

## Other material information – UK Transfers

This document relates to the Kiwi Wealth Super Scheme ('Scheme') and should be read in conjunction with the Scheme's Product Disclosure Statement.

The Scheme is currently a qualifying recognised overseas pension scheme under UK law ('QROPS'). In this document, Kiwi Wealth Investments Limited Partnership ('we', 'our', or 'us') provides a general overview of the implications of QROPS status for members.

The information in this document could change in the future. Please check the offer register at [www.disclose-register.companiesoffice.govt.nz](http://www.disclose-register.companiesoffice.govt.nz) for any updates.

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### Important information

For so long as the Scheme is a QROPS, members of the personal section of the Scheme ('Personal Members') can apply, subject to certain conditions, to transfer amounts from a United Kingdom registered pension scheme (directly or via a current or former QROPS) to the Scheme ('UK Transfer').

You may only make a UK Transfer if you are a New Zealand tax resident.

**There is no guarantee that we will maintain QROPS status. We recommend that you discuss proposed UK Transfers with UK and New Zealand financial and tax advisers, and your UK pension provider, to understand the implications of a UK Transfer. No person involved in providing the Scheme, including us and the Supervisor, Public Trust, takes any responsibility for any UK tax liabilities, other charges or any other adverse events or outcomes that arise as a result of you transferring to the Scheme.**

If you made a UK Transfer to the Scheme prior to 23 March 2018, the terms and conditions set out in this document may not apply to you in relation to that transfer. Please contact us for more information.

### **Joining as a Personal Member**

Any individual can join the Scheme as a Personal Member, as long as they:

- are New Zealand tax-resident; and
- make an initial contribution (by direct debit, cheque, or transfer from another New Zealand or overseas scheme) of at least \$50.

However, you currently cannot be both a Personal Member or a Legacy section member and a member of the employer section of the Scheme.

### **Making a UK Transfer**

Any New Zealand tax resident Personal Member can apply to make a UK Transfer. We can decline any application to make a UK Transfer in our sole discretion. Any UK Transfer accepted into the Scheme will be credited to your member account. The provider of the registered pension scheme or current or former QROPS making the UK Transfer may deduct fees or other charges before actioning the transfer.

If your UK pension scheme provides any guaranteed minimum benefits then those guarantees will no longer apply if you transfer to the Scheme.

Specific United Kingdom pension rules govern transfers to and from, and withdrawals from, a QROPS (as they apply to the Scheme, 'QROPS Rules'). Under the QROPS Rules, we are required to report certain information to the UK tax authority, HM Revenue & Customs. The QROPS Rules continue to apply even if you transfer from one QROPS to another.

Currently, any UK Transfer transferred into the Scheme on or after 6 April 2012 is accepted subject to the following terms and conditions:

- the benefits payable to the relevant member, to the extent that they consist of the member's relevant transfer fund or ring-fenced transfer funds (as those terms are used in the UK Finance Act 2004 ('Finance Act')):
  - are payable no earlier than they would be if pension rule 1 in section 165 of the Finance Act applied; or
  - if payable earlier than that time, are only payable in circumstances in which they would be authorised member payments (as that term is used in the Finance Act) if they were made by a UK registered pension scheme;
- any other terms and conditions required for a transfer to a QROPS under applicable laws and UK tax authority requirements; and

- any other terms and conditions we agree with the scheme manager of the UK or other scheme from which the UK Transfer is to be transferred and/or such other terms and conditions (including the purchasing of an annuity) as we determine as being necessary or desirable or in the interests of the relevant Personal Member or the Scheme, having regard to applicable laws and UK tax authority requirements (including limits or restrictions that have the purpose of ensuring that the Scheme complies with the requirements for a QROPS).

#### *Overseas transfer charges*

You may be required to pay a UK overseas transfer charge equal to 25% of the UK pension amount transferred (excluding returns) if you requested a transfer from a UK pension scheme to the Scheme (or another QROPS) on or after 9 March 2017, and:

- at the time of the transfer from the UK you are not a New Zealand tax resident;
- you do not provide all required information before a transfer is processed; or
- within five full UK tax years following the transfer, you:
  - cease to be a New Zealand tax resident; or
  - transfer your UK Transfer funds to a scheme in a country where you are not tax resident (including if you subsequently make a transfer to the Scheme or another New Zealand QROPS and you are not New Zealand tax resident at the time of that transfer).

The UK tax year runs from 6 April to the next 5 April. If you subsequently become New Zealand tax resident within the five year period, it may be possible for the charge to be reimbursed.

We may be required to notify HM Revenue & Customs, and to withdraw funds to pay the UK overseas transfer charge from your Personal Member account and pay this to HM Revenue & Customs on your behalf. By making a UK Transfer, you agree that we may do this on your behalf.

Members that make a UK Transfer must also notify us if they are or become tax-resident in a country other than New Zealand (even if they are also New Zealand tax-resident), or if they subsequently change their address. If you are or become tax-resident in a country other than New Zealand, or are considering doing so, you should seek UK and New Zealand tax advice.

In addition, unauthorised payments charges and / or surcharges of up to 55% of the amount withdrawn or transferred may apply to an unauthorised withdrawal or transfer (as outlined below).

#### *New Zealand foreign superannuation transfer tax rules*

You may be subject to New Zealand tax when you make a UK Transfer. In general terms, the taxable amount of the transfer depends on when you make the transfer.

Unless you are eligible to make a withdrawal from the Scheme, you will not be able to access your UK Transfer or your member account funds to meet this tax liability. We recommend you talk to a tax adviser.

## **Making other contributions**

In addition to making a UK Transfer, you and your employer can make further contributions to the Scheme, including by direct debit, direct credit, and cheque.

See the 'Other material information - Contributions and transfers' document on the offer register at [www.disclose-register.companiesoffice.govt.nz](http://www.disclose-register.companiesoffice.govt.nz) for more information.

## **Withdrawing UK Transfer amounts**

If you have made a UK Transfer (directly or via a current or former QROPS) to the Scheme, any withdrawals from the Scheme are subject to the QROPS Rules until the UK Transfer amount has been exhausted. **This means affected members cannot make a withdrawal from the Scheme, including the employer section, until they are entitled to make a withdrawal under the QROPS Rules.**

### *Situations where UK Transfer amounts can be withdrawn*

UK Transfers can only be withdrawn in accordance with the QROPS Rules, under which a withdrawal can currently be made when:

- you reach the UK minimum pension age (currently 55); or
- you qualify for an ill health or serious ill health withdrawal under UK law, or you die.

The requirements for ill health and serious ill health withdrawals are currently as follows:

- **Ill health:** If you retire before age 55 because of ill-health and provide us and Public Trust with evidence from a registered medical practitioner that you are, and will continue to be, incapable of carrying on your occupation because of physical or medical impairment, then you may make a withdrawal in the same way as if you had reached age 55 (see 'Payment of withdrawals' below).
- **Serious ill health:** If you retire before age 55 because of serious ill-health and provide us and Public Trust with evidence from a registered medical practitioner that you are expected to live for less than one year, then you may withdraw the full value of UK Transfer investment as a lump sum.

Any returns earned in your member account following a UK Transfer are ignored for the purposes of determining how much can be withdrawn under the QROPS Rules.

Generally, under a retirement or ill-health withdrawal, 25% of the transferred amount, plus an amount equal to any returns, will be tax free. You may be liable to pay UK tax on the balance, depending on your tax residency. The exact position under New Zealand and UK tax laws will depend on your individual circumstances. We recommend you seek advice before making a withdrawal to determine if any tax is payable.

### *Additional restrictions may apply*

The requirements of the QROPS Rules may change from time to time. Withdrawals of funds from a UK Transfer will also be subject to any other terms and conditions we:

- a agree with the provider of the scheme from which the transfer came; and/or

- b determine are necessary, desirable, or in your interests or the interests of the Scheme, having regard to applicable laws and UK tax authority requirements (including limits or restrictions that have the purpose of ensuring that the Scheme complies with the requirements for a QROPS).

For example, you may not be able to withdraw funds that you have transferred from another scheme to the Scheme until additional conditions are satisfied. Withdrawal conditions from the other scheme may apply. For example, the amount transferred may be subject to a requirement for all or part of the transfer to be locked in or withdrawn in the form of an annuity, or other form of income for life.

#### *Withdrawal of other amounts by Personal Members*

Once eligible to make a QROPS withdrawal, Personal Members can withdraw other amounts in their member accounts in accordance with the superannuation scheme rules set out in the Financial Markets Conduct Regulations 2014 and the trust deed for the Scheme ('Trust Deed').

See the 'Other material information – Withdrawals' document on the offer register at [www.disclose-register.companiesoffice.govt.nz](http://www.disclose-register.companiesoffice.govt.nz) for more information.

#### *Payment of withdrawals*

Once you become eligible to make a withdrawal from a UK Transfer amount, you can withdraw all the money you are entitled to as a single lump sum or you can keep your account open and set up regular withdrawals or make occasional withdrawals.

A \$100 minimum applies to each regular withdrawal and a \$500 minimum applies to a one-off partial withdrawal. In addition, all withdrawals must be in \$10 multiples. We can change these amounts in the future.

You may need to provide documents to support your application for a withdrawal (such as medical evidence).

See the 'Other material information – Withdrawals' document on the offer register at [www.disclose-register.companiesoffice.govt.nz](http://www.disclose-register.companiesoffice.govt.nz) for more information on how to apply to make a withdrawal and situations where withdrawals may be restricted under the Trust Deed.

### **Transfers out of the Scheme**

If you are a Personal Member you can apply to transfer the value of your member account to another superannuation scheme, KiwiSaver Scheme, or an equivalent overseas retirement scheme. If the other scheme indicates it will accept you as a member, we will transfer the value of your member account to that scheme. UK Transfers can only be transferred to another QROPS, and the UK overseas transfer charge referred to above may apply.

If you have made a UK Transfer, you should note that in certain circumstances there may be adverse UK tax consequences of a transfer to another registered superannuation scheme that is not a QROPS, withdrawals of a UK Transfer from the Scheme that are over your UK 'lifetime allowance' threshold (currently £1,073,100 million), or withdrawals of funds that are not consistent with retirement savings or provision for retirement as defined in UK legislation. We advise you to contact us for more details about UK tax charges.

We can restrict transfers from the Scheme in the same way as withdrawals. When you transfer to another scheme, you will no longer be a member of the Scheme and will not be entitled to any further benefits from the Scheme.

### **If the Scheme is wound up**

- If the Scheme is wound up, you will be paid your interest in the Scheme, excluding any UK Transfer received by the Scheme on or after 6 April 2012, after, costs, debts and any withdrawals due are paid.
- If you made a UK Transfer to the Scheme on or after 6 April 2012, those funds will be:
  - transferred to another retirement scheme or other superannuation scheme (you can choose the scheme, but it must be recognised by UK tax authorities as a QROPS); or
  - applied in any other way that satisfies any requirements imposed by UK tax authorities on such UK Transfers and / or any terms and conditions applicable to the UK Transfer.

Contact us if you made a UK Transfer prior to 6 April 2012.

### **Potential UK tax charges on withdrawals and transfers to other schemes**

The information below is intended as general guidance only. We recommend that you seek professional financial and tax advice (both UK and New Zealand) regarding your individual circumstances prior to withdrawing or transferring a UK Transfer.

Neither we, nor Public Trust, nor any other person involved in providing the Scheme to you takes any responsibility for any UK tax charges that arise as a result of making withdrawals or transfers of previous UK Transfers.

#### *When charges may apply*

You may be subject to UK tax charges if you withdraw or transfer a UK Transfer (regardless of whether it was transferred directly to the Scheme or via another current or former QROPS) if it was transferred from a UK pension scheme and you have been a UK tax resident at any time within the current or preceding 10 UK tax years, or 5 years for persons who transferred their UK pension money outside the UK before 6 April 2017.

An unauthorised payments charge of 40%, and an unauthorised payments surcharge of 15% of the amount withdrawn or transferred, may be imposed. The UK tax year runs from 6 April to 5 April. The imposition of these tax charges depends on the application of the complex rules applying to UK pension plans.

#### *We must report withdrawals and transfers to UK tax authorities*

Where you have made a UK Transfer, we must report withdrawals or transfers of those funds to UK tax authorities. These reports have to be made until you are no longer subject to the UK tax charges, as outlined above, **and** there has been a period of at least ten years from the date of the original transfer from a UK registered pension scheme.

By making a UK Transfer, you accept that we will report such withdrawals or transfers to UK tax authorities and agree to provide us with any further information we require to make these reports.

#### *Overseas transfer charge on transfers out of Scheme*

The overseas transfer charge of 25% outlined above may apply on a transfer of UK Transfer funds out of the Scheme in the same way as it could apply to a transfer into the Scheme.

## **Risks specific to the Scheme as a QROPS**

The following specific risks apply to the Scheme as a result of it being a QROPS:

### *Failure to maintain QROPS status*

The Scheme could lose its QROPS status at any time. A loss of QROPS status may negatively impact a member's UK tax position in relation to their investment in the Scheme, and would prevent further UK Transfers being made to the Scheme.

### *Risk of UK tax charges applying*

A withdrawal or transfer of UK Transfer amounts (including amounts transferred from another current or former QROPS) may give rise to the UK unauthorised payments charge and an unauthorised payments surcharge outlined above. There is also the risk of the UK overseas transfer charge applying if you are not a New Zealand tax resident at the time of a UK Transfer or if your circumstances change during the five full UK tax years following a transfer.

### *Future changes to the QROPS Rules*

The QROPS Rules could change in the future, including the rules relating to withdrawals. Changes of this nature may prevent future UK Transfers to the Scheme, or may have an adverse impact on your ability to withdraw or transfer UK Transfer amounts. In addition, the QROPS requirements and restrictions applying to the Scheme may change from time to time in order to comply with UK or New Zealand regulations.

See the 'Other material information – Risks' document on the offer register at [www.disclose-register.companiesoffice.govt.nz](http://www.disclose-register.companiesoffice.govt.nz) for more information on the risks that apply to an investment in the Scheme.