service Superannuation Scheme (**Scheme**). The Scheme is a retirement savings scheme sponsored by the New Zealand Fire Service Commission (**Commission**) for some of its employees. Further information is included in the Investment Statement for the Scheme. This brochure is not a substitute for the Investment Statement. If you are in any doubt, the exact wording of the Scheme's provisions is contained in the Trust Deed for the Scheme (**Trust Deed**). The Investment Statement and Trust Deed are available at www.firesuper.co.nz or from the Scheme's secretary.

Who is involved in providing it for me?

Commission

The Commission sponsors the Scheme for and contributes to the retirement savings of those employees who join.

Trustees

The Scheme is governed by the Scheme's trustees (**Trustees**). There are seven Trustees in total. Three are appointed by the Commission, three are appointed by the New Zealand Professional Firefighters Union and one is appointed by the other six.

Administration Manager

The Scheme's administration manager is Mercer (N.Z.) Limited (**Administration Manager**). You can contact the Administration Manager on 0800 MY SUPER or nzfire.super@mercer.com. You can find further information about the Administration Manager from its website www.mercer.co.nz.

Outline of the Scheme

If you join the Scheme, you contribute some of your pay to an account held for you within the Scheme (your **Retirement Accumulation**). The Commission also contributes money to your Retirement Accumulation.

There are two sections of your Retirement Accumulation: the regular section (**Regular Section**) and the complying superannuation fund section (**Complying Fund Section**). By default, your contribution and the Commission's contribution go into the Regular Section. However, you can choose for some of your contribution and some of the Commission's contribution to go into the Complying Fund Section instead. The Complying Fund Section has rules and benefits that are similar to (but not exactly the same as) a KiwiSaver scheme.

Your Retirement Accumulation is invested into one or more of the Scheme's Member investment choice options (**Investment Choices**). Over time, the value of your Retirement Accumulation increases or decreases depending on the performance of these Investment Choices (and other factors, such as any fees you pay and the expenses of running the Scheme).

You become entitled to withdraw some or all of your Retirement Accumulation as a cash payment on the occurrence of certain events. These payments are called "benefits" (**Benefits**). Because the Scheme is a retirement savings scheme, you can generally only get a Benefit on retirement, ceasing service or other extraordinary events such as serious illness.

You may pay fees for services provided to you in respect of the Scheme. The expenses of running the Scheme are paid out of the Scheme. These fees and expenses will affect your returns from the Scheme.

No one guarantees your investment in the Scheme and there are various risks associated with investment in the Scheme as

set out more fully in the Investment Statement.

Who can join?

You can join the Scheme if you are a Firefighter, Trainee Firefighter, Officer, Control Room Operator, Black Watch Staff Member, Community Safety Team Member, Mechanic, National Commander, Deputy National Commander, Regional Commander or Executive Officer.

Contributions

Your regular contribution

You contribute 6% of your "superable salary" to your Retirement Accumulation. This is deducted from your salary or wages.

Reduction in your contributions

There may be circumstances where you cannot continue to contribute at the 6% rate. In those circumstances, you can ask the Trustees to reduce your contribution rate by contacting the Scheme Secretary. If you are allowed to reduce your contribution rate, your minimum benefits on death, Loss of Medical Fitness and Loss of Physical Fitness (described below) will be adjusted downwards accordingly.

Regular Section and Complying Fund Section

By default, your contributions will go into the Regular Section of your Retirement Accumulation. However, you can choose to direct either 3% or 4% of your superable salary to the Complying Fund Section instead of the Regular Section. If you choose 3%, the remaining 3% of your contribution goes into the Regular Section. If you choose 4%, the remaining 2% of your contribution goes to the Regular Section.

Commission's regular contribution

For every \$1.00 you contribute during your employment with the Fire Service, the

Commission contributes \$1.52 after tax.¹ If you do not contribute to the Complying Fund Section, all of the Commission's contribution goes into the Regular Section of the Scheme. If you do contribute to the Complying Fund Section (whether at 3% or 4%) the Commission takes an amount equal to 3% of your superable salary from its contribution and puts this into the Complying Fund Section of the Scheme. The Commission then puts the rest of its contribution in the Regular Section.

Commission can stop making contributions

The Commission can stop making contributions to the Regular Section of the Scheme on 6 months' notice. The Commission can re-start making contributions at any time after that by agreement with the Trustees. You will be told if the Commission has given notice it will stop making contributions and if it restarts making contributions. The Commission may not stop making contributions to the Complying Fund Section of the Scheme.

Government contribution - Complying Fund Section only

For every \$1.00 you contribute to the Complying Fund Section of the Scheme the New Zealand Government contributes \$0.50, up to a maximum of \$521.43 a year.

The Complying Fund Section of your Retirement Accumulation is **not** eligible for the Government Kick-Start you would get if you joined a KiwiSaver scheme and does **not** allow you to make a withdrawal for the purchase of a first home or to withdraw your money on permanent emigration from New Zealand.

Voluntary contributions

You can make additional voluntary contributions to your Retirement Accumulation (**Voluntary Contribution**) but

¹ If you are on a total remuneration package you will effectively be paying for the Commission's contribution by way of salary reduction.

only with Trustees' consent. You can only make a Voluntary Contribution through the Fire Service payroll system. Additional Voluntary Contributions must:

- be calculated as a percentage of your salary or wages,
- not exceed 10% of your salary or wages; and
- otherwise be made in accordance with relevant anti-money laundering Regulations.

Voluntary Contributions do not attract a contribution from the Commission.

Commission's special contribution

The Commission will make a special contribution to top-up your Retirement Accumulation to ensure your Benefit on death, Loss of Medical Fitness or Loss of Physical Fitness is, at a minimum, double your superable salary.²

How long you have to keep contributing

Regular Section

You have to keep making regular contributions to the Regular Section until the Trustees allow you to reduce contributions, you become eligible for a Benefit or you elect to discontinue contributing to the Regular Section by giving written notice to the Trustees. If you elect to discontinue contributing to the Regular Section, the Trustees will hold the Accumulations in the Regular Section of the Scheme for you until you become eligible for a Benefit from the Regular Section.

Complying Fund Section

You must keep making regular contributions to the Complying Fund Section of your Retirement Accumulation unless the Trustees allow you to discontinue contributing to the Complying Fund Section.

You can apply to the Trustees for a break from contributing to the Complying Fund Section (this is called a "contributions holiday") in the following circumstances:

- After your first contribution to the Complying Fund Section or another complying superannuation fund or KiwiSaver scheme (but before 12 months following that date), you are suffering, or are likely to suffer, financial hardship, in which case the length of the contributions holiday will be three months (unless the Trustees agree to a longer period); or
- 12 months have passed since your first contribution to the Complying Fund Section or another complying superannuation fund or KiwiSaver scheme, in which case the length of the contributions holiday will be a minimum of three months and a maximum of five years. No contributions holiday may be for less than three months unless the Trustees agree.

You may apply for a new contributions holiday before the end of the current contributions holiday. There is no limit to the number of successive contributions holidays you can take.

A contributions holiday can be revoked or reinstated by you at any time by applying to the Trustees and the Commission to start or stop (as applicable) making deductions from your salary or wages.

If you take a contributions holiday from the Complying Fund Section, you will contribute to the Regular Section at the full 6% rate unless you have reduced or suspended your contributions to the Regular Section as set out under the heading "Reduction in your contributions" on page 2, above. While you

² Except where you are less than 2 years out from New Zealand Superannuation qualification age (currently 65) and the amount the superable salary you would have earned until you reach New Zealand Superannuation qualification age would be less than double your superable salary. In that case, the amount of the top-up will be to that lesser amount.

are on a contributions holiday, the Commission will direct all of its contribution (as adjusted for any reduction or suspension in your contributions) to the Regular Section of the Scheme.

Further details about contribution holidays are available from the Scheme Secretary or the Administration Manager.

Investment Choice(s)

You select which Investment Choice(s) to invest your Retirement Accumulation into, and how much of your Retirement Accumulation to invest in each selected Investment Choice. There are four Investment Choices available:

- **Cash:** Preservation of invested capital plus stable, positive returns. As a guide this option is expected to provide a long-term (10 years plus) return after tax and investment expenses of 0.25% p.a. above the inflation rate.
- **Conservative:** Relatively stable returns, with a low level of risk. As a guide this option is expected to provide a long-term (10 years plus) return after tax and investment expenses of 1.5% p.a. above the inflation rate, with a likelihood of a negative return of 1 year in every 7.
- **Balanced (Default):** Medium level returns, with a moderate level of risk. As a guide this option is expected to provide a long-term (10 years plus) return after tax and investment expenses of 3% p.a. above the inflation rate, with a likelihood of a negative return of 1 year in every 4.
- **Growth:** Relatively high returns, with a high level of risk. As a guide this option is expected to provide a long-term (10 years plus) return after tax and investment expenses of 4% p.a. above the inflation rate, with a likelihood of a negative return of 1 year in every 3.

If you do not select any Investment Choices, your Retirement Accumulation will be invested in the Balanced Investment Choice by default.

You can switch your Investment Choice(s) (**Switch**) up to twice in the Scheme's financial year (01 April to 31 March) by going to www.firesuper.co.nz and clicking "access account details". Your first Switch in the Scheme's financial year is free. The Administration Manager deducts a fee of \$62.53 from your Retirement Accumulation for your second Switch.

The Trustees have committed to a policy of responsible investment including environmental, social, and governance considerations.

Benefits

Retirement, Resignation and retrenchment

If you:

- retire from or leave the service of the Fire Service on or after reaching New Zealand Superannuation qualification age (**NZ Super Age**, currently 65), or
- retire with the Commission's consent between age 50 and NZ Super Age, or
- if before NZ Super Age, you resign from the Fire Service or you cease to be eligible to be a Scheme member as a result of retrenchment by the Commission:

you are entitled to all of the Regular Section of your Retirement Accumulation.

If you:

- retire from or leave the service of the Fire Service on or after reaching NZ Super Age, and have been a member of the Scheme (or other complying superannuation fund or KiwiSaver scheme) for at least 5 years,

you are entitled to all of the Complying Fund Section of your Retirement Accumulation.

The minimum retirement, resignation or retrenchment benefit payable to you is the amount of your contributions to the Scheme, including any transfers from other superannuation schemes to the Scheme.

Loss of Medical or Physical Fitness

If, before NZ Super Age, the Commission requires you to leave the Fire Service because two doctors it has nominated certify that you are substantially medically unfit to perform duties the Commission considers suitable for you (**Loss of Medical Fitness**), or you cannot meet the Commission's physical fitness standards and you cannot or do not respond to remedial action (**Loss of Physical Fitness**):

- You are entitled to all of the Regular Section of your Retirement Accumulation; and
- If the Trustees consider you are also suffering from "serious illness" (ie, injury, illness or disability that results in you being totally and permanently unable to engage in work for which you are suited by reason of experience, education, or training or any combination of those things or that poses a serious and imminent risk of death) the Trustees shall pay you up to 100% of the Complying Fund Section of your Retirement Accumulation; but
- If the Trustees do not consider you are also suffering from "serious illness" the Complying Fund Section of your Retirement Accumulation will be held for you until you become eligible for a benefit on or after NZ Super Age (as above), or other permitted withdrawal (including serious illness).

If, on Loss of Medical or Physical Fitness, your Retirement Accumulation plus the amount(s) of any early access benefit(s) paid is less than double your superable salary, the Trustees will top-up your Retirement Accumulation so that it is as if your

Retirement Accumulation was double your superable salary.³ However:

- If you are less than two years out from NZ Super Age and the amount of superable salary you would earn before you reach NZ Super Age is less than double your superable salary, the top-up will be to that lesser amount; and
- If you are on a reduced contribution rate (ie, less than 6% of superable salary) the calculation of what is double your superable salary will be adjusted downwards accordingly.

Death

If you die while still employed with the Fire Service, the Trustees will pay out all of your Retirement Accumulation. If, on death, your Retirement Accumulation plus the amount(s) of any early access benefit(s) paid is less than double your superable salary the Trustees will top-up the payment to double your superable salary.⁴ However if you were on a reduced contribution rate at the time of your death (ie, less than 6% of superable salary) the calculation of what is double your superable salary will be adjusted downwards accordingly.

On the application form, you can notify the Trustees about who you would like to receive your death benefit and how much of your Retirement Accumulation you would like them to receive. The person or persons you notify are called "beneficiaries" (**Beneficiaries**). You can change your Beneficiaries from time to time by filling out a change in personal details form.

³ The top-up is first paid from the Reserve Fund and, and, if there is not enough in the Reserve Fund, the Commission will make the special contribution as set out under the heading "Commission's special contribution" on page 3.

⁴ The top-up is first paid from the Reserve Fund and, and, if there is not enough in the Reserve Fund, the Commission will make the special contribution as set out under the heading "Commission's special contribution" on page 3.

If you do not notify the Trustees of any Beneficiaries your death benefit will be paid to the administrators or executors of your estate.

If you do notify the Trustees of Beneficiaries, the Trustees will take into account your wishes and will generally follow them. However, the Trustees do not have to follow your wishes and, at their discretion, can instead pay your death benefit to the administrators or executors of your estate or to your Beneficiaries in different amounts to those you have notified.

Hardship - Canterbury Earthquakes

If the Trustees are satisfied that:

- At the time of the Canterbury Earthquake of 2010 and aftershock of 2011, you were residing within the areas of Ashburton District Council, Christchurch City Council, Hurunui District Council, Selwyn District Council or Waimakariri District Council; and
- As a result of those earthquakes, in the period 4 September 2010 to 31 December 2011, you suffered destruction of, or damage to, your property, loss of employment or incurred costs (including costs associated with relocating to a new home or dealing with trauma); then

the Trustees may, in their discretion, pay you up to 50% of your Retirement Accumulation. If you contribute to the Complying Fund Section, this will be paid equally from the Regular Section and the Complying Fund Section of your Retirement Accumulation. The Trustees may require you to provide information supporting your claim such as a statutory declaration of your assets and liabilities and evidence of loss of employment or costs that you have incurred.

Early access benefit

You can apply to the Trustees at any time for an early access benefit. Upon application the Trustees may, in their discretion, pay you an

early access benefit:

- Which is no greater than the sum of 50% of your Member's Accumulation at the time of the application to the Trustees.
- Where only your Member's Accumulation may be used to pay an early access benefit and in no circumstances shall the Commission's Accumulation be available to provide for an early access benefit.
- Where an early access benefit shall not be accessed until the aggregate value of the Commission's Accumulation and your Member's Accumulation exceeds the value of three times your superable salary.
- Where you are not be entitled to receive an early access benefit more than twice during the period of membership of the Scheme and the Trustees shall not approve a second payment of an early access benefit to you until at least five years have passed since the first payment of an early access benefit was made to you.
- Where any early access benefit(s) paid to you shall be taken into account where you subsequently become entitled to an additional benefit payment for Loss of Medical Fitness, Loss of Physical Fitness or death set out in this section above.

The Trustees may determine at any time in their sole discretion that early access benefits will no longer be granted, whether for a particular time period or indefinitely, if they consider the circumstances deem it necessary and appropriate.

Relationship property and other claims

The Trustees may pay out amounts from your Retirement Accumulation where required by law or Court order. For example, the Trustees may pay out your former partner from your Retirement Accumulation as part of a Court ordered settlement of relationship property.

Complying Superannuation Fund

Whilst remaining a member of the Scheme you may:

- Transfer all of your Complying Fund Section to another KiwiSaver scheme prior to NZ Super age
- Withdraw all or part of your Complying Fund Section provided you meet the criteria set out in the Retirement, Resignation and Retrenchment Benefits section above

upon making application to the Trustees.

Continued membership after you cease service

If you cease service with the Fire Service you can continue to be a member of the Scheme by advising the Trustees within one month of ceasing service of your wish to do so. If you do:

- And if you are a member of the Complying Fund Section you will not continue to receive the Government contribution.
- You can make four free withdrawals a year from your Retirement Accumulation. Additional withdrawals can be made for a fee of \$62.53 per withdrawal.
- Your Investment Choices will continue to be credited or debited with interest on the same basis as other members.

Fees and expenses

Fees

You can access your account details and make changes to your personal information free of charge by going to www.firesuper.co.nz.

You pay the following fees. These will affect your returns.

Quotation fee

You can ask the Administration Manager for the current value of your Retirement Accumulation. The Administration Manager

deducts a \$62.53 fee from your Retirement Accumulation for providing this to you.

Switching fee

You can Switch your Investment Choice(s) up to twice in the Scheme's financial year (01 April to 31 March) by going to www.firesuper.co.nz and clicking "access account details". Your first Switch in the Scheme's financial year is free. The Administration Manager deducts a \$62.53 fee from your Retirement Accumulation for your second Switch.

Expenses

The Trustees also pay expenses out of the Scheme, as more fully detailed in the Investment Statement. These will affect your returns.

Inquiries

You can contact the Scheme Secretary with inquiries:

Jan Barber

New Zealand Fire Service
Superannuation Scheme
PO Box 2897
Wellington 6140

Tel: 0800 MY SUPER
(0800 69 78737)

Email: jan.barber@mercero.com

Website: www.firesuper.superfacts.co.nz

Dispute Resolution

You can complain to the Trustees about the Scheme by contacting the Scheme Secretary. The Trustees have an internal dispute resolution process to consider your concerns.

The Trustees are registered on the Register of Financial Service Providers:

www.fspr.govt.nz and belong to an independent, external dispute resolution scheme operated by Financial Services Complaints Limited (**FSCL**) and approved by the Ministry of Consumer Affairs.

The Trustees have 40 days to respond to your complaint. If you are not satisfied by the Trustees' response you can refer the matter to FSCL by emailing info@fscl.org.nz or by calling 0800 347 257. Full details of how to access the FSCL scheme can be obtained on their website: www.fscl.org.nz. There is no cost to you to use the services of FSCL.

For and on behalf of the Trustees

27 August 2014