

Offer of membership of the Dairy Industry Superannuation Scheme

Other material information

30 June 2023

This document contains material information relating to the offer of membership (**Offer**) in the Dairy Industry Superannuation Scheme (**Scheme**) that is not contained in the product disclosure statement for the Offer (**PDS**) or the other documents contained on the Scheme's entry on the register of offers of financial products. Further information about the Scheme is contained in the PDS and the Scheme's register entry.

The information in this document could change in the future. Please check the offer register at <https://disclose-register.companiesoffice.govt.nz> for any updates.

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1 Who is involved?

Trustee of Dairy Industry Superannuation Scheme

Dairy Industry Superannuation Scheme Trustee Limited is the Trustee of the Scheme.

The address of the Trustee is:

Dairy Industry Superannuation Scheme Trustee Limited
C/- Mercer (N.Z.) Limited
Level 2, 20 Customhouse Quay
PO Box 2897
Wellington 6140

The directors of the Trustee are:

Mark Albert Apiata-Wade, of Horotiu

Bruce John Kerr, of Wellington – Licensed Independent Trustee

Timothy Patrick McGuinness, of Wellington

Susan Elizabeth Pinny of Hamilton

David William Charles Scott, of Hamilton

Andrew Keith Williams, of Hamilton

Patrice Diane Wynen, of Morrinsville.

Our directors may change from time to time. The current names of our directors and our address may be obtained from the Companies Office website <https://companies-register.companiesoffice.govt.nz/>, on our website www.dairysuper.co.nz, or by calling us on 0800 355 900.

Responsibilities of the Trustee

We are responsible for:

- offering interests in the Scheme for subscription
- issuing interests in the Scheme
- managing Scheme assets
- administering the Scheme.

In our role as Trustee, we are responsible for the administration of the Scheme. We may delegate the performance of any of our powers, duties, authorities or discretions to an officer or an employee or any other person we nominate, in accordance with the terms of the Trust Deed. We remain liable for the acts and omissions of those delegates.

We can also appoint administration managers, investment managers and consultants, and other experts.

We are also responsible for the management of the Scheme's investments and each investment option.

Board of directors

The board of directors consists of a maximum of 7 directors, at least one of whom is a Licensed Independent Trustee. Directors are appointed as follows:

- 4 directors appointed on recommendation of the participating employers, 1 of whom will be the Licensed Independent Trustee
- 1 director representing the managers of contributing factories on the recommendation of The New Zealand Institute of Food Science & Technology Incorporated
- 1 director representing the workers of contributing factories on the recommendation of the New Zealand Dairy Workers Union
- 1 director representing contributing administrative, clerical, transport and trading employees appointed by the Trustee on the recommendation of 1 or more of the participating employers identified by the Trustee as being appropriate.

Licensed Independent Trustee

As a restricted scheme under the FMC Act, at least one of our directors must be a Licensed Independent Trustee. Licences are granted by the FMA, and are subject to conditions, including regular reporting to the FMA.

Bruce John Kerr is the Licensed Independent Trustee director for the Scheme.

Administration Manager

Mercer (N.Z.) Limited is the appointed administration manager of the Scheme. The administration manager's functions include:

- member services
- maintenance of records and accounts
- processing the contributions received
- payment of benefits to members
- reporting
- finance
- treasury
- calculation of interest rates.

Investment Consultant

Mercer (N.Z.) Limited is also the appointed investment consultant of the Scheme. The investment consultant's functions include the provision of certain consulting services associated with the management and investment of the investment options.

Scheme Secretary

Mercer (N.Z.) Limited is also the appointed secretary of the Scheme. The secretarial services provided include:

- secretarial services to the directors
- review of Scheme documentation
- providing a privacy and complaints officer.

Custodian

We are the custodian for the Scheme, and hold the Scheme's assets on trust in our capacity as Trustee.

Insurer

AIA New Zealand Limited is the insurer for the Scheme. The insurer insures the insured portion of the death and permanent incapacity benefits.

Registrar and auditors

We are the registrar of the Scheme.

The auditor of the Scheme is KPMG. KPMG is registered under the Auditor Regulation Act 2011. Other than as its capacity as auditor of the Scheme, KPMG has no relationship with, or interest in, the Scheme.

Solicitors

Our solicitors are Dentons Kensington Swan.

Powers under the Trust Deed to change the terms of the Scheme

Change of trustee

We will cease to hold the office of trustee of the Scheme if:

- we are substituted by the High Court under section 209 of the FMC Act
- we retire by notice in writing to the participating employers
- in the opinion of the participating employers communicated in writing, we become for any reason unable to perform the duties of a trustee or it is not in the best interests of the members for us to continue as trustee
- an order is made or an effective resolution is made for the Trustee's winding up, or we are placed in liquidation or receivership.

The FMA may appoint a temporary replacement manager in accordance with the FMC Act.

Change of Licensed Independent Trustee

The Licensed Independent Trustee will cease to hold office if we cease to hold office as trustee or if:

- his or her licence expires or is cancelled under the FMC Act
- he or she is removed by the FMA under the FMC Act
- he or she resigns
- the other directors of the Trustee remove him or her on recommendation of the participating employers.

However, the Licensed Independent Trustee cannot cease to hold office (other than under the FMC Act or by removal by the FMA) unless all functions and duties of the position have been performed, a new Licensed Independent Trustee has been appointed, and accepted the appointment, in the previous Licensed Independent Trustee's place, or the High Court consents. The Licensed Independent Trustee also cannot be removed by anyone other than the High Court without the FMA's consent.

Changes to the Trust Deed

We may amend or replace all or any part of the provisions of the Trust Deed with the consent of the FMA. A copy of the current Trust Deed is available on the Scheme's register entry at <https://disclose-register.companiesoffice.govt.nz> and the Scheme's website www.dairysuper.co.nz

Changes to investment options and SIPO

We offer a choice of investment options, currently four investment funds and three 50/50 splits among adjacent funds (referred to as multi-fund options). The investment options offered may change at any time. We can merge, vary, close, or terminate an investment option at any time by giving notice in writing to members who have chosen that investment option.

We may make changes to the SIPO from time to time by director resolution. Material changes to the SIPO will be described in the Scheme's annual report. A copy of the current SIPO is available on the register entry for the Scheme available at <https://disclose-register.companiesoffice.govt.nz> and the Scheme's website www.dairysuper.co.nz

2 Joining and contributing to the Scheme

Eligibility

You can join the Scheme if you are an employee of one of the participating employers, and your employer invites you to become a member. A list of participating employers is set out below. To join the Scheme, complete and return the relevant application form at the back of the PDS.

Employee member

Upon acceptance to the Scheme, you will join as an employee member. This means that your employer contributes a percentage of your salary depending on your contributions.

Elective member

If you are paid on a totally remunerated basis you may elect to be designated an elective member. You can elect to be an elective member at the time you join the Scheme or subsequently with your employer's consent.

Our current practice is for employees who are paid on a total remuneration basis when they join the Scheme, or start to be paid on that basis at some point after joining, to become elective members, consistent with your remuneration agreement.

Individual Member

If you retire, leave the service of your employer (other than to join another participating employer), or are made redundant, we may invite you to leave all or part of your benefit (other than your Locked-In Accounts balance) in the Scheme and become an 'Individual Member'. Locked-In Accounts must be either withdrawn or transferred to another complying superannuation fund or KiwiSaver scheme.

Participating Employers

Alto Packaging Limited

Canpac International Limited

DEF Pharma (NZ) Limited

Fonterra Brands (New Zealand) Limited

Fonterra Co-operative Group Limited

Fonterra Limited

Goodman Fielder New Zealand Limited

Lactanol Limited

MilkTest NZ LP

RD1 Limited

The Tatua Co-operative Dairy Company Limited

Tip Top Ice Cream Company Limited

Westland Dairy Company Limited

Accounts

Standard accounts

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

- **Member's Account:** into which your contributions are credited
- **Employer's No 1 Account:** into which your employer's contributions, less tax, are credited.

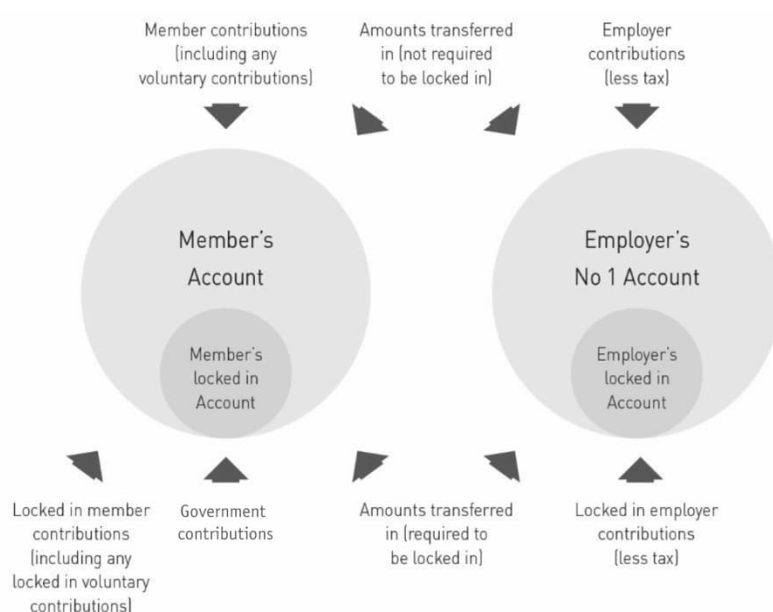
The Member's Account and Employer's No 1 Account (**standard accounts**) will also hold any voluntary contributions and transfers from a previous scheme that are not required to be locked in.

Locked-In Accounts

The Scheme is a complying superannuation fund, which means that it also operates Locked-In Accounts (also known as 'Complying Fund' accounts). Your Locked-In Accounts are sub-accounts within your standard accounts (for your contributions and any employer contributions to your Locked-In Accounts). Any Government contributions will also be held in your Locked-In Accounts

If you hold a Locked-In Account specific rules apply to your contributions and benefits.

How the accounts work



Contributions

The amount you contribute depends on your membership type and whether you have Locked-In Accounts. Choose your contribution rate carefully, because it affects all your benefits under the Scheme, including the insured portion of any permanent incapacity or death benefit. It will also affect the level of employer subsidy you receive, unless you are an elective member.

Regular contributions

Employee member	Elective member
Your contributions	Your contributions
<p>You can choose to contribute 2%, 3%, 4%, 5%, or 6% of your before-tax salary.</p> <p>Before-tax salary includes all additional payments such as bonuses, overtime, and holiday pay, but excludes any retiring allowance or similar payment paid when you leave your employer.</p> <p>Member contributions are calculated on your before-tax salary but deducted from your after-tax income.</p>	<p>Your contribution to the Scheme is the percentage or amount of salary agreed with your employer. You will be required to contribute 3% of your salary if you do not notify any percentage or amount.</p> <p>Your salary is the amount notified to us or the administration manager as being your total remuneration for the purposes of the Scheme.</p> <p>If your employer withdraws certification that you are an elective member, you will cease to be an elective member from the date we receive notification of that fact from your employer. Upon you ceasing to be an elective member, you must elect to contribute 2%, 3%, 4%, 5%, or 6% of your salary. If no election is made then you will contribute 3% of your salary.</p>
Your employer's contributions	Your employer's contributions
<p>Your employer contributes 1.5 times your contributions (excluding voluntary contributions), up to a maximum employer contribution of 9% of your before-tax salary (before deduction of employer superannuation contribution tax (ESCT)). See section 7, 'Tax', for the current ESCT rates.</p>	<p>Your employer contributes the percentage or amount of your salary agreed with you and notified to us. If you do not notify us of a percentage or amount, your employer will contribute 4.5% of your salary.</p> <p>If you are unable to agree on the percentage or amount, your employer will contribute 1.5 times your contributions, up to the maximum employer contribution of 9% of your salary (before deduction of ESCT) until you and your employer advise us that agreement has been reached.</p>

Changing contributions

You may vary your contributions (or, if you are an elective member, your employer's contributions) by providing a change form (available from Documents & forms page of www.dairysuper.co.nz) at least one month before you wish the change to take effect. You can currently do this at any time, but we may apply restrictions in the future.

If you are an employee member, you may amend your contributions to 2%, 3%, 4%, 5% or 6% of your salary.

If you are an elective member you may vary your rate of contribution to any amount you choose. Current practice is that you may change your contribution rate at any time but this may be restricted to a date determined by your employer and advised to us, or (if no date is determined) on the Scheme's balance date or such other date as we permit.

If you have a Locked-In Account any change to either your or your employer's contribution will be subject to a minimum of 3% of salary.

Stopping contributions (other than to Locked-In Accounts)

You may stop contributing to your standard accounts at any time by completing the appropriate form (please see the Documents and Forms page of www.dairysuper.co.nz). If you do, your contributions will cease to be deducted from your pay with effect from the next pay period or from the date you stipulate on your form, and:

- your employer's contributions will stop on the same date (other than any required to be paid by law);
- your benefit will not be paid until you stop working for your employer and at that time only your resignation benefit will be payable; and
- any insurance cover for death and permanent incapacity will stop.

You can restart your contributions at any time. However, your insured benefits may be varied and you may be required to provide additional information.

If you are on a leave of absence, you must contribute at least 2% of your salary to have that period count for the purposes of determining benefits and to maintain death and permanent incapacity insurance cover.

In some cases, the trust deed permits an assumed salary to be determined for the purposes of the Scheme, either by us or your employer. This could result in your contributions being a higher percentage of the salary you actually earned.

Voluntary regular contributions

You can also make voluntary contributions to the Scheme. Your employer will not subsidise these voluntary contributions, nor will they be included in the calculation of your insured benefits. Your employer may also make voluntary contributions on your behalf.

You can make voluntary contributions by providing a change form (available from Documents & forms page of www.dairysuper.co.nz).

We can only accept contributions from members through payroll from your salary or wages, including voluntary contributions to your Locked-In Account to qualify for the maximum Government contribution. You cannot make voluntary contributions from a personal bank account to the Scheme, except if it is amounts transferred to the Scheme when you are on leave of absence.

You should talk to your employer if you want to make a voluntary contribution. There are limits on the amount that can be contributed.

We may also be able to accept amounts transferred to the Scheme from another superannuation scheme. These can be in any form, including cash and assets, but must be transferred directly from the other scheme.

We can change certain requirements relating to member contributions and voluntary contributions from time to time. We will notify you if we make a change that affects you.

Leave of absence

If your employer agrees to a leave of absence, you must apply to the Scheme secretary for a leave of absence from the Scheme (using the leave of absence application form available from Documents & forms page of www.dairysuper.co.nz). Leave of absence from the Scheme must initially be for at least 3 months, but not longer than 18 months, although we can extend this period.

To continue your death and permanent incapacity insurance cover while you are on leave of absence and to have the period of leave of absence included in the calculation of your benefits, you need to keep contributing at least 3% of your salary. Any contribution during leave of absence must:

- not exceed the amount of your contributions immediately prior to your commencing leave of absence
- be collected by your employer or the administration manager.

You may be allowed to delay paying contributions until you return to work, but could be charged interest on the amount due.

If you elect to contribute while you are on leave of absence from the Scheme, or have not applied for leave of absence from the Scheme but are on leave of absence from your employer, and then stop contributing for 3 consecutive months or more, your membership may be terminated and the following rules will apply:

- your benefit will not be paid until you leave your employer and only your resignation benefit will then be payable
- any period of leave of absence from the Scheme during which you do not contribute will not be included when your resignation benefit is calculated
- any insurance cover for death and permanent incapacity will stop.

Locked in contributions

Your contributions	Employer contributions	Government contributions
<p>If you decide to make locked-in contributions, you must contribute 3% of your salary to your Member's Locked-In Account. Contributions of more than 3% of salary will be paid to your Member's Account</p> <p>'Salary' for the purposes of Locked-In Accounts is defined in accordance with the complying fund rules set out in the Income Tax Act 2007, as amended from time to time.</p>	<p>Locked-in employer contributions are currently set at 3% of salary, but will be reduced by any amount they contribute on your behalf to a KiwiSaver scheme or other complying superannuation fund.</p> <p>Any employer contributions in excess of 3% of your salary will be paid to your Employer's No 1 Account.</p>	<p>If you have a Locked-In Account you may qualify for Government contributions equal to 50 cents for every dollar you contribute up to a maximum Government contribution (at the date of this document) of \$521.43 per year.</p> <p>Any Government contribution will be paid to your Locked-In Account each year and allocated to the same investment option and in the same proportions as your contributions and account balances.</p> <p>If you are also a member of a KiwiSaver scheme or another complying superannuation fund,</p>

Your contributions	Employer contributions	Government contributions
		<p>Government contributions will be allocated to your KiwiSaver scheme or complying superannuation fund in accordance with legislation.</p> <p>The main requirement to qualify for Government contributions is that you are aged 18 or over and less than the age of eligibility for withdrawal from a KiwiSaver scheme or complying superannuation fund (currently age 65)*. You must also be a New Zealand citizen or entitled to live in New Zealand indefinitely.</p>

*If you joined the Scheme before 1 July 2019, you may qualify for Government contributions until you reach New Zealand Superannuation qualification age or completion of 5 years of membership, whichever is the later date. You can opt out of the 5 year membership requirement by notifying us. However, once you reach New Zealand Superannuation qualification age and have opted out of the 5 year membership requirement, you will no longer be eligible to receive any Government contributions.

Savings Suspension for Locked-In Accounts

To cease contributing to your Locked-In Accounts, you will need to take a savings suspension. You can take a savings suspension for a period of at least 3 months and not more than 1 year, although you can take successive savings suspensions. If you stop all contributions to the Scheme, any employer contribution not required to be paid by law will also cease.

While you are on a savings suspension any employer contributions to your Locked In Account will also be suspended (other than those required to be paid to you by law), and depending on your total contributions to the Scheme, you may no longer qualify for any insured death or permanent incapacity benefits.

If you take a leave of absence and decide not to contribute to the Scheme, you need to request a savings suspension. You can take a savings suspension by providing a change form (available from Documents & forms page of www.dairysuper.co.nz).

Voluntary contributions to Locked In Account

You may make voluntary lump sum contributions to your Member's Locked-In Account. However, you can only make lump sum contributions to the extent necessary for you to maximise the amount of your Government contributions each year.

You can make voluntary lump sum contributions by providing a change form (available from Documents & forms page of www.dairysuper.co.nz).

Transfer into the Scheme

You can transfer your benefit from another employer-sponsored retirement scheme into the Scheme. Special rules apply if you were previously a member of a complying superannuation fund, as transfers from these schemes may have to be placed in a Locked-In Account. You cannot transfer savings from a KiwiSaver scheme into the Scheme.

The way your transferred benefit is treated will depend on the conditions imposed by the trustee of your previous scheme and agreed with us.

3 Benefits and Withdrawals

The benefits described in this document apply to members who join the Scheme on or after the date of this document. Different benefits may be payable to some people who were members or beneficiaries prior to the date of this document, including existing pensioners, deferred pensioners and anyone who has or had an Employer's No 2 Account.

Withdrawals

The Scheme is a workplace savings scheme designed to assist with your retirement. Accordingly, your return from the Scheme is a benefit paid when you leave work for any reason, including death or permanent incapacity, or when you reach the New Zealand Superannuation qualification age (currently age 65). Early withdrawals may be permitted for a first-home withdrawal or a significant financial hardship withdrawal.

Different rules apply to withdrawals from your standard accounts and your Locked-In Accounts.

In this document:

- **'standard accounts balance'** means the balance of your Member's Account and Employer's No 1 Account (other than your Locked-In Accounts), adjusted for interest; and
- **'Locked-In Accounts balance'** means the balance of your Locked-In Accounts, adjusted for interest.

See 'Interest rates' below for more information on the way interest is allocated to accounts.

Standard account benefits

This section describes the benefits that apply to members' standard accounts. The benefits in this section exclude any amounts in your Locked-In Accounts. Please see below in the section 'Locked-In Account benefits' to see how and when your Locked-In Accounts balance (if any) are payable.

Different rules for withdrawing and interest rates apply to Individual Members, which are outlined below under the section 'Individual Members'.

*Retirement**

Your retirement benefit is payable if you retire on or after age 55. Your benefit is a lump sum equal to the standard accounts balance.

*Resignation**

If you leave your employer (other than to join another participating employer) and do not qualify for any other benefit from the Scheme, you will be paid a resignation benefit. The resignation benefit is a lump sum equal to your standard accounts balance except that you may only be entitled to a percentage of the balance in your Employer's No 1 Account (based on your length of Scheme membership). Generally 20% of your Employer's No 1 Account balance is payable for each completed year of Scheme membership, up to a maximum of 100% after five or more years of membership. However, this may vary in the following circumstances:

- if you were at any time an elective member, you will receive 100% of that part of your Employer's No 1 Account

- your membership may be backdated to recognise previous membership of another superannuation scheme
- if you are made redundant you will be entitled to your full standard accounts balance no matter how many years of membership you have completed
- we have discretion to pay up to 100% of your Employer's No 1 Account.

*You can receive your benefit as a cash lump sum, transfer it to another scheme, or use it to purchase an annuity. You can also leave all or part of it in the Scheme and become an Individual Member. However, the Locked-In Accounts balance will be transferred to another complying superannuation fund or KiwiSaver scheme in accordance with legislation; unless you are eligible to make a withdrawal from these accounts at the time you resign or withdraw.

In-service withdrawal

When you reach New Zealand Superannuation qualification age (currently 65) but remain in service you can choose to withdraw all or part of your standard accounts balance, subject to the following requirements:

- you may make a maximum of 3 requests in each year ending 31 March
- the minimum amount you may withdraw is \$2,500 (unless you are withdrawing your standard accounts balance)
- if you request an amount that would result in your total balances being less than \$5,000, you will be paid your standard accounts balance.

Small balances

If you have not contributed for three years and your total account balance is less than \$2,500, with your consent, you will be paid the same as the resignation benefit (set out above).

Insured benefits

The Scheme offers insurance cover for death and permanent incapacity. Currently under the policy, if you join the Scheme within 6 months of starting work with your employer (and you are at work doing your normal duties on the date you join), you will generally be automatically accepted for cover without having to provide health evidence.

If your cover exceeds a set limit (currently \$800,000) or you join after the 6-month period, you will need to complete a personal statement and/or undergo a medical examination and the insurer may decline or restrict your cover.

If you cease and recommence contributions, or return from leave of absence, your insurance cover will automatically restart provided:

- you previously held cover; and
- you start contributing again within 18 months or less of the date you stopped,

but for the first 12 months any benefit will be limited to the amount that would have been payable at the 31 March immediately before you stopped contributing.

If you stop contributing for more than 18 months (or if you were not covered before you stopped contributing) you will be required to complete a personal statement and/or undergo a medical examination before your cover can restart. The insurer may decline or restrict your cover.

Permanent incapacity

The benefit is payable if you suffer permanent incapacity (as defined in the Scheme's insurance policy) while you are contributing to the Scheme**. If you have been accepted for cover and the insurer accepts your claim, the benefit payable will be an insured benefit of 50 times your member contributions up to a maximum of 6% of your salary for the 12 months immediately before the date you became permanently incapacitated plus your standard accounts balance.

If you do not retire at the time of suffering permanent incapacity, only the insurance payment can be paid at that time.

If you are aged 62 or more, the insured benefit reduces on a daily basis by a total of 33% for each year, reaching zero at age 65.

**Please refer to the fact sheet containing the definition of 'permanent incapacity' for the purposes of the Scheme's insurance policy at https://secure.superfacts.com/attachments/Form/DISFS_DefinitionOfPermanentIncapacity.pdf.

Death

If you die while contributing to the Scheme and you have been accepted for cover and the insurer accepts your claim, the benefit payable will be an insured benefit of 50 times your member contributions up to a maximum of 6% of your salary for the 12 months immediately before the date you died plus your standard accounts balance and your Locked-In Account balance (if any).

If you are aged 62 or more, the insured benefit reduces on a daily basis by a total of 33% for each year, reaching zero at age 65.

Your death benefit will be paid to your personal representatives.

If you are married, or in a civil union or de facto relationship, your interest in the Scheme may be regarded as relationship property for the purposes of the Property (Relationships) Act 1976.

Locked-In Account benefits

The benefits from your Locked-In Accounts are only payable on your death or the qualifying date (see below), with the exception of the first home withdrawal or significant financial hardship.

Death

If you die while contributing to the Scheme, the benefit payable will be your Locked-In Accounts balance.

Qualifying date

If you join the Scheme and make contributions to your Locked-In Account on or after 1 July 2019, you can usually begin withdrawing your Locked-In Account balance when you reach New Zealand Superannuation qualification age (currently 65).

However, if you joined the Scheme and had a Locked-In Account (or joined a Locked-In Account as a result of a transfer from a complying superannuation fund) before 1 July 2019, your Locked-In balance is not normally payable until the later of the date:

- you reach New Zealand Superannuation qualification age (currently age 65); or
- complete 5 years of membership of a KiwiSaver scheme or complying superannuation fund.

You can opt out of the 5 year membership requirement by notifying us. However, once you reach New Zealand Superannuation qualification age and have opted out of the 5 year membership requirement, you will no longer be eligible to receive any Government contributions. Contact the administration manager for further information if you wish to opt out.

The benefit payable will be your Locked-In Accounts balance even if you are still employed by a participating employer. If you cease to be eligible for membership, any of your Locked-In Account balance not yet payable must be transferred to another complying superannuation fund or KiwiSaver scheme. If you do not make a nomination, your account balance will be transferred to a KiwiSaver scheme in accordance with legislation.

Life shortening congenital conditions

You may be able to make an early withdrawal if you were born with a condition that is expected to reduce life expectancy below the New Zealand superannuation qualification age (currently 65), and is a listed condition or non-listed condition as defined in the KiwiSaver Act.

A listed condition is a condition prescribed as a life shortening congenital condition under regulation 32 of the KiwiSaver Regulations 2006. Listed conditions currently include Down syndrome (Down's syndrome), cerebral palsy, Huntington's disease (Huntington's chorea), and fetal alcohol spectrum disorder.

A non-listed condition is a congenital condition where you have medical evidence to verify that the condition is expected to reduce life expectancy below the New Zealand superannuation qualification age (currently 65) for you or people in general with the condition. The Trustee will determine whether you're eligible for a life-shortening congenital conditions withdrawal based on medical evidence and any other documents, evidence, or information verified by oath or statutory declaration.

The benefit payable will be your Locked-In Accounts balance.

If you make a withdrawal, you'll no longer be eligible to receive Government contributions and your employer can stop their contributions.

All accounts

Significant financial hardship

You may make a significant hardship withdrawal if we are reasonably satisfied that you are suffering or are likely to suffer from significant financial hardship (as defined in the KiwiSaver Act).

The benefit payable is the proportion of your standard accounts balance and Locked-In Accounts balance you would be able to withdraw if you were making a significant financial hardship withdrawal from a KiwiSaver scheme. The amount of your employer's contributions to your standard accounts that you can withdraw will be determined as if you had resigned on the date of application (see 'Resignation' above).

First home withdrawal

A first home withdrawal benefit is payable if:

- you wish to purchase a first home (or in special circumstances a second home) and have not made a first home withdrawal from a complying superannuation fund or KiwiSaver scheme previously;
- at least 3 years have passed since we received the first contribution in respect of you, or you have been a member of one or more KiwiSaver schemes or complying superannuation funds for at least three years; and
- we consent to the withdrawal.

The benefit payable is an amount not exceeding your:

- standard accounts balance you would be able to withdraw if you had resigned, determined as at the date of application; plus
- Locked-In Accounts balance less any amounts prescribed by the KiwiSaver Act from time to time in respect of the first home withdrawal benefit available under that Act (currently \$1,000).

Transfers

Between participating employers

If you transfer from one participating employer to another, you will continue to be a member of the Scheme, and therefore there will be no impact on your membership or benefits.

From Locked-In Accounts

You may transfer part or the entire amount in your Locked-In Accounts at any time if:

- the transferee scheme is a KiwiSaver scheme or complying superannuation fund;
- the provider of that scheme consents to the transfer; and
- the requirements of the KiwiSaver Act are met (if to a KiwiSaver scheme) or the provider of that scheme confirms to us that the amount transferred will be subject to the complying fund rules.

We may also be required to transfer your Locked-In Accounts balance to a KiwiSaver scheme in some circumstances (for example, if the Scheme ceases to be a complying superannuation fund).

To another retirement scheme or KiwiSaver scheme

We will pay your benefits to another retirement scheme or equivalent overseas retirement scheme (as those terms are defined in the FMC Act, including a KiwiSaver scheme) at your written request if:

- you cease to be employed by a participating employer, but are employed in the dairy industry by an entity approved by us;
- you are a member of that other scheme; and
- we and the other provider consent to the transfer.

Any Locked-In Account balances can only be transferred to another complying superannuation fund or KiwiSaver scheme in accordance with the complying fund rules.

Wind up of the Scheme

Upon a wind up of the Scheme, your Locked-In Account balances will be transferred to another complying superannuation fund or KiwiSaver scheme in accordance with the complying fund rules. Your standard account balances will be paid to you.

Individual Members

If you retire, leave the service of your employer (other than to join another participating employer), or are made redundant, we may invite you to leave all or part of your benefit (other than your Locked-In Accounts balance) in the Scheme and become an 'Individual Member'. Your Locked-In Accounts must be either withdrawn (if you are entitled to do so) or transferred to another complying superannuation fund or KiwiSaver scheme.

If you are an Individual Member, the minimum amount you can leave in the Scheme is \$5,000. All money you leave in the Scheme will be credited to your Member's Account. Interest will continue to be allocated to that account but it may be different to the rate allocated to other members' accounts and may be positive, nil or negative. If the interest rate is negative, your Member's Account will be debited rather than credited with interest.

When you die, any money in your Member's Account will be transferred to your personal representatives.

You may make partial or total lump sum withdrawals from your Member's Account or set up a regular withdrawal facility.

The following conditions currently apply to withdrawals:

Lump sum withdrawals

- you may make a maximum of 3 lump sum withdrawals from your Member's Account in each Scheme year (regular withdrawals under the regular withdrawal facility do not count towards the number of lump sum withdrawals you may make in each Scheme year)
- partial lump sum withdrawals must be for a minimum of \$2,500 each

Regular withdrawal facility

- under the regular withdrawal facility, you will receive a payment of the amount chosen once per month on or about the 15th of each month
- regular withdrawals must be for a minimum of \$250 per month
- a fee will be charged if you set up a regular withdrawal facility (see section 5)

All withdrawals

- there must be a minimum balance of \$5,000 in your Member's Account at any time. If your balance falls below \$5,000 you will be paid the full amount of your Member's Account balance and your membership of the Scheme will cease.

We can change the minimum amount for lump sum withdrawals, the availability and terms of the regular withdrawal facility, and the maximum number of withdrawals in a Scheme year in the future. Fees may also be charged by the administration manager if other withdrawal options are offered in the future. Under the trust deed, the highest minimum withdrawal amount we can impose for partial withdrawals is \$2,500, and members are always entitled to make up to three lump sum withdrawals in a Scheme year.

Withdrawals will normally be paid within 10 days of the due date (for regular withdrawals this is on or about the 15th of each month, and for lump sum withdrawals this is the date for withdrawal specified in your request or, if no date for withdrawal is specified, of the date of the request). However, the Trust Deed allows us to defer full or partial withdrawals for a longer period. This could occur, for example, if there was a stock market crash, or if there were other exceptional circumstances. If the Scheme were to be wound up, you would only be entitled to the balance of your Member's Account, that is, you would not be entitled to a share of any surplus assets. On a winding up, payments to Individual Members rank behind payments to pensioners, Scheme expenses, and payments to employee and elective members of the amounts in their Member's and Employer's Accounts. Amounts payable to these members would be paid in priority to amounts payable to Individual Members.

Any power we have to increase benefits in the event of an actuarial surplus will not apply to Individual Members.

Interest rates

We maintain a reserve fund to which any investment earnings will be credited, together with any other surplus funds. This may include amounts such as the portion of the Employer's No. 1 Account not paid out to employee members (for example, if an employee member leaves with less than five complete years of membership and is not entitled to the full balance of his or her Employer's No. 1 Account), unclaimed benefits, or other moneys not required for the payment of benefits from the Scheme. This reserve fund is debited with income tax, capital losses, and downward revaluations of investments.

Any investment gains are credited to the reserve fund, where fees and expenses are deducted before we apportion the level of interest allocated to your accounts. Different interest rates may be allocated to the accounts of elective members, employee members, or Individual Members. Our interest rate crediting policy can be found on the Scheme's offers register entry at <https://disclose-register.companiesoffice.govt.nz>.

The reserve fund may also be used, at our discretion, to pay all or part of the participating employers' contributions, increase all employee members' retirement benefits on an equitable basis, or provide other benefits for all employee members on an equitable basis.

4 Insurance cover

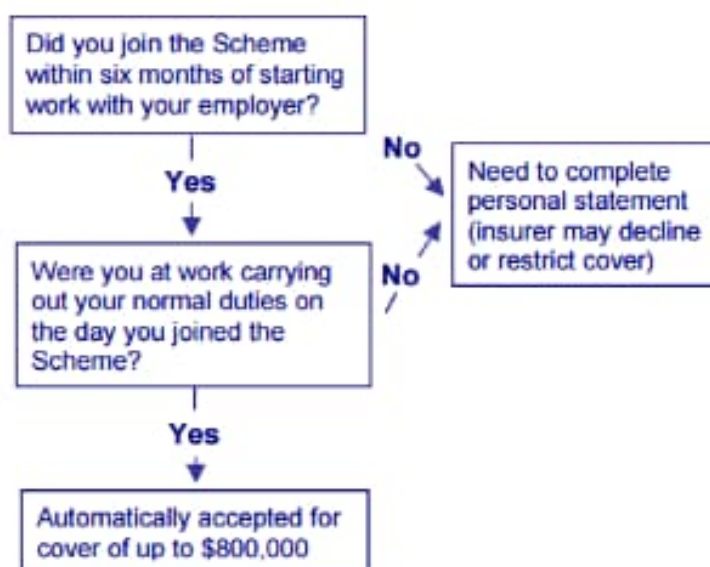
Eligibility

If you join the Scheme within 6 months of starting work with your employer (and you are at work doing your normal duties on the date you join), you will generally be automatically accepted for cover without having to provide health evidence.

If your cover exceeds a set limit (currently \$800,000) or you join after the 6-month period, you will need to complete a personal statement and/or undergo a medical examination and the insurer may decline or restrict your cover.

Refer to the insurance fact sheet (available from Documents & forms page of www.dairysuper.superfacts.co.nz) for further information about qualifying for cover and the ability of the insurer to decline or restrict cover. You will be notified once your membership application is accepted whether you have insurance cover, or whether additional information is required to confirm this.

The chart below shows how this works:



Insured benefit

If, *before age 62*, you die or become permanently incapacitated, while you are contributing to the Scheme, the insured benefit payable is:

50 times your member contributions up to a maximum of 6% of your salary made during the 12 months immediately before the date of your death or permanent incapacity.

The insured benefit is paid *in addition to* the balances in your Member's Account, your Employer's No 1 Account and (for death only) Locked-In Accounts. However, if you become permanently incapacitated and you do not retire at the time suffering permanent incapacity, only the insured benefit can be paid at that time.

You need to have been accepted for cover and the insurer must accept your claim.

From age 62, the insured benefit reduces on a daily basis by a total of 33.33% for each year from age 62, reaching zero at age 65.

If the insurer does not accept you for cover, places restrictions on your cover, or does not accept your claim, your benefit could be reduced or not paid out.

If you do not retire at the time of suffering permanent incapacity, only the insurance payment can be paid at that time.

Permanent incapacity meaning

Eligibility for permanent incapacity is generally determined by the definition in the insurance policy. To see the current definition, refer to the definition of permanent incapacity fact sheet (available from Documents & forms page of www.dairysuper.co.nz).

Changing or stopping your member contributions

As your insurance cover is based on your own contributions in the previous 12 months, increasing or reducing your contributions can also affect your insured benefit.

If you are not contributing and you die or become permanently incapacitated, no insured benefit will be payable. However, you will still be covered for one month from the date you stop contributing.

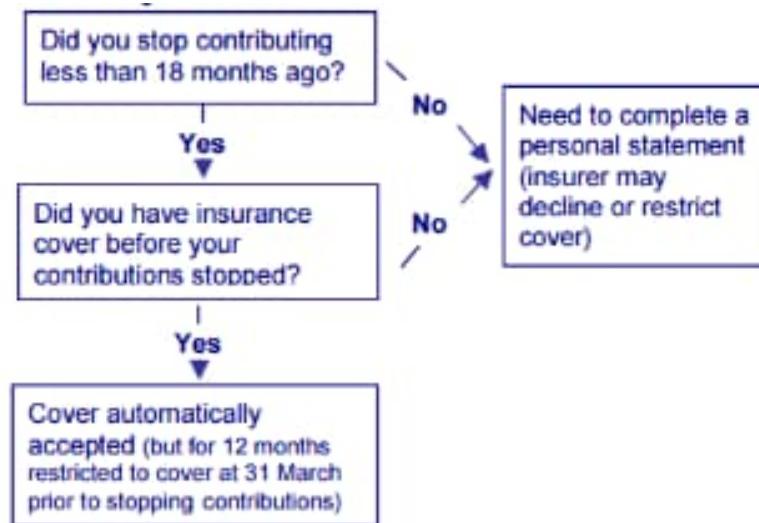
Your insurance cover will automatically restart provided:

- you previously held cover; and
- you start contributing again within 18 months of the date you stopped.

If your cover is automatically restarted, for the first 12 months after you start contributing again, your insured benefit will be no greater than your insured benefit at the 31 March immediately before the date you stopped contributing.

If you stop contributing for more than 18 months, you will be required to complete a personal statement (available from Documents & forms page of www.dairysuper.co.nz) and be assessed by the insurer before your cover can start. Your cover will be subject to any restrictions imposed by AIA New Zealand Limited.

The chart below shows how this works:



Your insurance cover will be based on the contributions (up to 6% of your salary) you would have made had you been contributing to the Scheme for the previous 12 months.

More information

To see your current insured amount, visit our website www.dairysuper.co.nz and select 'Your super amount' and click on the death or permanent incapacity benefit.

5 Fees

What are the fees?

Annual fund charges

The total annual fund charges for the investment options are described in the Scheme's PDS. The total annual fund charge is made up of the:

- fees paid to the managers and trustees of the underlying funds into which the Scheme invests (including performance fees paid to underlying managers, if any)
- expenses charged to the Scheme and those underlying funds (including professional adviser fees, and our directors' fees and expenses)
- insurance premiums that we pay for the Scheme's insurance policy (these are not charged to members individually)
- fees paid to the Scheme's administration manager.
- The Trustee may waive or reduce any expense attributable to insurance premiums in relation to a member who is not covered by the Scheme's insurance. Any expense reductions will be applied by rebates and paid to (or for the credit of) the Member's Account and the Employer's No 1 Account.

Underlying fund manager fees

The Scheme obtains exposure to underlying investments through its underlying fund managers. The charges payable to the underlying fund managers are deducted from the Scheme's investment income. The charges may be altered by the relevant manager subject to an agreed period of notice or with our agreement.

The amounts paid to these managers include remuneration for their services (plus GST, where applicable) and recovery of transaction costs. Their remuneration is paid quarterly in arrears. In addition to the fund managers' remuneration:

- In all cases 'in-fund' fees are payable for administration-related services provided to the underlying funds the Scheme invests into. These fees may vary year-to-year, depending on the total fund size and actual expenses incurred within that fund.
- In some cases underlying fund managers employed by the product provider are paid performance fees. The amount may vary year-to-year and be reflected in the unit prices of the underlying funds concerned (and impact the return to an investment option that invests in the underlying fund).
- In some cases a buy/sell spread is applied to the unit price of an underlying fund so as to offset transaction costs arising from monies entering and exiting the fund.

Other costs and expenses

Other costs and expenses may be payable, including those charged in respect of services provided to us from time to time by professional advisers, such as accounting, actuarial, legal and investment consulting. Professional fees are generally charged on a time and cost basis and can usually be altered by the providers giving notice to us or by mutual agreement.

In addition, as the Trustee of the Scheme, we are not currently remunerated out of the Scheme or by the participating employers for our services as Trustee. However, we may pay out of the Scheme the remuneration of the directors of the Trustee and reimbursement of their expenses. The directors are entitled to be reimbursed for their travel, accommodation and other incidental costs and expenses in attending meetings and otherwise attending to the affairs of the Scheme. We may alter the remuneration of the directors and the independent licensed trustee from time to time.

Insurance premiums

Insurance premiums are payable to the Scheme's insurer (currently AIA New Zealand Limited). The insurance premiums may be changed by the insurer giving at least one month's notice or by mutual agreement us and the insurer. The Trust Deed allows any premium increases applicable to a member returning from leave of absence or recommencing contributions to be deducted from the member's Member's Account. If a member is not covered under the insurer's standard terms, and if the insurer requires an additional premium, the member's Employer's No 1 Account may be debited. If the balance of these accounts is insufficient, payment can be made as agreed between the member, us and the insurer. However, it is not current practice to require payment by the member.

Administration manager fee

Mercer (N.Z.) Limited as the administration manager charges monthly fees (plus GST, where applicable) for providing administrative services to the Scheme. The fee varies depending on factors such as changes to the Scheme's membership, for example, members joining or being paid a benefit.

The administration manager's fees are paid from the assets of the Scheme. Each year with effect from 1 January, the administration manager adjusts the fees (including the individual action fees listed below, other than the first home withdrawal fee) to reflect the annual movement in the National Average Wage Earnings Index. Any increase in these fees is limited by the increase in the average ordinary time wage.

The fees may be altered by mutual agreement between us and the administration manager. Variations could include modifying the fee basis, charges for work outside the scope of our agreement or to allow the administration manager to recover the costs of reasonable disbursements incurred in administering the Scheme.

Individual action fees

Switching fee

We charge a switching fee of \$80.34 for the second investment option switch made in each calendar year (the first switch is currently free of charge). GST is not charged on this switching fee. This will be deducted from your Member's Account and paid to the administration manager.

First home withdrawal fee

We charge a first home withdrawal fee of \$250 when you make a formal application for a first home withdrawal. This fee will only be payable once all of the required documents have been provided to us and you make a formal application. GST is not charged on this fee. This will be deducted from your Member's Account and paid to the administration manager.

Significant Financial Hardship withdrawal fee

We charge a significant financial hardship withdrawal fee of \$656.22 if you make a second or subsequent application for a significant financial hardship withdrawal within three calendar years of an initial application (the first application is currently free). GST is not charged on this fee. This will be deducted from your Member's Account and paid to the administration manager.

Individual Member withdrawal fees

We charge a fee of \$87.96 if an Individual Member elects to set up a regular withdrawal facility.

GST is not charged on this fee. The fee will be deducted from the Individual Member's Account and paid to the administration manager. The regular withdrawal facility is only available to Individual Members.

Basis of estimates for the annual fund charges in the PDS

The annual fund charges included in the PDS are our best estimates of the amounts we expect to be paid out of the Scheme.

We have made these estimates by adding the following amounts together:

Description of amount	Basis of estimate
Underlying fund manager fees	We have estimated the fees expected to be paid to the Scheme's underlying fund managers by calculating the aggregate of the fee levels agreed with each underlying fund manager (expressed as basis points per dollar under management) for each asset class and weighting those fees by the strategic asset allocation (SAA) to that asset class as per the SIPO.
Underlying fund expenses	We have estimated the in-fund expenses expected to be deducted by the underlying fund managers within underlying pooled funds by using information sourced from those fund managers as to the current level of such in-fund expenses (usually for the previous 12 months) and weighting those amounts by the SAA to the relevant asset class consistent with the SAA.
Underlying fund performance fees	We have made an allowance for performance fees (if any) paid within underlying pooled funds to 'sub-managers' appointed by the underlying fund managers within those funds, by determining the amounts paid in the previous year as provided by the relevant underlying fund managers.
Insurance premiums	We have estimated insurance premiums based on the insurance premium costs for the Scheme for the previous 12 months expressed as basis points per dollar of total funds under management.
Scheme administration expenses	We have made an allowance for Scheme administration expenses based on the expected annual operating costs of the Scheme (excluding the above amounts) expressed as basis points per dollar of total funds under management.

We have accordingly assumed that the annual fund charges for the Scheme will be approximately the same as for the previous 12 months.

Payment of charges

Performance fees (if applicable) and expenses paid by the underlying funds will be reflected in the unit prices of those funds. The other fees paid to the managers of those funds are paid by redeeming units held by the Scheme.

All other fees and expenses (apart from any switching fees, first home withdrawal fees, significant financial hardship withdrawal fees, or Individual Member withdrawal fees (set out above), which would be deducted from your Member's Account) will normally be met from the Scheme's reserve fund and will affect the rate of interest allocated to your accounts and therefore the returns to you.

If there are insufficient funds in the reserve fund to meet the expenses, these can be deducted from Members' Accounts and Employers' No 1 Accounts in proportion to the account balances at the end of the Scheme year (currently 31 March).

6 Risks

All investments carry risk. There are risks associated with the Scheme that could affect your ability to recover your contributions or which impact on the benefits payable from the Scheme.

Because of the risks associated with an investment in the Scheme, it is reasonably foreseeable that you may recover the full amount of your contributions or receive a lower return than expected. No person guarantees the payment of any money from the Scheme, including the repayment of any investment in the Scheme or the payment of any return on it.

General investment risks

Set out below is additional information on the general investment risks applying to the Scheme, including those set out in the PDS.

Investment return risk

Investment risk is the risk of negative returns on the Scheme's investments (either generally or in respect of the investment options in which you invest), or that the returns for a particular investment option or the Scheme generally are insufficient to meet expenses, resulting in negative returns.

Negative returns can arise from factors such as adverse changes to asset values, transaction costs, economic conditions, market sentiment, political events, consumer demand, environmental issues, technology issues, and unexpected changes in the operations or the business environment of companies in which investment managers invest.

The Scheme's investments can be divided into five major investment classes. These classes, being cash, fixed interest, shares, listed property and listed infrastructure, have differing levels of risk. When you invest in these various classes there is a risk/return trade-off. What this means is that higher risk investments such as shares, can be expected to provide a higher return over the long-term to compensate for the additional risk. Lower risk investments, such as cash, are expected to generate a lower return on average over time.

Determining how much risk you should take, and the level of risk you can tolerate, must be related to the length of time your investment is for. Generally, if you are investing over a longer period of time, then history indicates that the option you choose should hold more growth assets, such as shares and property. Over the longer term returns on growth assets are normally expected to be higher than income assets such as fixed interest and cash. If you invest for a prolonged period there is time for any negative returns received to be balanced out against positive returns. History shows that options that invest more heavily in income assets are more suitable if you will only be investing for a short period of time, as returns from these assets tend to be more stable and there is less risk of your account balances reducing in value in the short term.

The Scheme offers a number of different investment options, all of which have different levels of exposure to a pre-defined range of one or more of the following asset classes:

Cash

Cash is suitable where a short term investment is required, but it is possible that inflation could reduce its value. In addition, where cash assets are placed on bank deposit or short term securities there is a small risk of the bank or other counterparty defaulting, meaning that some or all of the cash invested may be lost.

Fixed interest

The value of fixed interest investments is affected by changes in interest rates and there is a risk that the issuer will not make the required interest payments or fail to repay the investment on maturity, or both. The risk of non-repayment is expected to be very low for investments issued by most governments, but may be higher for those issued by others, such as companies.

Shares

Equity investments, or shares, offer the possibility of greater returns and, as they are listed on share markets, tend to be readily available and easy to sell. Shares are relatively high risk, as the value is very much dependent on economic growth in general, the performance of the company that issued them, as well as general market sentiment. The price of shares issued by offshore based companies is also affected by movements in foreign currency rates, except where currency movements are hedged.

We aim to reduce investment risk by investing (directly or indirectly) in a wide range of assets, through different fund managers. The Scheme's investment performance is also regularly assessed against the SIPO upon the advice of the investment consultant. However, whilst we seek to reduce the risk of negative performance, some risk will always remain.

Property

The property investments are listed shares issued by companies that own and operate commercial properties. As a result, the risks are similar to those of general shares, although there are specific risks associated with property investments, including property market sentiment. The risk with property investments generally (which may affect the commercial properties owned by the companies the Scheme invests in) is that they are susceptible to a lack of liquidity. This means that they may not be easily sold, or may only be able to be sold at a lower price than expected. Such investments can also be susceptible to valuation issues, where the actual value of the investment may not always reflect the value attributed to them by the relevant company, or the actual value of the investment fluctuates due to issues related to the overall quality of properties and their ongoing tenancy. Property investments can also involve high transaction costs.

Infrastructure

The infrastructure investments are listed shares issued by companies such as utilities and airports. The risks are similar to those of general shares, but because the companies tend to be relatively large with more stable businesses, the risks (and returns) are expected to be a little lower than shares in general. Global infrastructure assets, such as those owned by the companies the Scheme invests in, are expected to provide more stable long-term returns and lower volatility (compared with general shares), some protection from inflation, diversification across geographic regions, sectors and securities, access to a growing asset class and liquidity.

Market risk

The value of investments may rise or fall as a result of developments in economic conditions, market sentiment, political events, consumer demand, environmental issues, and technology issues.

Company risk

The value of an investment in a specific company will be affected by its particular operations and reputation, and the risk of unexpected changes in the operations or the business environment of the company.

Credit risk

Credit risk is the risk that a party to a contract with the Scheme defaults, fails to complete a transaction, or otherwise becomes unable to meet its financial obligations. If this occurs the full value of your investment may not be recovered.

Currency risk

Currency risk is the risk that arises where the Scheme invests in investments denominated in other currencies, including Australian dollars. Such international investments expose the Scheme to movements in foreign currencies, which can have an adverse effect on the New Zealand dollar value of those investments, and the income received from those investments, particularly where those investments are not hedged.

Liquidity risk

Liquidity risk is the risk that the Scheme will have difficulty in either selling assets or otherwise raising sufficient funds to meet benefit payments, resulting in the Scheme having to sell assets at below market value.

This may mean the Scheme cannot meet payments on time (for example, where there is a difference in the timing of the assets being sold and the amounts being required to pay benefits).

However, the Scheme's investments are managed with a view to ensuring the Scheme's cashflow requirements are met and assets can be sold. In particular, the bulk of the Scheme's investments are held in unitised funds invested into securities listed on recognised markets or are otherwise considered reasonably readily saleable.

Other general risks

Your investment in the Scheme may also be affected by the following other general risks.

Regulatory and tax risk

Regulatory and tax risk is the risk of changes to tax or superannuation legislation, including tax rates, or changes to other applicable regulations. Such changes could affect the operation of the Scheme or your member benefits, or your entitlement to Government contributions, or result in the Trust Deed being amended in a manner permitted by law that has the effect of reducing benefits.

Another example of this is the FMC Act, which fundamentally changed the laws that regulate the structure and offering of superannuation schemes and other collective investment vehicles in New Zealand. Transitioning into the regime resulted in increased compliance costs which in turn affects returns to members.

Contribution risk

Participating employers are responsible for collecting contributions, by deducting them from your pay, and passing those contributions on to the administration manager, together with any required employer contributions. There is a risk that an employer will fail to deduct the required contributions. If this occurs, it could adversely affect some or all of the members employed by that employer.

No insurance benefit or reduced benefit

You will not receive any insured benefits if you fail to join the Scheme when first invited, cease contributions, take a savings suspension, are granted a leave of absence, or fail to provide the relevant information or attend a medical examination when required to do so by the insurer. If the insurer declines all or part of your cover, or imposes non-standard terms, or if all or part of the claim made on your behalf is not accepted by the insurer, your death and permanent incapacity benefits will be adjusted accordingly.

Scheme insolvency risk

Scheme insolvency risk is the risk that the Scheme becomes insolvent and is placed into receivership, liquidation, statutory management, or of the Scheme being unable to meet its financial obligations. If this occurs, you may not recover the full amount of your interest in the Scheme.

Administration risk

Administration risk is the risk of a technological or other failure impacting on the Scheme or financial markets in general, thus undermining your interest in the Scheme.

In addition, the administration manager, investment consultant, and registrar, fund managers, and insurer are all appointed under contracts. We are reliant on those parties performing their obligations under those contracts.

Interest rate risk

Interest rate risk is the risk that changes in interest rates may have a negative impact, directly or indirectly, on the return on your interest in the Scheme.

Winding up and insolvency

You could receive less than the benefits described in the PDS if the Scheme is wound up or becomes insolvent and there are insufficient assets to secure pension benefits and pay all members the amounts in their Members' Accounts and Employers' Accounts.

Future economic conditions

The impact that future economic conditions may have on the Scheme cannot be predicted, be they positive or negative. It is not unexpected that there may be negative returns in the Scheme from time to time and that negative returns may continue for a period of time. There can be no assurance that future economic conditions will not materially and adversely affect the Scheme's investments.

7. Tax

The treatments described in this section are based on our understanding of New Zealand tax legislation as it applies to the Scheme. Tax legislation, its interpretation and the rates and bases of taxation are subject to change. The application of tax laws depends on a member's individual circumstances. Members are advised to seek their own tax advice from a qualified tax adviser.

Employer contributions

Employer contributions are subject to employer superannuation contribution tax (ESCT) at the following rates:

Member's income* in the previous income year	Member's ESCT rate
Up to \$16,800	10.5%
Between \$16,801 and \$57,600	17.5%
Between \$57,601 and \$84,000	30%
Between \$84,001 and \$216,000	33%
\$216,001 and over	39%

* 'Income' is a member's gross salary and wages plus employer superannuation contributions, before the deduction of ESCT, in the previous year (or an estimated amount, if the member has worked for less than a year).

ESCT is deducted from employer contributions before they are paid to the Scheme. Member contributions are calculated on a member's before-tax salary but deducted from the member's after-tax salary.

Member contributions

A member's own contributions to the Scheme are not tax deductible. However, benefits paid from the Scheme are tax-free.

Tax on the Scheme's investments

As at the date of this document, the Scheme is not a portfolio investment entity (PIE). This means that the Scheme pays tax on its net investment income at a flat rate of 28%.

The Scheme invests primarily in PIE funds of the different investment managers. Gains or losses made by these funds from their investment in New Zealand resident companies and most Australian resident listed companies are not taxable or deductible. However, distributions received from these companies are taxable, although there is effectively no tax payable (0% effective tax rate) where those distributions are fully imputed.

Other foreign shares and funds held by PIE funds that the Scheme invests in are generally taxed under the fair dividend rate (FDR) method of 5% per annum on the average daily market value. Distributions received from investments taxed under this method are not taxable, although foreign tax credits may be available to offset the tax payable on the FDR income. Foreign currency hedges of shares subject to FDR may also be taxed using a version of FDR if the PIE fund has elected to apply this method.

Foreign shares and funds held by PIEs in which the Scheme invests are generally taxed under the comparative value method (that is, on the basis of the annual change in market value plus distributions and any disposal gains) if they:

- offer guaranteed or fixed rate returns
- are non-participating redeemable shares
- are 80% or more invested in financial arrangements or fixed rate shares that are denominated in or hedged to New Zealand dollars
- are otherwise determined by Inland Revenue to be New Zealand dollar denominated debt in economic terms.

Debt securities and foreign currency hedges (not subject to FDR) held by the Scheme directly and by PIEs in which it invests are taxed under the financial arrangement rules using the IFRS taxpayer method, which aligns taxable income with that recorded for financial reporting purposes.

PIE tax advantages for the Scheme

Investing in a PIE can provide tax advantages for the Scheme relative to direct investment. Capital gains made by the Scheme on most investments in New Zealand shares, and most Australian listed shares, are not taxable irrespective of the level of trading undertaken.

Changes to tax laws

Taxation laws are subject to change. It is your responsibility to determine your own tax position. We recommend that you seek independent professional advice concerning the tax implications for your investment in the Scheme.

7 Glossary

FMC Act means the Financial Markets Conduct Act 2013

Licensed Independent Trustee means a trustee, or a director of a sole corporate trustee, whose licence covers the Scheme and who is independent (as defined in the FMC Act)

Locked-In Accounts means a locked-in sub-account within each of your Member's Account and Employer's No 1 Account

PDS means the product disclosure statement for the Scheme

Trust Deed means the trust deed for the Scheme dated 28 July 2020, as amended from time to time

Trustee, we, our and us means Dairy Industry Superannuation Scheme Trustee Limited

Scheme means the Dairy Industry Superannuation Scheme

SIPO means the statement of investment policy and objectives for the Scheme