

Aon KiwiSaver Scheme

Glossary of terms

This document provides an explanation of terms for the Aon KiwiSaver Scheme.

This document should be read in conjunction with the Aon KiwiSaver Scheme ('Scheme') product disclosure statement dated 5 June 2018 ('PDS').

This document and other material information documents regarding the Aon KiwiSaver Scheme can be found at aonkiwisaver.co.nz or on the Disclose Register at disclose-register.companiesoffice.govt.nz.

Issued by **Aon Saver Limited**

Dated: 5 June 2018



Glossary of terms

Term	Explanation
Administration manager	The company that administers the Scheme on behalf of the Manager, currently Aon New Zealand.
Administrator	The company that maintains the Scheme's member registry and financial records, currently Link Market Services Limited.
Alternative investments	Kinds of investments other than the traditional asset classes of cash, bonds, property and shares. Examples of alternative investments include real estate, commodities, venture capital, private equity and hedge funds (single or multi manager) which may include derivatives.
Attributed tax	The tax a KiwiSaver member pays.
Attributed tax credit	The rebates or refunds each KiwiSaver member may be eligible to receive.
Authorised financial adviser (AFA)	Someone qualified to give you personalised advice on financial products like KiwiSaver. AFAs are regulated by the Financial Markets Authority.
Benchmark asset allocation	See "Target investment mix".
Benchmark return	A targeted investment return we set for a fund against which the actual performance of that fund is compared.
Business day	A day when KiwiSaver providers are open for business.
Complying superannuation fund	In New Zealand this means a section of a scheme that follows the KiwiSaver rules. An Australian complying superannuation scheme is an Australian superannuation scheme from which money can be transferred into KiwiSaver. See superfundlookup.gov.au for a list.
Consumer price index (CPI)	The consumer price index measures the rate of price change of goods and services purchased by households. The CPI consists of a basket of goods and services that represent purchases made by households.
Contributions holiday	May also be referred to as a savings suspension. This involves temporarily stopping your contributions to KiwiSaver. You can do this for as little as three months or as long as five years, provided you have been contributing to KiwiSaver for at least 12 months - or less if you are experiencing financial hardship. Doing this, however, means that employer and government contributions to your KiwiSaver account will also stop and you will miss out on that money going in.
Counterparty	The other party/organisation with whom we (or an investment manager acting on the Scheme's behalf) enter into a contract - often to trade investments or for a service such as administration.
Currency hedging	See "Hedging".

Term	Explanation
Defined contribution scheme	A superannuation scheme or retirement plan like KiwiSaver where benefits for each member are based on contributions paid by and on behalf of the member and returns earned by those contributions after fees and taxes.
Derivatives	Financial contracts whose value depends on the future value of investments. Derivatives can be used for hedging or to gain exposure to an asset class or security.
Equities	See “Shares”.
Financial Markets Authority (FMA)	The New Zealand regulator responsible for promoting the development of fair, efficient and transparent financial markets. The FMA regulates all KiwiSaver schemes. See fma.govt.nz .
FMCA	The Financial Markets Conduct Act 2013 as amended from time to time.
Fixed interest investment	A kind of investment, such as bonds or term deposits, that pays the investor interest payments over a set period of time.
Foreign exchange rate	The rate at which one currency can be exchanged for another.
Foreign superannuation transfer	Moving money from an overseas pension or superannuation scheme into KiwiSaver. Not all countries will permit transfers into KiwiSaver.
Fund	The Scheme has a number of investment funds to choose from, each with its own investment objective and target investment mix. There is useful information about the funds on disclose-register.companiesoffice.govt.nz or aonkiwisaver.co.nz or in the product disclosure statement and statement of investment policy and objectives.
Government contribution	The government may contribute up to \$521.43 each year to your KiwiSaver account, putting in 50 cents for every dollar that you contribute annually. To receive the maximum of \$521.43, for example, you would need to put in \$1,042.86 over the course of a year (by mid-June). This is often called the “member tax credit”.
Growth assets	“Growth” assets such as shares and property have more potential to grow in value over the medium to long term, although they also involve more risk and can have greater ups and downs in value than income assets.
Hedging	A way that investment managers help protect investors against the risk of prices of underlying investments suddenly dropping. For currency hedging, for example, they will lock in a future foreign exchange rate for an overseas currency to convert into New Zealand dollars, making sure that it will not be lower than planned.
Income assets	Sometimes called “defensive assets”, these kinds of investments pay a regular amount of interest. Cash and fixed interest investments are examples of income-producing assets. Income assets generally have fewer ups and downs in value than growth assets and involve less risk, but generally will have lower returns over the long term.

Term	Explanation
Investment consultant	We appoint an investment consultant to maintain and review our investment policies and objectives, monitor the performance and review the appointment of investment managers, and to provide other services regarding the investments of the Scheme. The current investment consultant is Aon New Zealand.
Investment fund	See “Fund”.
Investment manager	The company appointed by the Manager to provide overall investment management services, Aon New Zealand.
Investment objective	The investment objective is a fund’s statement of what it’s aiming to achieve, usually in terms of return targets, the expected risk required, and the time needed to achieve the desired outcomes.
Investment return	This is the money you make on your investment to KiwiSaver. Your return can be positive or negative.
Kick-start	If you joined KiwiSaver before 2pm on 21 May 2015, the government will have made a kick-start payment to your account with a tax-free contribution of \$1,000.
KiwiSaver Act	The KiwiSaver Act 2006, as amended from time to time. It defines the rules that apply to a KiwiSaver scheme.
KiwiSaver end payment date	The day you are eligible to withdraw your KiwiSaver balance. You need to be in KiwiSaver for at least five years and have reached the eligible age for NZ super (currently 65), whichever comes later. The same rules apply if you've been a member of a complying superannuation fund. Membership of a KiwiSaver scheme or a complying superannuation fund counts towards your five-year membership requirement.
KiwiSaver scheme	A defined contribution work-based savings scheme registered under the FMCA.
KiwiSaver scheme rules	The rules of how KiwiSaver works are set out in the KiwiSaver Act, which means that they apply in the trust deed of each KiwiSaver scheme.
Managed fund	A managed fund is a structure that pools investors’ money together. The money is invested by specialist investment managers. KiwiSaver is a type of managed fund.
Managed investment scheme (MIS)	A managed investment scheme is a structure that pools money from a number of investors. A managed fund is a type of managed investment scheme.
Manager (we, us, our, ourselves)	The company that is responsible for the administration and investment management of the Scheme. The manager of the Scheme is Aon Saver Limited, a subsidiary of Aon Holdings New Zealand whose ultimate parent company is Aon plc of London.
Member (you, your)	Someone who belongs to the Scheme and is entitled to its benefits.

Term	Explanation
Member tax credit (MTC)	See “Government contribution”.
Member’s account	Your personal account – much like a savings account – that holds the balance that you have in KiwiSaver.
Permitted withdrawal	A withdrawal of funds that is permitted under the KiwiSaver scheme rules (see “Aon KiwiSaver Scheme Withdrawing” at aonkiwisaver.co.nz for more information).
Portfolio investment entity (PIE)	A fund, such as the Scheme, that pays tax based on members’ prescribed investor rate (PIR).
Prescribed investor rate (PIR)	Your PIR is your tax rate in the Scheme. If you do not check that yours is correct, you will be taxed at the highest rate (28%). This money cannot be refunded to you so it’s important you check. For more information, see ird.govt.nz/toii/pir/ .
Product disclosure statement (PDS)	This document is an offer of membership in the Aon KiwiSaver Scheme and gives you important information about this investment to help you decide whether you want to invest. It includes information on the funds, their risks and returns and the fees and charges.
Rebalancing	Changing the allocation of assets to move closer to the target investment mix.
Registered financial adviser (RFA)	Someone who can give you personalised advice on insurance, mortgages or more simple investments (such as bank deposits) but is not authorised to provide advice on complex financial products like KiwiSaver.
Return	See “Investment return”.
Risk	The chance that you will not recover the full amount of your investment or that you may receive a different level of return than what you expected to receive.
Scheme	Aon KiwiSaver Scheme.
Shares	Shares are part ownership in a company, a kind of investment that can bring returns from profits shared by the company (dividends) or by selling them for more than you paid. Together with property, shares are growth assets and are also known as equities or stocks.
Statement of investment policy and objectives (SIPO)	Each KiwiSaver scheme has a SIPO which provides details about the scheme’s investment strategy and objectives and how the scheme is managed.
Supervisor	The organisation, independent of the Manager, which holds all contributions and other assets of the Scheme on trust in accordance with the terms of the trust deed, and acts as a statutory supervisor of the Scheme. The supervisor for the Scheme is currently Public Trust.
Tactical asset allocation	A short term strategy that adjusts a fund’s asset allocation to take advantage of market conditions or pricing anomalies.

Term	Explanation
Target investment mix	The target mix of assets for a fund. This may be different to the actual investment allocation, which is what the fund actually holds and can vary from the target.
Trust deed	The governing document for the Scheme that sets out how the Scheme operates, and the rights and responsibilities of members, the supervisor and the Manager.
Underlying investment managers	Organisations that manage the funds into which members of the Scheme can invest. The current underlying investment managers are ANZ New Zealand Investments Limited, Russell Investment Group Limited, Nikko Asset Management New Zealand Limited and Milford Funds Limited, who are all independent of the Manager and the supervisor.
Units	Contributions to the Scheme are used to buy units in the funds you choose. You cancel the purchase when you withdraw money. Units do not give you legal ownership of the fund's assets but they do give rights to the returns on the assets.
Unit price	The price of buying or selling each unit in a fund. The unit price moves up and down reflecting the value of the investments in a fund. Your balance is calculated by multiplying the number of units you have by the unit price on the day.

Contact us

Our helpdesk staff are available to assist you with any queries. Please note that our contact centre staff are not able to provide you with financial advice.

t: 0800 266 463

e: aonkiwisaver@linkmarketservices.com

w: aonkiwisaver.co.nz

About Aon

Aon plc (NYSE:AON) is a leading global professional services firm providing a broad range of risk, retirement and health solutions. Our 50,000 colleagues in 120 countries empower results for clients by using proprietary data and analytics to deliver insights that reduce volatility and improve performance.

For further information on our capabilities and to learn how we empower results for clients, please visit <http://aon.mediaroom.com>.

© 2018 Aon New Zealand