# Aon KiwiSaver Scheme

## Tax

This document provides additional information on tax relating to 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, including a glossary of terms used can be found at aonkiwisaver.co.nz or on the Disclose Register at disclose-register.companiesoffice.govt.nz.

Issued by **Aon Saver Limited**

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# Tax

This document contains further information on tax relating to the Aon KiwiSaver Scheme.

## Prescribed investor rate (PIR)

The Aon KiwiSaver Scheme is a portfolio investment entity (‘PIE’). This means the tax payable on your investment income is based on your prescribed investor rate (‘PIR’). The Scheme pays tax on your behalf by deducting units in your member account i.e. selling some units.

You need to tell us which tax rate to use. To work out your tax rate, you will need to know the amount of your taxable income and your PIE income in each of the last two tax years. A tax year is the period from 1 April in one year to 31 March the next year and for most (but not all) people their income year will be the same period.

It is important that you fill in your PIR on the application form. If you don’t tell us your PIR, we will tax your investments at 28%. If we have your correct PIR, you won’t have to declare any investment earnings from the Scheme on your annual tax return.

## Working out your tax rate

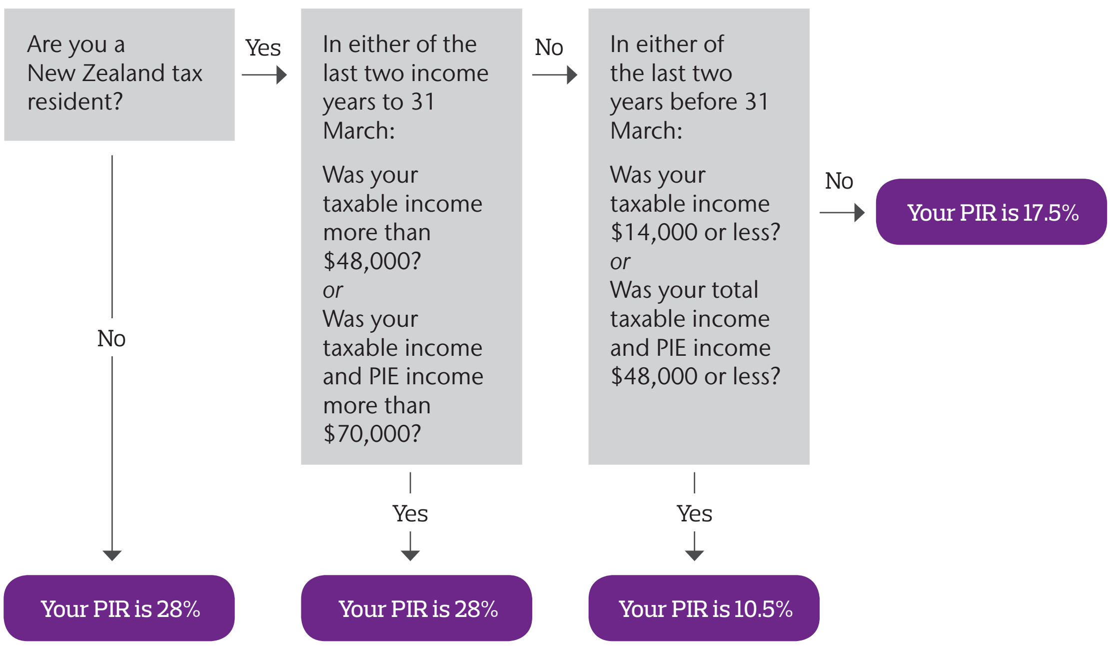
Work out your total taxable income and PIE income for each of the last two tax years. Use the smallest total to work out your tax rate from this table (e.g. if you earn $48,000 one year and $50,000 the next, work out your PIR using the lower figure).

All non-resident investors have a PIR of 28%. Special provisions apply for new residents. For details, see the Inland Revenue website ird.govt.nz

As a PIE, any capital gains made by the Scheme on shares in New Zealand resident companies and certain Australian resident listed companies will be excluded from the calculation of taxable income. Most overseas shares and interests in managed funds held by the Scheme will be taxed under what is called the fair dividend rate (FDR) method.

Under FDR, the Scheme is deemed to have income equal to 5% of the value of its overseas shares and interests in managed funds. Any dividends or other returns from these overseas shares and interests in managed funds will not be taxed separately in New Zealand. Also under FDR, tax deductions may not be made for any losses on overseas shares and interests in managed funds. Tax may be paid in overseas countries on these overseas investments (although this may give rise to a tax credit in New Zealand).

Other Scheme income (e.g. dividends on New Zealand shares and interest on bank deposits) is subject to the relevant normal tax rules.




All non-resident investors have a PIR of 28%

## Prescribed investor rate vs. personal tax rate

Prescribed investor rate is the tax rate used for your member's account. This may be different from your personal tax rate, which is the tax rate you use for other income, such as salary and wages.

## Keeping your prescribed investor rate up to date

Please let us know in writing of any change to your PIR. We can't change tax payments we have already made on your member's account, but we can change the rate for future payments.

If your correct PIR is higher than you told us, you will have tax liabilities and may have penalties and interest. If your correct PIR is lower than you told us, you generally will not be able to reclaim the excess tax.

## What are foreign tax credits?

Foreign tax credits make sure you're not double-taxed on the same income in multiple countries. The amount of foreign tax that has already been paid off-shore is subtracted from the amount of tax owing to Inland Revenue.

## Other tax credits

Other tax credits might include imputation credits, resident withholding tax or dividend withholding payments. For more information visit Inland Revenue's website at ird.govt.nz

## PIE tax statements

Each year we will send you a PIE tax statement showing details of your taxable income and tax paid on your behalf. These amounts may be positive or negative.

# Transfers from overseas schemes

The Scheme has historically been a Qualifying Recognised Overseas Pension Scheme (QROPS) and as such could, subject to satisfying certain conditions set down by HM Revenue & Customs in the UK, accept transfer values from UK pension schemes. Following a UK legislative change which became effective on and from 6 April 2015, KiwiSaver schemes no longer qualify as QROPS.

This change means the Scheme has lost its QROPS status and can no longer accept UK pension transfers without the member incurring UK tax charges of up to 55% of the transfer value. This change may also have implications for UK pension transfers accepted into the Scheme before 6 April 2015, such as the inability to transfer to another KiwiSaver scheme for a period.

If you have already transferred funds from the UK or made a withdrawal you may have either New Zealand or UK tax to pay and may have New Zealand student loan repayment obligations. UK rules are complex and their application is fact specific. We recommend that you consult a professional tax adviser as well as your UK pension or scheme provider to ensure you understand all implications of transferring from a UK registered pension scheme.

We may be required to report withdrawals or transfers to another KiwiSaver scheme or an overseas superannuation scheme to Her Majesty's Revenue and Customs.

There is no tax to pay when you transfer your Australian complying superannuation scheme savings to New Zealand. If you transfer your KiwiSaver savings to Australia, there might be tax payable in Australia.

We recommend that you consult a professional tax adviser.

# Employer contributions

Contributions paid by your employer are subject to employer superannuation contributions tax (ESCT). These contributions will be taxed at a rate based on your income as shown in the table below.

| ESCT rate threshold amount | Tax rate |
|---|---|
| **$0 – $16,800** | 10.5% |
| **$16,801 – $57,600** | 17.5% |
| **$57,601 – $84,000** | 30.0% |
| **$84,001 and above** | 33.0% |

'ESCT rate threshold amount' means your total salary and wages plus employer superannuation contributions. It is based on your previous year's income or your employer's estimate of your income if you have been employed by your current employer for less than a year.

# Benefits

All benefits from the Scheme are tax-paid under current legislation.

# 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.

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**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.



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