Member booklet

An introduction to saving with the Police Superannuation Scheme

April 2021

PSS Police Super Scheme

PSS Trustees Limited is the issuer of the Police Superannuation Scheme (PSS). A copy of the PSS product disclosure statement is available at **policesuper.co.nz** and **disclose-register.companiesoffice.govt.nz**.

This member booklet was prepared by PSS Trustees Limited, the manager and trustee of the Police Superannuation Scheme (PSS). In this document, 'we', 'us', 'our' or 'trustee' refers to the scheme's trustee. The member booklet describes the contributions required and the investment options and benefits available to you as a member of the scheme.[1] We suggest you keep it so you can refer back to it if you have questions about your super.

[1] The rules governing the Police Superannuation Scheme are set out in the trust deed. While every care has been taken in preparing this booklet, the trust deed will prevail if anything is unclear or differs from this governing document.

Contents

Joining

Membership is compulsory for ...

Constabulary and recruits

Membership is compulsory for recruits and constabulary employees. You will join the scheme as a **standard constabulary entrant**.

Contact your Payroll Officer if you have a question about contributions

Minimum contributions		
Membership category	**Minimum contribution rate (as a % of salary)[2]**	
	Member	Employer (before tax)
Recruit/standard constabulary entrant	7.5%	15.2%

You can make additional voluntary contributions as regular deductions from your pay (see page 15).

PSS and KiwiSaver

You can belong to the PSS and KiwiSaver if you wish

If you wish, you can be a member of a KiwiSaver scheme as well as the PSS and get some of the benefits of KiwiSaver. For example, the government will contribute $521.43 a year if you contribute $1,042.86 a year or more. KiwiSaver options for PSS members are explained on the website.

A note for former Traffic Officers

Different membership options apply to some former Traffic Officers

Different membership categories and contribution rates apply if you:

- are a former Traffic Officer who transferred to Police on 1 July 1992
- have not left service since that date
- are a contributing member to the Government Superannuation Fund (GSF) or the National Provident Fund (NPF).

In this case, you can join the scheme as a **special entrant**. The minimum member contribution rate is 1% of salary. Contact your Payroll Officer for details of the employer contribution.

[2] Under the current Constabulary Collective Employment Agreement, salary includes the competency service increment (CSI) paid as a lump sum if you are at the top of your pay band as well as certain allowances specified in your employment agreement. It excludes bonuses, commissions, fees or other like payment and allowances not specifically regarded as superable.

Membership is voluntary for ...

Police employees, including authorised officers

Membership is voluntary if you are a Police employee (including an authorised officer). In this case, you have two options. You can join as:

- an **optional entrant** – employer contributions will be paid on your behalf, but these will come from within your existing total remuneration
- a **savings contributor** – making member contributions only.

Contact your Payroll Officer if you have a question about contributions

Minimum contributions

Membership category	Minimum contribution rate (as a % of salary)[3]	
	Member	Employer (before tax)
Optional entrant	6%	12.5%
Savings contributor[4]	4%	Nil

You can make additional voluntary contributions as regular deductions from your pay (see page 15).

Here's a summary and comparison of some benefits of the PSS and KiwiSaver

PSS or KiwiSaver?

You may be wondering whether you would be better off joining the PSS as an optional entrant or joining KiwiSaver. Here's a summary and comparison of some benefits of both schemes.

Police Superannuation Scheme	KiwiSaver
You can withdraw your savings when you leave Police or defer payment and leave your money in the scheme.	Your savings are generally locked in until the date you qualify for New Zealand Superannuation (currently age 65).
Under current policy, you can make one partial withdrawal from your member's account each year after 3 years' Police service. Once the sum of the percentages you've withdrawn reaches 100%, subsequent withdrawals are limited to 5% a year (see page 8).	You can withdraw your savings if you are suffering from serious illness.
	The government will contribute $521.43 a year if you contribute $1,042.86 a year or more.

There are other differences between the PSS and KiwiSaver too. For example, fees for the PSS are generally lower than for KiwiSaver schemes.

The following benefits apply to the PSS and KiwiSaver:

- You can withdraw some of your savings to put towards the purchase of a first home after 3 years' membership.
- You may be able to withdraw some of your savings if you are suffering significant financial hardship.
- You may qualify for the government's First Home Grant after 3 years' membership.

The *Membership form* is at the back of the product disclosure statement

How to join

1. Contact Payroll and ask for a scheme application pack. This includes:
   - a product disclosure statement, which includes information about this investment that we are required to provide under the Financial Markets Conduct Act 2013
   - this member booklet.
2. Complete the form at the back of the product disclosure statement and return it to Payroll at the address on the form.

[3] Under the current Police Employees' Collective Employment Agreement, salary includes the competency service increment (CSI) paid as a lump sum if you are at the top of your pay band as well as certain allowances specified in your employment agreement. It excludes bonuses, commissions, fees or other like payment and allowances not specifically regarded as superable.

[4] The minimum contribution rate for savings contributors depends on when you joined the scheme: 4% of salary if you joined on or after 1 April 2008 or 2% of salary if you joined before that date.

Information for all members

More about contributions

When you join the scheme, two accounts are opened in your name:

- Your member's account, which is for your contributions.
- Your employer's account, which is for any contributions Police makes on your behalf.

Your contributions are deducted from your fortnightly pay

Your contributions are arranged through Payroll as regular deductions from your fortnightly pay and will normally continue until you leave Police. Your contributions are deducted from your after-tax salary and are credited to your member's account.

Tax is deducted from employer contributions

Employer superannuation contribution tax is deducted from employer contributions before they are credited to your employer's account (see page 18).

How employer contributions fit within your total remuneration depends on your employment agreement.

If you're on one of these agreements …	**Police Employees' Collective Employment Agreement** **Constabulary Collective Employment Agreement**	**Police Managers' Collective Employment Agreement**
… your total remuneration is calculated as follows …	Salary (before tax) + amount assessed as the *after-tax* employer contribution + life insurance premiums + other allowances = **total remuneration**	Salary (before tax) + *before-tax* employer contribution + life insurance premiums + other allowances = **total remuneration**
… which means	Your total remuneration may exceed but will never be less than the sum of these benefits. This depends on the rate of tax paid on your employer contributions.	The rate of tax paid on your employer contributions doesn't affect your total remuneration.

Check the terms of your agreement if you're on an individual employment agreement. Your super arrangements could be on either an after-tax or before-tax basis. Talk to your Payroll Officer if you're unsure.

Transferring money from another scheme

The PSS can only accept transfers if the money is paid direct from your current scheme

You may be able to transfer money from another superannuation scheme into the PSS.

We can only accept the transfer if the payment is made direct from your current superannuation scheme into the PSS. Therefore, you will need to contact your current provider and ask them to contact Mercer, the scheme's administration manager, and arrange for the transfer to be made.

We cannot accept transfers from UK pension schemes, KiwiSaver schemes, complying superannuation funds or Australian superannuation schemes.

Benefits

Your benefit is based on contributions and investment returns, which can be positive or negative

How your benefit is calculated

Member contributions	←	The money you pay into the scheme
+		
employer contributions	←	Money Police pays into the scheme on your behalf (if any)
+/–		
investment returns	←	Investment returns of the investment option(s) you have chosen net of tax at your prescribed investor rate (PIR)
–		
expenses	←	The cost of running the scheme and managing its investments
=		
your benefit		

When you leave Police, we will pay the balance of your member's account and your employer's account

Benefits when you leave

When you leave Police, you will be paid the balance of your member's account and your employer's account if you have one. The benefit is the same whatever the reason for your leaving. Reasons include retirement, resignation, dismissal, redundancy or medical disengagement.

It's up to you to claim your benefit if you leave Police. You can do this by completing a *Leaving form* and returning it to Payroll.

You can continue to invest your savings in the scheme after you leave Police

Leaving your money in the scheme

You don't have to withdraw your savings when you leave Police. You can choose to remain in the scheme as a retained member. It's a good option if you're happy with the way your savings are invested and don't need them straight away. You won't be able to make contributions, but you will continue to receive investment returns. You can change your investment strategy at any time.

You can access your savings at any time. A one-off withdrawal must be at least $5,000, and you will need to pay the standard benefit payment fee for each withdrawal. Fees are listed on the website. You must maintain a balance of at least $5,000. Alternatively, you can set up a regular withdrawal paid to your bank account on the 20th of each month. There is no set-up or benefit payment fee for regular monthly withdrawals. If you have this facility set up, you need to maintain a minimum balance of $1,000.

The *Leaving form* includes a section you can use to let us know if you want to leave your money in the scheme.

You can transfer your leaving benefit to another scheme with its permission

Transferring to another scheme

When you leave Police, you may ask us to transfer your savings to another workplace savings scheme, superannuation scheme or KiwiSaver scheme. We would need the agreement of the trustee of the other scheme before such a transfer could take place.

The death benefit is paid to your executors or the administrators of your estate

Death benefit

If you die while you are a member of the scheme, we will pay your benefit to your executors (if you have a will) or to the administrators of your estate (if you do not have a will).

It is important to make a will and keep it up to date. Dying without a will can place unnecessary financial and emotional strain on your family and delay payment of your benefit. There is a fact sheet on the website that explains the process for claiming a death benefit. It's a good idea to keep a copy of this fact sheet with your will.

You can make a withdrawal while in service under certain circumstances

Benefits while in service

The scheme is designed to help you save for your retirement and to give you and your family financial assistance should you die prematurely or be unable to work because of illness or injury. Under certain circumstances, however, you can make a withdrawal while in service.

You may be able to use your benefit in the scheme as security for a loan

Using your benefit as security for a loan

In some cases, you may be able to use your benefit in the scheme as security for a loan. However, the lender is not entitled to make a claim against the scheme until a benefit becomes payable. The loan agreement must include a term to this effect.

If you use your benefit as security for a loan, a charge will be registered against your benefit in the scheme. If a benefit – including a partial or first-home withdrawal – is paid from the scheme, the outstanding amount of any charge may have to be paid first.

The scheme is not a lending institution and must follow the rules set out in the Financial Markets Conduct Act 2013 and in the trust deed.

You may be eligible to withdraw some or all of your member's account balance subject to certain criteria

We urge you not to access your super unless you really have to – withdrawing money early might satisfy a want today at the expense of a need in retirement

Partial withdrawals and in-service benefits

The scheme is designed to help you save for the long term. However, once you have completed:

- 3 years' Police service and remain in service, you may apply to make one partial withdrawal each scheme year (1 April to 31 March)
- 20 years' Police service or attain the age of 45 years and remain in service, you may apply to receive a once-only in-service benefit.

At our sole discretion, we may place limits on withdrawal amounts in relation to partial withdrawals and in-service benefits. Our current policy is that the following maximums will apply to partial withdrawals and in-service benefits:

- The total amount available is up to the balance of your member's account at the date your request is processed.
- Each amount you withdraw under these benefits will be expressed as a percentage of the total amount available on the occasion of that withdrawal.
- When the aggregate sum of all withdrawals under these benefits reaches 100%, all subsequent withdrawals will be limited to 5% of your entitlement.
- The aggregate of 100% may be attained over a series of withdrawals during a period of years or could apply after a single withdrawal of your maximum entitlement.
- The above percentages will apply to your entitlement balance at the date the withdrawal is processed.

If you request an in-service benefit but become entitled to another benefit prior to the payment of your in-service benefit, you will no longer be entitled to the in-service benefit.

We may suspend the availability of partial withdrawals and in-service benefits if we consider that making them available could jeopardise the scheme's registration under the Financial Markets Conduct Act 2013.

We may change the minimum and maximum amounts that apply to partial withdrawals and in-service benefits. Generally, any money transferred into the scheme on your behalf will be subject to our policy on partial withdrawals and in-service benefits.

First-home withdrawals

You may apply for a first-home withdrawal benefit in the following circumstances:

- You wish to purchase a first home or, in special circumstances, a second home and have not previously made a first-home withdrawal from the scheme, a complying fund or a KiwiSaver scheme.
- You have contributed to the scheme or been a member of one or more KiwiSaver schemes or complying funds for at least 3 years.

If we consent to the withdrawal, the amount payable is a maximum of the balance of your member's account and your employer's account less any amounts prescribed by the KiwiSaver Act 2006 and less any amounts claimed against the scheme by a lender where you have used your benefit as security.

See the website for more information.

A significant financial hardship benefit is not an automatic benefit – we must be satisfied your situation meets specific criteria

Significant financial hardship

You may apply for a benefit if you have suffered or are suffering from significant financial hardship. It is not an automatic benefit. You will need to have explored all other options and generally have sought budgeting advice.

We have adopted these guidelines to help us consider applications:

- You or a member of your immediate family is in need of medical attention that you cannot afford and funding from the public health service and/or your medical insurance is insufficient. This may include modifying a residence to meet special needs or the cost of palliative care.
- You have suffered a loss through a natural disaster or other cause beyond your control for which compensation is not available through usual sources.
- You are unable to meet the cost of a dependant's funeral.
- A mortgagee is seeking to enforce the mortgage on your home.
- Bankruptcy is imminent (i.e. you have received a letter from a creditor threatening to start proceedings against you to recover a debt).
- You have an urgent and unexpected need for funds beyond your reasonable control.

The amount payable is at our discretion. It will not exceed the amount that would have been paid had you left service on the date you applied for a hardship benefit. Any payment is made first from your member's account and any remainder from your employer's account.

You need to complete a *Significant financial hardship form* to apply for a hardship benefit. You'll find more information to help you prepare an application on the form, including a list of the supporting documentation you'll need to provide.

You may apply to make a withdrawal to settle a division of your relationship property

Relationship property settlements

You may apply to make a withdrawal from the scheme to settle a division of your relationship property. To make an application, you will need to complete a *Relationship property settlement form*. Your application must be supported by a copy of either a court order or an agreement between you and your former spouse or partner under the Property (Relationships) Act 1976.

To comply with the trust deed, the wording of the agreement or court order needs to be quite specific. It must:

- state that you are required to make a relationship property settlement to your former partner
- specify the amount you are required to pay to your former partner
- state that the amount to be paid is to be sourced from your PSS benefit.

If your application is supported by an agreement, that agreement must meet the following requirements:

- It must be in writing and signed by both parties.
- Each party to the agreement must have taken legal advice before signing.
- Each party's signature must be witnessed by a solicitor.
- The solicitor who witnesses each party's signature must certify that, before witnessing the signature, he or she explained the effect and implications of the agreement.

You can only access your savings to pay the other party as part of the relationship property settlement. In other words, you can't make a withdrawal for your own benefit. If you need additional funds – for example, to pay legal bills – you would need to apply separately for a partial withdrawal or a significant financial hardship benefit.

The maximum amount payable for a property relationship benefit depends on whether you provide a court order or a written agreement. The maximum amounts are:

- 100% of your leaving benefit under a court order
- 50% of your leaving benefit under an agreement.

These maximum amounts are set out in the trust deed, and we have no discretion to vary them.

Any payment is made in equal portions from your member's account and your employer's account.

The trust deed sets out strict rules around this type of benefit. The information given here is included on the *Relationship property settlement form*. It's a good idea to give a copy of this to your solicitor to help them draft an agreement that complies with the rules specific to the scheme. Getting the wording right will help make sure everything goes smoothly.

Investments

How your savings are invested

Your savings are pooled with those of other members and, through an investment in Mercer Investment Trusts New Zealand (MITNZ), invested in a range of assets, including shares (also known as equities), fixed interest and cash. The trustee of MITNZ appoints specialist investment managers to manage particular types of assets (called asset classes). These managers are listed on the website. The mix of investments invested in each asset class reflects the collective investment choices of members and is adjusted continually as contributions are made by or on behalf of members, benefits are paid, members change their investment choice and new members come on board. See pages 12–13 for the asset classes each investment option invests in.

Investment basics

Balancing risk and return

We have a range of investment options for you to choose from, each offering a different mix of the same ingredients. Those ingredients are growth assets and income assets. Growth assets are best suited to long-term saving. Income assets are best suited to short-term saving. Here's why.

Returns from growth assets tend to be more volatile than those from income assets – however, all asset classes can sometimes produce negative returns

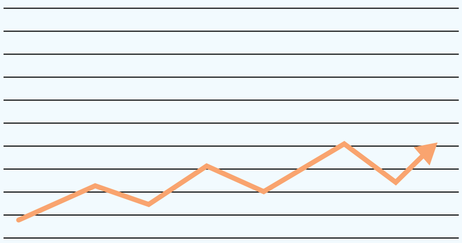
Growth assets

Higher risk, higher return

Returns from growth assets (such as shares) tend to be volatile (up and down). You need to be able to invest long enough to ride out the highs and lows.

Income assets

Lower risk, lower return



Income assets (such as fixed interest) tend to produce modest but less-volatile returns from year to year. There's a chance returns may not keep pace with inflation over the long term.

Diversification

Asset diversification ensures you don't have all your eggs in one basket

You'll be familiar with the saying that it's wise not to have all your eggs in one basket. By spreading your investments across different asset classes, you can reduce the volatility of your overall portfolio without lowering your expected return. This is referred to as asset diversification.

In addition, different assets perform differently in different market conditions. Fixed-interest investments such as bonds, for example, might produce solid returns at a time when shares are underperforming and vice versa.

One of the advantages of saving with the scheme is that your savings are spread across many different investments across a range of asset classes. The mix of investment classes varies depending on which investment option you choose.

There are five investment options to choose from

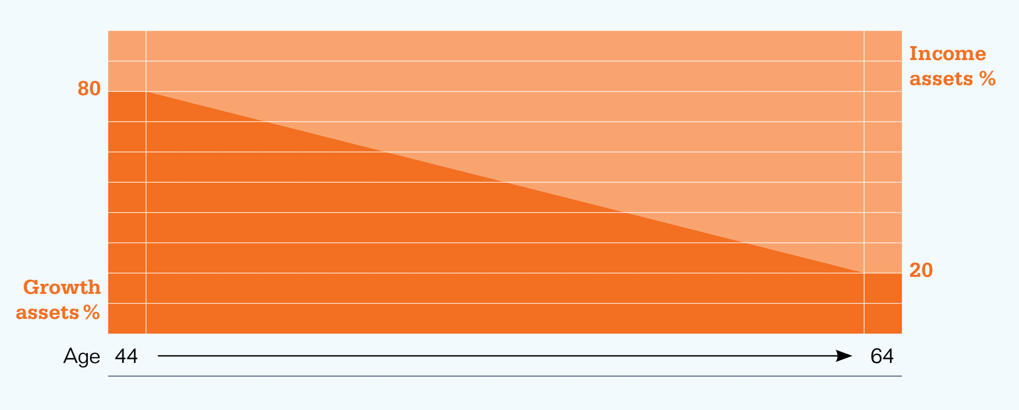
Investment options

We offer five investment options. With Super Steps, the mix of investments changes automatically based on your age. Each of the other four options (Growth, Balanced, Stable and Cash Plus) has a different mix, largely split between growth and income assets.

Super Steps is a 'set and forget' option where your investment mix changes automatically as you get older

Super Steps

This is a 'set and forget' option. With Super Steps, the mix of growth and income assets changes automatically as you get older. Up until age 45, your savings are invested in 80% growth assets. From then, the percentage of growth assets is reduced gradually to 20% at age 64. Here's how it works.



Super Steps uses three options – Growth, Balanced and Stable (see pages 12–13) – to transition your savings from predominantly growth assets to predominantly income assets over time. The investment mix changes on 1 April each year, not on your birthday or the anniversary of the date you joined the scheme.

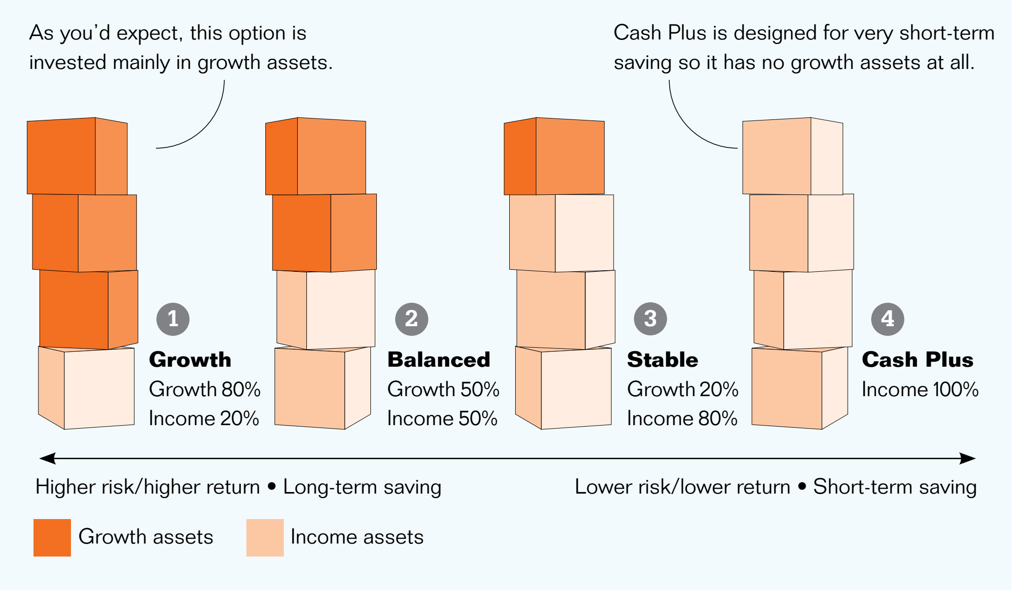
You cannot mix between Super Steps and the other four options. However, you can opt out of Super Steps whenever you choose.

Super Steps is the default investment option. We will invest your contributions in Super Steps if you don't tell us how you would like your savings invested when you join the scheme.

These four options mix growth and income assets in different amounts

Other investment options

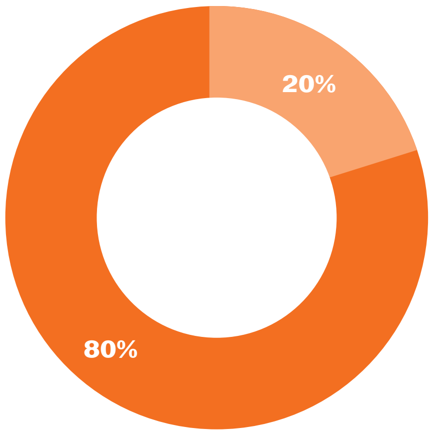
If you prefer, you can build your own mix of growth and income assets by choosing one or a combination of four investment options made up of growth and income assets mixed in different amounts. You can choose a different strategy for your existing account balances and for future contributions.



Here's a more detailed comparison of the four options.

Growth

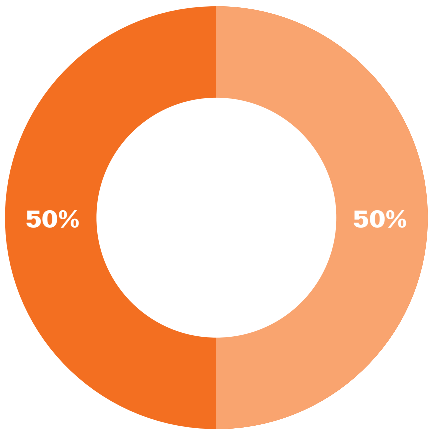
Growth has an 80:20 split between growth assets (such as shares) and income assets (such as fixed interest and cash). Growth aims to provide higher- level returns with a relatively higher level of risk than the other options. It is expected to provide a long-term return after tax and investment expenses of 2.5% p.a. above the inflation rate, with the likelihood of a negative nominal return approximately 1 year in every 3 and a small probability of any annual nominal loss exceeding 15%.[1]



Growth assets	**80%**
Australasian equities	12.5%
International equities	37.5%
International listed property	2.5%
International collateralised commodity futures	12.5%
International listed infrastructure	7.5%
International fund of hedge funds	7.5%
Income assets	**20%**
International fixed interest	15%
New Zealand cash and cash equivalents	5%

Balanced

Balanced has a 50:50 split between growth assets (such as shares) and income assets (such as fixed interest and cash). Balanced aims to provide medium-level returns with a moderate level of risk. It is expected to provide a long-term return after tax and investment expenses of 1.5% p.a. above the inflation rate, with the likelihood of a negative nominal return approximately 1 year in every 4 and a small probability of any annual nominal loss exceeding 10%.[1]

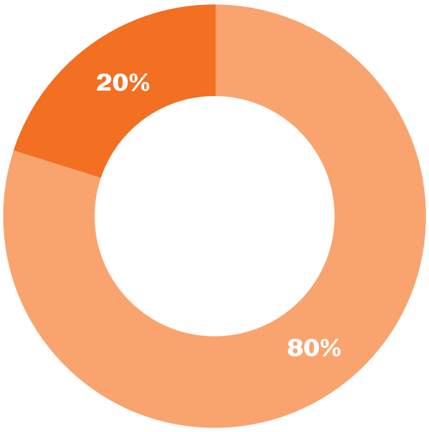


Growth assets	**50%**
Australasian equities	7.5%
International equities	22.5%
International listed property	2.5%
International collateralised commodity futures	7.5%
International listed infrastructure	5%
International fund of hedge funds	5%
Income assets	**50%**
International fixed interest	45%
New Zealand cash and cash equivalents	5%

[1] The nominal return (or loss) is the return received (or loss incurred) before factoring in expenses such as taxes, fees and inflation.

Stable

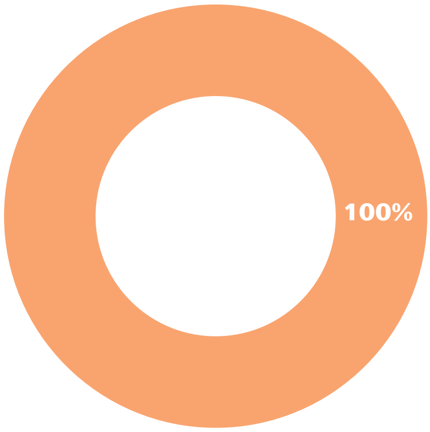
Stable has a 20:80 split between growth assets (such as shares) and income assets (such as fixed interest and cash). This option aims to provide stable returns with a low to medium level of risk. Stable is expected to provide a long-term (ten years plus) return after tax and investment expenses of 0.5% p.a. above the inflation rate, with the likelihood of a negative nominal return approximately 1 year in every 5 and a small probability of any annual nominal loss exceeding 5%.[1]



Growth assets	**20%**
Australasian equities	5%
International equities	10%
International collateralised commodity futures	5%
Income assets	**80%**
International fixed interest	40%
International fixed interest, absolute return	20%
New Zealand cash and cash equivalents	20%

Cash Plus

Cash Plus invests 100% in short-term fixed interest and cash assets. Cash Plus aims to maintain invested capital and provide stable returns, with negligible likelihood of experiencing any loss in any year. It is expected to provide a return after tax and investment expenses that broadly matches the after-tax return of the S&P/NZX NZ 90-day Bank Bill Index.



Income assets	**100%**
New Zealand cash and cash equivalents	100%

These percentages are the benchmark asset allocations for each investment option. Our investment manager may occasionally move away from the benchmark temporarily within specified ranges. The *Statement of Investment Policy and Objectives* available on the website has more information.

[1] The nominal return (or loss) is the return received (or loss incurred) before factoring in expenses such as taxes, fees and inflation.

The website has a Risk Profiler you can use to help you better understand how your approach to risk translates to the investment options available to you

Choosing an option

The best investment strategy for you will depend on a number of factors. Think about how long you have to go before you move from making contributions to spending your savings. Also consider other factors such as any other savings you may have and your appetite for risk. All investments can produce negative returns from time to time. On the plus side, higher-risk investments such as shares tend to produce higher returns in the long term, but they also tend to experience greater volatility than other investment types. You need time to ride out the ups and downs – you want to minimise the possibility that you have to draw on your funds when the market is down. The closer you are to retirement or requiring your super, the more likely you are to prefer an option weighted towards lower-risk, less-volatile investments such as cash and bonds.

The website has a Risk Profiler you can use to help you better understand how your approach to risk translates to the investment options available to you.

If you are unsure about your decisions, we suggest you talk to a professional financial adviser. Welfare Officers and other Police or Police Association staff are not financial advisers and, therefore, they are not in a position to help other than to provide general information about the scheme.

Monitoring investment returns

Your investment returns depend on the performance of the investment option(s) you have chosen to invest your savings in. Returns may be negative, nil or positive.

The scheme uses daily unit pricing – at the end of each trading day, we declare a unit price for each option, just like a share price

Daily unit pricing

The scheme uses daily unit pricing. When you log in to your account to view your investment balances online, you see the unit price, number of units and dollar value for your holding in each investment option.

A unit represents a share in a particular investment option. The unit price is based on the net value of all the investments held under that investment option. At the end of each trading day, we declare a unit price for each option, just like a share price. When your contributions are paid into the scheme, you effectively buy additional units based on that day's unit price. Similarly, when you apply for a benefit, you redeem units to the value of your withdrawal based on that day's unit price.

Investment management fees and expenses are reflected in the unit price. However, the unit price is before tax. This is because investment returns are taxed at different rates based on each member's prescribed investor rate (PIR). See page 18 for more information.

Find out more

The investment returns are posted on the website each month.

You can check out your current balance at any time by logging in to your account on the website.
The latest unit prices are listed on both the secure site and the public site.

Making changes

You can change your investment choice any time at policesuper.co.nz

Changing investment option(s)

You can change your investment option(s) online by logging in to the website. If you prefer, you can download an *Investment choice form*, fill it in and send it to Mercer.

We will action your change by redeeming units in your existing investment option and issuing units in the new investment option.

You can change your investment strategy at any time. We suggest you review your investment choice from time to time to make sure it's suitable. If it is, remain patient, think long term and don't get distracted by short-term volatility. Moving into a more conservative option when markets are down crystallises your losses and means you risk missing out on the subsequent rebound when markets recover. Switching to a higher-risk option because markets are up could expose you to a level of risk you find uncomfortable.

You can make additional voluntary contributions as regular deductions from your pay

Starting or changing voluntary contributions

You can make voluntary contributions in addition to the minimum contributions (see pages 4–5) as regular deductions from your pay. You can nominate a percentage of salary of 1% or more. However, the maximum amount of voluntary contributions must not exceed 10% of your salary. Police will not match any additional voluntary contributions you make.

Voluntary contributions are credited to your member's account and are subject to the same rules for in-service withdrawals as your regular member contributions (see *Partial withdrawals and in-service benefits* on page 8).

Constabulary, recruits and special entrants

You can start making or change additional voluntary contributions by completing the *Voluntary contributions form* and returning it to Payroll.

Optional entrants and savings contributors

You can start making or change additional voluntary contributions (optional entrants) or change your contribution rate (savings contributors) by completing the *Vary contributions form* and returning it to Payroll.

Most members cannot leave the scheme while in service

Leaving the scheme while in service

You cannot leave the scheme while in service if you are a standard constabulary entrant or recruit. You may be able to suspend contributions in the circumstances outlined below.

You may choose to withdraw from the scheme while you are in service if you belong to another membership category. The benefit payable will be your leaving benefit.

As a standard constabulary entrant, you can only suspend your contributions if you are on leave without pay

Suspending your contributions

If you are a standard constabulary entrant or recruit, you can only suspend contributions if you are on leave without pay.

If you belong to another membership category, you may suspend your contributions for a period agreed between you and your employer. This is only an option if, in the opinion of Police as your employer, you are suffering hardship. We also need to give our consent.

If your contributions are suspended, employer contributions (if any) will also be suspended. You may also suspend contributions if you are on leave without pay.

Depending on the type of leave you are taking, you may be eligible for employer contributions for the time you are away

Qualifying for employer contributions while on leave without pay

You are eligible for employer contributions for the time you are on:

- parental leave (as defined in the Parental Leave and Employment Protection Act 1987)
- study leave without pay (with your employer's permission)
- other leave without pay recognised by your employer as being in the interests of Police or your career development.

However, you must first make up the member contributions you've missed. If you do, Police will contribute a lump sum amount to cover the employer contributions that would have been made while you were on leave. If you only make up some of the contributions you've missed, you will receive employer contributions based on that amount.

You can make catch-up contributions as regular contributions from your pay when you return to work. You must:

- begin paying these contributions within 1 year of returning to work
- complete payments within 2 years of returning to work.

We cannot accept catch-up contributions after this time. However, on your return, you can pay at a higher rate than your usual fortnightly contributions to the scheme in order to repay the amount in a shorter timeframe. You can also change your contributions at any time if you need to. You can arrange catch-up contributions by completing the *Leave without pay form*.

If you prefer, you can pay the contributions you would have paid during your absence as regular payments while you're away. You need to arrange this before you go on leave. The amount and frequency of contributions must be the same as you were paying immediately before going on leave. You can't alter the contribution amount but you can stop payments at any time. If you do decide to stop payments, you can still make catch-up payments on your return to work. Contact your Payroll Officer if this is your preferred option.

Any contributions paid while you were on leave must be paid direct to Mercer, the scheme's administration manager.

If you are granted leave on reduced pay, your contributions and employer contributions will be assessed on your reduced salary during that period.

If you are granted leave without pay and your situation does not fall into any of the categories outlined above, you may choose to continue to contribute to the scheme, but Police will not make employer contributions.

Which form should you use? All forms can be downloaded from the website.

The *Membership form* is at the back of the product disclosure statement

You can change investment options online

If you wish to	Use this form
Join the scheme	*Membership form*
Change your investment strategy	*Investment choice form*
Change your tax rate (PIR)	*Confirmation of tax rate (PIR)*
Start or change voluntary contributions	Constabulary, recruits and special entrants *Voluntary contributions form* Optional entrants *Vary contributions form*
Change your contribution rate (savings contributors) Start employer contributions (savings contributors only)	*Vary contributions form*
Start or change catch-up payments when you return to work from leave without pay	*Leave without pay form*
Change membership categories if you are a: • constabulary employee becoming a Police employee or vice versa • retained member rejoining as a constabulary employee or Police employee	*Change membership category form*
Apply for a hardship benefit	*Significant financial hardship form*
Apply to make a withdrawal to settle a division of your relationship property	*Relationship property settlement form*
Continue as a retained member on leaving service Withdraw from the scheme on leaving service Leave the scheme and remain in service (Police employees only)	*Leaving form*
Make a first-home withdrawal	*First-home withdrawal form*
Apply for an in-service benefit	*Partial withdrawal form*
Make a partial withdrawal while in service	*Partial withdrawal form*
Make a partial withdrawal as a retained member	*Retained member withdrawal form*
Use your benefit as security for a loan	PFCU loans *Notice of charge (PFCU)* Other lenders *Notice of charge (other lenders)*

Fees and tax

The size of the scheme helps keeps costs per member down

Fees

We keep a close eye on the scheme's costs to make sure they are fair and reasonable. The size of the scheme means we can negotiate competitive rates with our service providers. Fixed costs are spread among many members, which also helps keep the costs per member low. We are not compelled nor do we seek to make a profit.

Scheme fees and costs fall into two categories.

- Management expenses relating to investing the scheme's assets.
- Expenses associated with operating and administering the scheme.

Investment and administration expenses are set out in the annual accounts, which are made available to you each year.

Investment management expenses are deducted from investment returns

Investment management expenses

Investment management expenses include the fees charged in respect of the scheme's investment in MITNZ and the investment managers it uses to invest the assets of the scheme. Investment management expenses are reflected in the unit price for each investment option (see page 14).

Investment management expenses vary across options. The fees for Stable, for example, are lower than for Growth. The most significant reason for this is the rate of investment management fees in the underlying sectors that make up each option. For example, investment management fees for international equities are much higher than for bonds or for cash. Growth has the largest allocation to international equities, which is reflected in Growth having the highest investment cost.

See the product disclosure statement for more information about these charges.

The latest investment costs for each option are listed on the website.

Administration expenses are paid from your employer's account if you receive employer contributions or from your member's account if you don't

Administration expenses

Administration fees meet the cost of running the scheme. They cover a range of professional services, including:

- secretarial services
- audit, legal, investment advice, tax and actuarial advice
- professional directors' fees and directors' expenses.

See the product disclosure statement for more information about these fees.

Administration fees also cover the cost of providing member services. These include things such as maintaining member and general scheme records, operating the member helpdesk and website and reporting to and communicating with members.

Administration fee

An administration fee is charged monthly based on the amount necessary to cover the cost of running the scheme. The administration fee is paid from your employer's account if you receive employer contributions or from your member's account if you don't.

Transaction fees

A transaction fee will be debited from your employer's account (or your member's account if you are a savings contributor) if you:

- change your investment option(s) more than once in any scheme year (1 April to 31 March)
- request a benefit quote
- are paid a benefit.

This includes leaving benefits, first-home withdrawals, in-service benefits or partial withdrawals, significant financial hardship benefits and relationship property settlements. It also includes one-off partial withdrawals made by a retained member (see pages 8–9).

There is no fee for regular monthly withdrawals by a retained member. There is also no fee in Super Steps when your account balances and contributions are changed automatically on 1 April (from age 45).

If a registered charge is placed on your benefit, a fee will be debited from your member's account.

The annual account statement we send to you each year shows any amounts deducted from your accounts.

Current transaction fees are listed on the website.

Tax

The amount of tax deducted from employer contributions depends on your total income

Employer superannuation contribution tax

Employer superannuation contribution tax (ESCT) is deducted from employer contributions before they are credited to your employer's account. The tax rate varies depending on the total amount of:

- your taxable income in the prior tax year (or an estimate of your income if you have worked for less than a year)
- employer contributions received during the year.

ESCT is not applied in the same tiered way as personal income tax rates and only one rate applies to the total amount of the employer contribution.

Taxable income plus employer contributions	Tax rate (%)
Up to $16,800	10.5
Between $16,801 and $57,600	17.5
Between $57,601 and $84,000	30.0
Between $84,001 and $216,000	33.0
$216,001 and over	39.0

Investment earnings are taxed at a rate based on your annual income

Tax on investment income

The PSS is a portfolio investment entity (PIE). A PIE is a type of investment vehicle in which investment earnings accruing to an individual investor are taxed at a rate based on the annual income of that investor. This rate is called your prescribed investor rate (PIR). It is your responsibility to tell us your PIR when you invest or if your PIR changes. If you do not tell us, a default rate may be applied. If the advised PIR is lower than the correct PIR, you will be required to pay any tax shortfall as part of the income tax year-end process. If the default rate or the advised PIR is higher than the correct PIR, any tax over-withheld will be used to reduce any income tax liability you may have for the tax year and any remaining amount will be refunded to you.

Use the chart below to work out your PIR. Or use Inland Revenue's online tool at www.ird.govt.nz/roles/portfolio-investment-entities/find-my-prescribed-investor-rate.

Are you a New Zealand resident taxpayer?

YES →

In either of the past two income years, was your taxable income $14,000 or less? **and** In that same year, was your total taxable income and PIE income $48,000 or less?

NO →

In either of the past two income years, was your taxable income $48,000 or less? **and** In that same year, was your total taxable income and PIE income $70,000 or less?

NO → Your PIR is **28%**

NO ↓ Your PIR is **28%**

YES ↓ Your PIR is **10.5%**

YES ↓ Your PIR is **17.5%**

Taxable income is all of your income that is subject to income tax, including all salary and wages, less any claimable expenses and losses.

PIE income means your share of a PIE's taxable income. Many superannuation schemes and managed funds have chosen to become PIEs in order to pass on tax advantages for investors on lower incomes. Call us on 0800 777 243 if you are not certain if something is PIE income.

You will be asked to nominate a PIR when you join the scheme. You can change your PIR if you need to by completing a *Confirmation of tax rate (PIR)* available on the website. If you don't let us know your PIR, your investment earnings will be taxed at the default rate (currently 28%).

Resources and contacts

Tools and resources

The website is your first port of call if you have a question about the scheme – visit policesuper.co.nz. It includes several tools to help you manage your savings.

Risk Profiler

Use our Risk Profiler to help you better understand how your approach to risk translates to the investment options available to you.

Retirement Income Calculator

The Retirement Income Calculator for Police is an online tool you can use to estimate your retirement income. To use the Retirement Income Calculator:

- log in to your account
- click on the link on the *Your super* page.

Getting in touch

General enquiries

Contact Mercer, the scheme's administration manager, if you have a question about your savings. Call 0800 PSSCHEME (0800 777 243). There is someone available to take your call any time between 9.00am and 7.00pm, Monday to Friday (excluding public holidays). You can also email psscheme@mercer.com.

Questions about joining, contributions and leave without pay

Payroll at Police National Headquarters looks after some aspects of the scheme. Contact your Payroll Officer with questions about:

- joining the scheme
- contribution deductions from your pay
- leave without pay.

You'll find the contact details you need on the Human Resources page on the intranet.

Contacting the trustee

You can contact us through the scheme secretary Derek Vincent

Street address: c/o Mercer, 20 Customhouse Quay, Wellington 6011

Postal address: c/o Mercer, PO Box 2897, Wellington 6140

Phone: (04) 819 2639

Email: derek.vincent@mercer.com

Resolving complaints

If you have any concerns about the scheme, you should first contact us through the scheme secretary at the address above. We will work with you to resolve the matter.

If the issue is not resolved within 40 days, we have a dispute resolution scheme in place. This is provided by Financial Services Complaints Limited (FSCL). FSCL is an independent not-for-profit external dispute resolution scheme approved by the Minister of Commerce and Consumer Affairs under the Financial Service Providers (Registration and Dispute Resolution) Act 2008. FSCL provides dispute resolution services to participating financial service providers and their clients. The FSCL process is free to you as a member of the PSS.

The contact details for FSCL are:

Street address: Level 4, 101 Lambton Quay, Wellington 6011

Postal address: PO Box 5967, Wellington 6140

Phone: 0800 347 257

Email: complaints@fscl.org.nz

Website: fscl.org.nz

FSCL
FINANCIAL SERVICES COMPLAINTS LTD

Got a question?

You can get answers to your questions by calling our toll-free helpline.

0800 PSSCHEME (0800 777 243)

There is someone available to take your call any time between 9.00am and 7.00pm, Monday to Friday (excluding public holidays).

You can also email Mercer, the scheme's administration manager, at psscheme@mercer.com

policesuper.co.nz

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