



# Product Disclosure Statement

**Offer of membership of the Simplicity  
KiwiSaver Scheme**

**3 April 2018**

This document replaces the product disclosure statement dated 27 September 2017

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This document gives you important information about this investment to help you decide whether you want to invest. There is other useful information about this offer on [companiesoffice.govt.nz/disclose](http://companiesoffice.govt.nz/disclose)

Simplicity NZ Limited has prepared this document in accordance with the Financial Markets Conduct Act 2013. You can also seek advice from a financial adviser to help you make an investment decision.



# 1. Key information summary

## What is this?

This is a managed investment scheme. Your money will be pooled with other investors' money and invested in various investments. Simplicity NZ Limited (**Simplicity**) will invest your money and charge you a fee for its services. The returns you receive are dependent on the investment decisions of Simplicity, and of its investment managers, and the performance of the investments. The value of those investments may go up or down. The types of investments and the fees you will be charged are described in this document.

## What will your money be invested in?

The Simplicity KiwiSaver Scheme (**Scheme**) offers 4 different investment options for you to invest into, summarised below. More information about the investment target and strategy for each investment option is provided at Section 3 ("Description of your investment options").

Fund name	Description	Fees							
Conservative Fund	<p>The Conservative Fund provides investors with a limited exposure to growth assets, but most of its investments are in income assets.</p> <p>Its objective is to reduce the likelihood of negative returns over the short term, while still providing an opportunity for positive real returns over the longer term.</p> <p><b>Risk indicator*</b></p> <p>← Potentially lower returns      Potentially higher returns →</p> <table border="1"><tr><td>1</td><td>2</td><td>3</td><td>4</td><td>5</td><td>6</td><td>7</td></tr></table> <p>← Potentially lower risk      Potentially higher risk →</p>	1	2	3	4	5	6	7	Annual fund charge 0.31% per annum (net asset value of fund) plus a \$30 annual administration fee (charged at \$2.50 per month).
1	2	3	4	5	6	7			
Balanced Fund	<p>The Balanced Fund provides investors with an exposure to a mix of growth and income assets.</p> <p>Its objective is to reduce the likelihood of negative returns over the short to medium term, while still providing a reasonable opportunity for positive real returns over the longer term.</p> <p><b>Risk indicator*</b></p> <p>← Potentially lower returns      Potentially higher returns →</p> <table border="1"><tr><td>1</td><td>2</td><td>3</td><td>4</td><td>5</td><td>6</td><td>7</td></tr></table> <p>← Potentially lower risk      Potentially higher risk →</p>	1	2	3	4	5	6	7	As above.
1	2	3	4	5	6	7			



Fund name	Description	Fees							
Growth Fund	<p>The Growth Fund provides investors with a limited exposure to income assets, but most of its investments are in growth assets.</p> <p>Its objective is to achieve positive real returns over the medium to long term, while managing volatility through diversification of the Fund's assets.</p> <p><b>Risk indicator*</b></p> <p>← Potentially lower returns      Potentially higher returns →</p> <table border="1"> <tr> <td>1</td> <td>2</td> <td>3</td> <td>4</td> <td>5</td> <td>6</td> <td>7</td> </tr> </table> <p>← Potentially lower risk      Potentially higher risk →</p>	1	2	3	4	5	6	7	As above.
1	2	3	4	5	6	7			
Guaranteed Income Fund	<p>The Guaranteed Income Fund turns your investment into a regular income for the rest of your life, even if your original investment runs out. It invests your money in a mix of growth and income assets and insures your Retirement Income with Lifetime Income Limited, an insurance company licensed by the Reserve Bank of New Zealand.</p> <p>Its objective is to achieve positive real returns over the medium to long term, while managing volatility through diversification of the Fund's assets.</p> <p><b>Risk indicator*</b></p> <p>← Potentially lower returns      Potentially higher returns →</p> <table border="1"> <tr> <td>1</td> <td>2</td> <td>3</td> <td>4</td> <td>5</td> <td>6</td> <td>7</td> </tr> </table> <p>← Potentially lower risk      Potentially higher risk →</p>	1	2	3	4	5	6	7	As above plus 1.30% per annum of your Protected Income Base (defined on page 8).
1	2	3	4	5	6	7			

\* The Funds do not have a 5-year return history. Accordingly, for the Conservative Fund, the Balanced Fund and the Growth Fund the risk indicators were prepared using market index returns to 31 August 2016 and actual returns to 31 December 2017. For the Guaranteed Income Fund, market index returns to 30 September 2017 have been used and actual returns to 31 December 2017. As a result, the risk indicator may provide a less reliable indicator of the potential future volatility of the fund.

See Section 4 ("What are the risks of investing?") for an explanation of the risk indicator and for information about other risks that are not included in the risk indicator. To help you clarify your own attitude to risk, you can seek financial advice or work out your risk profile at [sorted.org.nz/tools/investor-kickstarter](https://sorted.org.nz/tools/investor-kickstarter)

## Who manages the Simplicity KiwiSaver Scheme?

Simplicity (NZ) Limited (**Simplicity, we, our, or us**) is the manager of the Scheme. See Section 7 ("Who is involved?") for more information.



## What are the returns?

Returns are distributed by way of a redemption of units in the Scheme, other than in relation to the Guaranteed Income Fund when your investment balance falls to zero. Distributions are then paid by the insurance policy – see "Guaranteed Income Fund" on page 8 for more information.

## How can you get your money out?

You can get your money out of the Scheme when you are 65, as long as you've been a member of a KiwiSaver scheme or a complying superannuation fund (if you transferred from that fund) for at least five years.

Any amount transferred from an Australian complying superannuation fund (excluding investment returns on that amount), up to your account balance, can be withdrawn when you reach age 60, if you have 'retired' in terms of the relevant Australian legislation.

If you're invested in the Guaranteed Income Fund you can choose to start receiving your regular payments (**Retirement Income**) at any time between when you become eligible to make a withdrawal out of the Scheme up to age 90.

Early withdrawals may also be available for the purchase of a first (or in limited circumstances, second) home, significant financial hardship, serious illness, permanent emigration (excluding Australia), death, and to pay tax or student loan liabilities on foreign superannuation transfers. Conditions will apply.

Subject to relevant law, we may defer payment of a benefit in certain circumstances.

See Section 2 ("How does this investment work?") for more information about how you can get your money out and limits that apply.

## How will your investments be taxed?

The Scheme is a portfolio investment entity (**PIE**).

The amount of tax you pay in respect of a PIE is based on your prescribed investor rate (**PIR**). This can be 10.5%, 17.5%, or 28%. See Section 6 ("What taxes will you pay?") on page 15 for more information.

## Where can you find more key information?

Simplicity is required to publish quarterly and annual updates for each investment option. The updates show the returns, and the total fees actually charged to investors, during the previous year. The latest fund updates are available at [simplicity.kiwi](https://simplicity.kiwi). Simplicity will also give you copies of those documents on request.



**Simplicity**

The nonprofit KiwiSaver plan

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## 2. How does this investment work?

This Product Disclosure Statement (**PDS**) is for membership of the Scheme. The Scheme is a registered KiwiSaver scheme under the Financial Markets Conduct Act 2013 (**FMCA**).

KiwiSaver is a long-term savings scheme, the principal purpose of which is to help give you more money in retirement. You may also be able to receive benefits in other limited circumstances. See page 8 ("Withdrawing your investments") for more information about how you can get your money out.

The key benefits of investing in the Scheme are:

- a choice of investment options (**Funds**) to help you meet your retirement savings goals, all of which invest in a diverse range of investments globally. There will be over 3,000 investments in each Fund, in more than 20 countries.
- our not for profit, on-line business model allows Simplicity to aim for the lowest fees in New Zealand for investors, which minimises the negative impact fees have on returns.
- an option offering you guaranteed Retirement Income for as long as you live.
- experienced investment management. The directors and manager are experienced in managing KiwiSaver schemes. We manage the New Zealand assets and are responsible for a low cost, index-based approach. The manager of offshore investments, Vanguard Asset Management Limited (**Vanguard**), shares a similar low-cost philosophy and is currently the second largest fund manager in the world, with over NZ\$6.6 trillion under management as at 31 December 2017.

### Structure of the scheme

The Scheme is governed by a trust deed (**Trust Deed**) between us and Public Trust, the supervisor of the Scheme (**Supervisor**). The Scheme's assets are held by Public Trust, the Supervisor and independent custodian of the Scheme, on behalf of investors.

The Scheme is a managed investment scheme. This means that your money is pooled with other members' money and invested by Public Trust on the instructions of Simplicity. Your investment is represented by units in the Fund. A managed investment scheme can give you access to investments that you may not be able to access as an individual.

Your contributions and any contributions from your employer are allocated to units in an account in your name. Your account is invested in whichever Fund you select and its value varies in accordance with the returns achieved by the Fund chosen. As a member of the Scheme, you have an interest in your share of the assets held in the Fund you are invested in. This is reflected in the value of the units you hold.

The Funds are run independently of one another. This means that the assets of one Fund are not available to be applied to meet the liabilities of any other Fund in the Scheme. For example, a loss in the Growth Fund will not affect members investing in the Balanced Fund.



The Scheme is a defined contribution scheme. This means that the benefits you receive depend on the contributions paid on your behalf, the returns on the Fund you chose, and any money deducted or withdrawn. The value of your investment will change during the lifetime of your membership. There is no Crown guarantee in respect of any investment in a KiwiSaver scheme.

## Joining Kiwi Saver

New Zealand citizens and those eligible to be in New Zealand indefinitely, who are under the New Zealand superannuation qualification age (currently 65) and who are or normally are living in New Zealand, can become a member of KiwiSaver. You can also join KiwiSaver if you are a state services employee who is serving outside New Zealand, in a jurisdiction where offering KiwiSaver membership is lawful.

## Joining the Scheme

You can join by transferring from another KiwiSaver scheme if you are already invested, or if you are a new KiwiSaver investor you can join by filing out an online application at [simplicity.kiwi](https://simplicity.kiwi).

If your employer has chosen the Scheme as their preferred KiwiSaver scheme, and you are not already a KiwiSaver member, you will automatically be enrolled into the Scheme when you start employment. If you have been automatically enrolled, you can choose to opt out between 14 to 56 days from the day you started your new job.

You will be issued units in the Fund you choose (see below) at the current unit price. This is determined by dividing the Net Asset Value of the Fund by the number of units on issue, and will vary from day to day. You can find the current unit price on the member website that you can access once you join the Scheme.

### Your investment options

Once a member, you can choose one of the Funds, and you are able to switch investments between the Funds (see page 10).

## Making investments

If you're employed, KiwiSaver contributions are deducted from your pre-tax (gross) salary or wages at a rate of 3%, 4%, or 8%. If you do not select a rate your default rate will be 3%. You can also make voluntary contributions at any time. If you are contributing to KiwiSaver, you may also be entitled to an employer contribution of 3% of your pre-tax salary or wages. Tax is deducted from employer contributions.

You can also make voluntary contributions by regular or lump sum payments. Any additional regular or lump sum contribution you make may or may not attract a subsidy from your employer. Additional regular contributions are to be paid to the IRD on a monthly basis.

Information on how to make additional contributions is available at [simplicity.kiwi](https://simplicity.kiwi).

If you're investing in the Guaranteed Income Fund, there is a minimum investment amount of \$50,000 and a maximum of \$1 million.

If you're over 18 and below the superannuation age (currently 65), the Government will (if you're eligible) contribute 50 cents for every dollar you contribute, up to a maximum of \$521.43 each year (1 July to 30 June). This is called a member tax credit and it is paid directly to your KiwiSaver account around late July each year.



You can change your contribution rate or take a 'contributions holiday', subject to some restrictions. You can also stop contributing to the Scheme when you become eligible for benefits (see below).

You may also be able to transfer savings from an existing New Zealand or overseas superannuation scheme. To transfer from an Australian complying superannuation fund, you will need to have permanently emigrated to New Zealand.

The amounts referred to in this section may change in the future.

## Withdrawing your investments

You are generally not eligible to withdraw your investment in the Scheme until:

- you reach New Zealand superannuation qualification age (currently 65); and
- you have five years' membership of a KiwiSaver scheme (and/or complying superannuation fund).

Any amount transferred from an Australian complying superannuation fund (excluding investment returns on that amount) can be withdrawn when you reach age 60, if you have 'retired' in terms of the relevant Australian legislation.

### Guaranteed Income Fund

If you opt for the Guaranteed Income Fund, you can choose to start receiving a fortnightly payment (your **Retirement Income**) at any time from when you are eligible to make a withdrawal from the Scheme (usually at age 65) up to age 90.

When you invest in the Guaranteed Income Fund, a **Protected Income Base** is established. Your Protected Income Base is used to determine your Retirement Income. Initially, your Protected Income Base is your total investment in the Guaranteed Income Fund.

Once eligible, you can make a partial withdrawal up to a maximum of 20% of your balance in the Guaranteed Income Fund at any one time. There is no limit on the number of partial withdrawals you can make from the Fund. If you choose to make a partial withdrawal this will reduce your Protected Income Base from which your Retirement Income is calculated and therefore reduce your Retirement Income.

When you are eligible to make a withdrawal from the Scheme and choose to start receiving your Retirement Income, we'll check whether the total value of your investment exceeds your Protected Income Base. If it does, we'll increase your Protected Income Base to match your current investment. This will increase your Retirement Income.

There are two phases to your Retirement Income:

Protected Income Phase	Insured Income Phase
Your Protected Income Phase begins on the date of the first payment of your Retirement Income and continues until your balance in the Guaranteed Income Fund falls to zero. Payments made during this phase are made by us from your investment.	Your Insured Income Phase begins on the date your balance in the Guaranteed Income Fund falls to zero to ensure you maintain your Retirement Income for life. Payments made during this phase are made by the insurer, Lifetime Income Limited.

The age you choose to start receiving your Retirement Income (and whether you have made any withdrawals) determines the amount you will be paid (your **Payment Rate**), and the amount you'll receive fortnightly. Once you've chosen to start receiving your Retirement Income your Payment Rate won't change.





If you start your Retirement Income at age 65, the Payment Rate is 5.00% p.a. (after tax and fees) and increases 0.10% each year up to 7.50% p.a. (after tax and fees) at age 90. See the "Other Material Information" document at [simplicity.kiwi](https://www.simplicity.kiwi) for all Payment Rates and an example of how the Fund works in practice.

### Other Withdrawals

You may also be able to receive benefits in other limited circumstances, as follows:

**First home:** You may be eligible to withdraw your investment (leaving a minimum of \$1,000 in your account) to put towards buying your first home once three years have passed since you joined KiwiSaver.

**Significant financial hardship:** If you are suffering significant financial hardship (as defined by the Supervisor), you may be able to withdraw some of your investment. Significant financial hardship claims are carefully considered by our Supervisor who has sole discretion as to whether or not to approve your application, and will seek evidence from you to support your application.

**Serious illness:** You may be able to withdraw your KiwiSaver investment early if you are experiencing terminal illness or permanent disability affecting your ability to work, as determined by the Supervisor.

**Permanent emigration (other than to Australia):** You may apply to withdraw your full KiwiSaver balance or have it transferred to a foreign superannuation scheme specified in the KiwiSaver Act 2006 one year after your permanent emigration from New Zealand (less the amount of any accumulated tax credits). Conditions will apply to this withdrawal.

**Permanent emigration to Australia:** If you emigrate to Australia you will, instead, be able to transfer the full balance of your investment to an Australian complying superannuation scheme. Conditions will apply to this withdrawal.

**Death:** In the event of your death, Simplicity must pay the full balance of your investment to your personal representatives. If you've invested in the Guaranteed Income Fund and you die during your Protected Income Phase (this is the phase when you are drawing on the value of your investment before insurance is drawn on), the balance of your investment will be paid to your personal representatives and no further Retirement Income payments will be paid to any person. If you die during your Insured Income Phase (when you are drawing on the insurance because you have no investment balance), no amount will be paid to your personal representatives.

In addition to the above:

- If you make a withdrawal to purchase a first or subsequent home you may also be able to receive a KiwiSaver HomeStart grant of up to \$10,000 from the Government. See [hnzc.co.nz](https://www.hnzc.co.nz) for more information, including the terms, conditions, and eligibility criteria.
- If you have transferred from a foreign superannuation scheme, there are rules in place that may allow you to withdraw an amount to cover any New Zealand tax liability and/or student loan repayment obligations that relate to the transfer.
- We may also have to release some or all of your money under a Court order.
- Provided you are eligible to do so, you can transfer to another KiwiSaver scheme at any time. You can only be a member of one KiwiSaver scheme at a time.



Once we are satisfied you have become entitled to a benefit and apply for a withdrawal, we will normally process your application within 1 – 4 weeks. You may make a partial or full withdrawal. We may set terms and conditions for partial withdrawals (such as limits on how often a partial withdrawal can be made, and how much is required to be withdrawn). Currently, the minimum amount for a partial withdrawal is \$1,000.

See our "Other Material Information" document on the Disclose register [companiesoffice.govt.nz/disclose](https://companiesoffice.govt.nz/disclose) or [simplicity.kiwi](https://simplicity.kiwi) for more information about withdrawals. See [simplicity.kiwi](https://simplicity.kiwi) or contact us for the required forms. You will need to satisfy certain legal requirements (including providing evidence of entitlement to withdraw) and our processes, before you can make a withdrawal.

Under the Trust Deed, in limited circumstances, we may suspend the ability to make withdrawals.

## How to switch between funds

You are able to switch investments between the Funds. There is no limit on the number of allowable switches, except for the Guaranteed Income Fund where, once you switch out, there is a 24 month 'stand-down' before you may switch back in. Simplicity reserves the right to limit the number of switches members may make in the future.

If you switch from the Guaranteed Income Fund you will get no benefit for insurance premiums paid before you switch.

You can switch via the member website that you have access to, once you join the Scheme.



### 3. Description of your Investment Option(s)

This table shows details of each investment option.

Fund name	Summary of investment objectives and strategy (including target investment mix)	Risk category	Minimum suggested investment timeframe
Conservative Fund	<p>The Conservative Fund target asset allocations are 22% in growth assets (12.5% international shares and 9.5% Australasian shares) and 78% in income assets (2% cash and 76% split between New Zealand and International fixed interest).</p> <p>Its objective is to reduce the likelihood of negative returns over the short term. It has higher proportions of investment in defensive assets, such as bonds, while still providing an opportunity for positive real returns over the longer term by investing a smaller proportion of the Fund in growth assets such as equities and property.</p> <p>This option is suited to members seeking lower volatility of returns.</p>	3	3+ years
Balanced Fund	<p>The Balanced Fund target asset allocations are 56% in growth assets (35% international shares and 21% Australasian shares) and 44% in income assets (2% cash and 42% split between New Zealand and International fixed interest).</p> <p>Its objective is to reduce the likelihood of negative returns over the short to medium term through investment in defensive assets, such as bonds, while still providing a reasonable opportunity for positive real returns over the longer term by investing a reasonable proportion of the Fund in growth assets such as equities and property.</p> <p>This option is suited to members seeking medium term growth with risk limited by broad diversification.</p>	3	6+ years
Growth Fund	<p>The Growth Fund target asset allocations are 78% in growth assets (48.5% international shares and 29.5% Australasian shares) and 22% in income assets (2% cash and 20% split between New Zealand and International fixed interest).</p> <p>Its objective is to achieve positive real returns over the medium to long term through investment in growth assets, while managing volatility through diversification of the Fund's assets.</p> <p>This option is suited to members seeking long term growth with risk limited by broad diversification.</p>	4	9+ years



Fund name	Summary of investment objectives and strategy (including target investment mix)	Risk category	Minimum suggested investment timeframe
Guaranteed Income Fund	<p>The Guaranteed Income Fund turns your investment into a regular income, from when you elect to draw your Retirement Income for the rest of your life, even if your original investment runs out. It invests your money and insures your Retirement Income with Lifetime Income Limited, an insurance company licensed by the Reserve Bank of New Zealand. See the "Other Material Information" document at <a href="https://simplicity.kiwi">simplicity.kiwi</a> for more details about Lifetime Income Limited.</p> <p>The Guaranteed Income Fund target asset allocations are 45% in growth assets (29% international shares and 16% Australasian shares) and 55% in income assets (8% cash and 47% split between New Zealand and International fixed interest).</p> <p>This option is suited to members close to retirement or in retirement, that wish to receive a regular income for life, once eligible.</p>	3	There's no minimum timeframe as the Guaranteed Income Fund is designed to provide you with an income for life.

The statement of investment policy and objectives (**SIPO**) sets out the investment policies and objectives for each investment option. We may make changes to the SIPO from time to time without notifying you, if we decide a change is desirable. Any such change can only be made following prior consultation with the Supervisor. See [simplicity.kiwi](https://simplicity.kiwi), the Disclose register [companiesoffice.govt.nz/disclose](https://companiesoffice.govt.nz/disclose) or contact us for a copy of the current SIPO. Material changes to the SIPO will be described in the Scheme's annual report.

Responsible investment, including environmental, social, and governance considerations, are taken into account in the investment policies and procedures of the Scheme as at the date of this PDS.

You can obtain an explanation of the extent to which responsible investment is taken into account in those policies and procedures in the SIPO at [simplicity.kiwi](https://simplicity.kiwi).

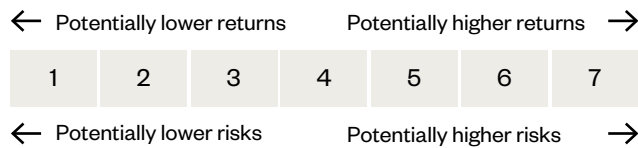


## 4. What are the risks of investing?

### Understanding the risk indicator

Managed funds in New Zealand must have a standard risk indicator. The risk indicator is designed to help investors understand the uncertainties both for loss and growth that may affect their investment. You can compare funds using the risk indicator.

### Risk indicator



See Section 3 ("Description of your investment options") for the filled-in risk indicator for each of the Scheme's investment options.

The risk indicator is rated from 1 (low) to 7 (high). The rating reflects how much the value of the fund's assets goes up and down (volatility). A higher risk generally means higher potential returns over time, but more ups and downs along the way.

To help you clarify your own attitude to risk, you can seek financial advice or work out your risk profile at [sorted.org.nz/tools/investor-kickstarter](https://sorted.org.nz/tools/investor-kickstarter).

Note that even the lowest category does not mean a risk-free investment, and there are other risks (described under the heading "Other Specific Risks") that are not captured by this rating.

This risk indicator is not a guarantee of a fund's future performance. The Funds do not have a 5-year return history. Accordingly, for the Conservative Fund, the Balanced Fund and the Growth Fund the risk indicators were prepared using market index returns to 31 August 2016 and actual returns to 31 December 2017. For the Guaranteed Income Fund, market index returns to 30 September 2017 and actual returns to 31 December 2017 have been used. As a result, the risk indicator may provide a less reliable indicator of the potential future volatility of the fund. While risk indicators are usually relatively stable, they do shift from time to time. You can see the most recent risk indicator in the latest fund update for the Funds.



## General investment risks

Some of the things that may cause the Scheme's, or a Fund's, value to move up and down, which affect the risk indicator, are market risk, liquidity risk, interest rate risk, and currency risk.

Investment risk	Description
Market risk	The value of investments may rise or fall as a result of developments in economies, financial markets, and regulatory or political conditions. The performance of individual assets, securities, and issuers can impact returns.
Liquidity risk	There is a risk that some assets of a Fund may not be able to be converted into cash, because of lack of a market in which to sell them, or if the market is disrupted.
Interest rate risk	The market value of fixed interest securities can change because of changes in interest rates. The impact this has on a Fund will depend on the term of the fixed investment, and the interest rate relative to market rates.
Currency risk	While we have a policy of hedging overseas investments 100% to the NZ dollar which largely eliminates significant currency risk, on a before tax basis, there may be fluctuations in value, and the actual percentage may vary. There may also be additional requirements to pay for the cost of hedging if the NZD is more volatile than predicted.

## Other Specific Risks

Risk	Description
Insurance Risk	If you've invested in the Guaranteed Income Fund there's a risk Lifetime Income Limited, the insurer, won't be able to honour its income guarantee insurance policy in the event of a catastrophic market event (i.e. catastrophic negative developments in financial markets, and regulatory or political conditions). If this occurs, your Retirement Income will cease. If you still have a balance in the Guaranteed Income Fund it will be transferred to the Conservative Fund.



## 5. What are the fees?

You will be charged fees for investing in the Scheme. Fees are deducted from your investment and will reduce your returns. If we invest in other funds, those funds may also charge fees. The fees you pay will be charged in two ways:

- Regular charges (for example, annual fund charges). Small differences in these fees can have a big impact on your investment over the long term
- One-off fees (for example, exit fees – although we do not currently charge these).

The Scheme's fees are as follows:

Fund	Total Annual Fund Charges (p.a. estimated)	Other charges
Conservative Fund		
Balanced Fund	0.31 % p.a. of the Funds' net asset value	
Growth Fund		Administration Fee \$30 per annum (\$2.50 per month) per member
Guaranteed Income Fund	0.31 % p.a. of the Fund's net asset value plus 1.30% p.a. of the Protected Income Base	

The fees outlined above cover the following::

Fee	What it covers
Annual fund charges	<p>Annual fund charges comprise an annual investment management fee of 0.31% per annum expressed as a percentage of the total funds under management. These charges cover fees of Simplicity, the Supervisor, and the custodian and administration manager in performing their respective roles. The annual fund charges also pay for other charges and expenses, such as accounting and audit fees.</p> <p>The annual fund charges exclude transaction costs incurred by the funds in which the Scheme invests, and any hedging costs.</p>
Other charges	<p>Paid to Simplicity for the administration services it provides to the Scheme. This \$2.50 fee is payable monthly in arrears from the start of your membership, as an estimate of costs.</p> <p>If you've chosen the Guaranteed Income Fund, other charges also include an insurance premium of 1.30% per annum of the amount of your Protected Income Base.</p> <p>If the actual Fund expenses, and expenses of Simplicity are higher they may be deducted from the Fund.</p>



All fees are disclosed on a before-tax basis. GST will be added to fees and may be included in some expenses, where applicable. Fees may be increased in accordance with the provisions of the Trust Deed (see the Disclose register at [companiesoffice.govt.nz/disclose](https://companiesoffice.govt.nz/disclose)).

There are currently no performance-based fees charged in respect of the Scheme.

The annual fund charge comprises 0.3% per annum investment management fee charged by Simplicity. This covers the investment management fees charged by any underlying funds the Funds invest into. The fund charge also includes a 0.01% estimated fee which covers administration costs incurred by the Vanguard underlying funds. This estimate is based on actual annual costs reported by Vanguard in its most recent annual report dated 30 June 2017, and anticipated investment levels in the underlying funds in accordance with the Scheme's SIPO.

## Individual action fees

We do not currently charge contribution, establishment, termination, or withdrawal fees, and we intend that, for the foreseeable future, we will not introduce any such fees. However, we could charge these or other fees in the future. Accordingly, you may be charged other fees on an individual basis for investor-specific decisions or actions. See the Disclose register at [companiesoffice.govt.nz/disclose](https://companiesoffice.govt.nz/disclose) for more information.

### Example of how fees apply to an investor

Ian invests \$10,000 in the Growth Fund. The starting value of his investment is \$10,000. He is charged management fees, which work out about \$30 (0.3% of \$10,000) per year. These fees will be more or less if his account balance has increased or decreased over the year. Over the next year, Ian pays other charges of \$30.

#### Estimated total fees for the first year:

Fund Charges	\$31 (0.31% of \$10,000)
Administration Fee	\$30 (\$2.50 per month)
Individual Action fee	Nil
<b>Total Fees</b>	<b>\$61</b>

See the latest fund update for an example of the actual returns and fees investors were charged.

## The fees can be changed

We are entitled to alter charges (including increasing fees or introducing new fees) at any time with the prior approval of the Supervisor. There are no limits on the charges that may be set, subject to the requirement under the KiwiSaver Act 2006 to not charge unreasonable fees. Details of the current charges are set out above and in the annual financial statements of the Scheme.

Every three months, we must publish a fund update for each Fund showing the fees actually charged during the most recent financial year. Fund updates, including past updates, are available at [simplicity.kiwi](https://simplicity.kiwi).





## 6. What taxes will you pay?

The Scheme is a portfolio investment entity. The amount of tax you pay is based on your prescribed investor rate (**PIR**). To determine your PIR, go to [ird.govt.nz/toii/pir](http://ird.govt.nz/toii/pir). If you are unsure of your PIR, we recommend you seek professional advice or contact the Inland Revenue Department. 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 need to complete a personal tax return and pay any tax shortfall, interest, and penalties. If the default rate or the advised PIR is higher than the correct PIR, you will not get a refund of any overpaid tax. See the "Other Material Information" document on our website [simplicity.kiwi](http://simplicity.kiwi) or on the Disclose register at [companiesoffice.govt.nz/disclose](http://companiesoffice.govt.nz/disclose) for more information about the tax consequences of an investment in the Scheme.

## 7. Who is involved?

### About Simplicity

Simplicity is the manager of the Scheme. We are a not for profit company, 100% owned by the Simplicity Charitable Trust.

Our aim is to make members better off in retirement by offering the lowest cost KiwiSaver scheme, and operating it in the simplest, most transparent way possible. This is achieved by:

- Minimising our profits and instead benefiting members in the form of lower costs;
- Being 100% online;
- Having very easy to understand fees; and
- Benefitting from scale by outsourcing to quality providers wherever possible.

Simplicity donates 15 per cent of its fund management revenues to the Simplicity Charitable Trust, which will in turn donate it to worthy New Zealand charities.

We can be contacted at:

24 Hamana Street  
Narrow Neck, Auckland 0622  
Phone: (09) 446 6112  
Email: [info@simplicity.kiwi](mailto:info@simplicity.kiwi)



## Who else is involved?

	Name	Role
Supervisor	Public Trust	Supervises Simplicity (manager of the Scheme).
Custodian	Simplicity Nominees Limited	Subsidiary of Public Trust that holds the assets of the Scheme on trust.
Administration Manager	MMC Limited	Provides registry, accounting, pricing and valuation services for the Funds.
Investment Manager	Vanguard Asset Management Limited	Provides international asset management through its range of global funds.
Insurer	Lifetime Income Limited	Provides the insurance for the Guaranteed Income Fund.

## 8. How to complain

If you have any issues or concerns about your investment, please contact us:

[info@simplicity.kiwi](mailto:info@simplicity.kiwi)

If for any reason Simplicity is not able to resolve the matter, you can also contact the Public Trust at:

Public Trust  
Corporate Trustee Services  
Level 9, 34 Shortland Street  
P O Box 1598 Shortland Street  
Auckland 1140

Phone: +64 9 985 5300

Email: [enquiry@publictrust.co.nz](mailto:enquiry@publictrust.co.nz)

If Simplicity or the Supervisor are unable to resolve your complaint, you can complain to Financial Services Complaints Ltd (**FSCL**). They can be contacted at:

Complaint Investigation Officer  
Level 4  
101 Lambton Quay  
PO Box 5697  
Wellington 6145

Phone: 0800 347 257

Email: [info@fscl.org.nz](mailto:info@fscl.org.nz)

FSCL will not charge you a fee to investigate or resolve a complaint.



## 9. Where can you find more information?

Further information relating to the Scheme, including financial statements, annual reports, annual and quarterly fund updates, the Trust Deed and SIPO, is available on the Disclose register at [companiesoffice.govt.nz/disclose](https://companiesoffice.govt.nz/disclose).

A copy of the information on the Disclose register is available on request from the Registrar of Financial Service Providers.

The above information is also available free of charge on our website at [simplicity.kiwi](https://simplicity.kiwi) including our contact details.

You may also obtain a copy of the application form and an estimate of your current benefits free of charge by contacting us.

You will also be sent annual tax statements which will include the amount of PIE income attributed to you and the amount of PIE tax paid at your PIR. You will also be asked to confirm your IRD number and PIR.

You can obtain general information about us and the Scheme on our website at [simplicity.kiwi](https://simplicity.kiwi).

## 10. How to apply

It's easy. Go to our website [simplicity.kiwi](https://simplicity.kiwi).

**Hello.  
We are Simplicity™.  
We're the nonprofit KiwiSaver Plan.  
We help manage your money.  
But we're not a bank.  
We make you more.  
Without making profits ourselves.  
Because that's what's right.  
That's what's fair.  
We are Simplicity™.**