

December 2016

# Kiwibank PIE Term Deposit Fund Terms and Conditions

## What is the PIE Term Deposit Fund?

The PIE Term Deposit Fund is an investment where **You** agree to deposit a certain amount of money for a set term and **We** agree to pay **You** a particular rate of return on that money for that term.

Current terms and their corresponding rates of return are displayed on the “Compare rates” page of Kiwibank’s website.

The minimum deposit is \$10,000. This applies to each separate investment **You** make in the PIE Term Deposit Fund.

The PIE Term Deposit Fund is a fund in the Kiwibank PIE Unit Trust (**Trust**). The **Trust** is a Portfolio Investment Entity (**PIE**) for tax purposes. Because the PIE Term Deposit Fund is a managed fund that is also a **PIE**, other terms apply and these are explained in this document. **You** should read **These Terms** before **You** invest.

As the PIE Term Deposit Fund is part of the **Trust**, **Your** investment and the **Account** into which it is paid is held by a **Supervisor** on **Your** behalf. More information about the **Trust** is provided in this document.

**These Terms** form the basis of **Our** agreement with **You** to invest in the PIE Term Deposit Fund. Details of this agreement will be given or sent to **You**.

## How do I sign up?

If you're not already a Kiwibank customer, **You** need to open an **Account** with Us, either by going in to **Your** local Kiwibank, applying online or calling Us on 0800 523 523.

If **You** choose to have an **Account** with Us this means **You** agree to be bound by Kiwibank's General Terms and Conditions (**GTC**). It is important that **You** read the **GTC**. A copy is on Kiwibank's website.

By opening a PIE Term Deposit Fund **Account**, **You** also agree to be bound by the **Trust Deed**. For more information on the **Trust Deed** and the **Trust**, refer to the Sections 'Who's involved in the **Trust**?' & 'What is in the **Trust Deed**?' below. The **Trust Deed** is available on the Kiwibank website at [kiwibank.co.nz](http://kiwibank.co.nz) or on request from Kiwibank.

## How are deposits made?

Each separate investment in the PIE Term Deposit Fund must be a minimum of \$10,000.

Initial investments can be made at **Your** local Kiwibank by cash or cheque or **You** can transfer money electronically from any Kiwibank account in **Your** name.

**You** can choose to invest up to \$5 million across all Kiwibank products.

## What returns will I get from the PIE Term Deposit Fund?

The PIE Term Deposit Fund aims to provide **You** with a pre-tax return similar to a term deposit with Kiwibank. It also provides the benefits of a term deposit, such as a rate of return that is locked in for a set time when **You** invest.

**You** select a fixed investment term from the range of terms **We** offer. This is then the length of time that **Your** investment will run for. **Your Unit** will be redeemed, and returns paid, on the maturity date which is the last day of the agreed fixed term of **Your** investment. **Your** return will be available in **Your Account** on the maturity date or on the first business day after the maturity date if it falls on a non-business day.

**You** can find the current rates of return and corresponding terms of investment for the PIE Term Deposit Fund on the "Compare rates" page of Kiwibank's website at [kiwibank.co.nz](http://kiwibank.co.nz).

In addition to the rate of interest paid on the deposit, **Your** returns will be affected by the amount and length of time **You** invest in the PIE Term Deposit Fund, whether **We** allow **You** to make an early withdrawal or redemption and, if so, the amount of **Early Termination Charge**, and taxes and duties **You** are required to pay.

**Your** return will be calculated and accrue on **Your Account** on a daily basis. **Your** return is only available to be withdrawn by **You**, after deducting any tax, fees and charges payable, on the maturity date or any earlier date **We** allow **You** to redeem **Your Unit** entirely.

The PIE Term Deposit Fund invests exclusively in a New Zealand dollar, interest bearing deposit with Kiwibank. Kiwibank pays interest on the deposit at a rate equal to the average return for each **Unit** in the **Fund** (weighted according to the balance of each **Account**) before tax plus any fees and charges.

**We** will deduct any tax, fees and charges owing from **Your** return.

## **Can I make withdrawals?**

Like a traditional term deposit, **Your** rate of return is locked in for a set time when **You** invest and **Your Unit** will be automatically redeemed on the maturity date.

On redemption, **You** will receive **Your Unit** value, less any tax, fees and charges. **You** can either choose to reinvest or have **Your** balance paid into a New Zealand bank account of **Your** choice.

**You** can request to make a withdrawal early. Any withdrawals are at **Our** discretion and, once requested, **You** can't change **Your** mind.

**You** generally will need to make a withdrawal request at least 3 working days before **You** need the money.

**You** cannot break **Your** term deposit within the first 30 days. After 30 days, if **We** agree to **You** making a withdrawal, it must be of at least \$500 and **You** must maintain the minimum balance of \$10,000, or **You** can ask to withdraw all of **Your** balance by redeeming **Your Unit** entirely.

If **We** agree to allow **You** to make an early withdrawal or redeem **Your Unit** entirely, **You** will be charged an **Early Termination Charge** as described below.

Withdrawals can be requested by phone, in limited online circumstances or at **Your** local Kiwibank.

## **What is it going to cost me?**

**We** don't currently charge **You** any fees for investing in the PIE Term Deposit Fund or for **Our** management or administration of the PIE Term Deposit Fund.

Just like a traditional term deposit, there is an **Early Termination Charge** if **We** agree to allow **You** to withdraw all or part of **Your** investment before the maturity date.

If, as a result of the withdrawal, **Your** balance is less than the minimum amount and **We** decide to refund **Your** investment, the **Early Termination Charge** will apply to all of **Your** investment.

The amount of the charge varies depending on the interest rate that applied at the time **You** invested and how long **You** have remained in the investment.

The **Early Termination Charge** is a reduction in the interest payable to **You** on the amount withdrawn and will be calculated Using the following formula:

**Early Termination Charge** = amount to be withdrawn x (days investment/365) x ('actual rate' less 2%), where the actual rate is the rate of return **We** agreed when **You** invested.

Examples of how the **Early Termination Charge** will be applied can be found on [kiwibank.co.nz/personal-banking/investments/our-products/term-deposits/early-termination](http://kiwibank.co.nz/personal-banking/investments/our-products/term-deposits/early-termination).

## Refusal of repayment

While **We** will generally repay **Your** investment and any returns owing, **We** may refuse to repay **Your** PIE Term Deposit Fund investment and any return owing to **You** if:

- **We** know or reasonably suspect something illegal has happened or may happen in relation to **Your** investment; or
- **You** have not provided all required information, or **We** have not been able to verify it to **Our** reasonable satisfaction.

## How is my investment taxed?

The **Trust** pays tax under the **PIE** rules. This means that all taxable income on **Your** investment in the PIE Term Deposit Fund is taxed at **Your** Prescribed Investor Rate (**PIR**). Currently **PIR** rates for individuals and entities are 0%, 10.5%, 17.5% or 28%. Information on how to calculate **Your PIR** can be found on the Inland Revenue website at [ird.govt.nz](http://ird.govt.nz).

**We** need **Your PIR** and IRD number in order to open a PIE Term Deposit Fund account. It's important that **You** give Us the correct **PIR**. If the **PIR** **You** give Us is too low **You** will need to include **Your** PIE Term Deposit Fund interest in a tax return and will be taxed at **Your** relevant tax rate. Alternatively, if **You** give Us a **PIR** that is too high, **You** will not be able to get a refund of the tax paid. If **You** do not give Us a **PIR** at all, **Your** returns will be taxed at the **PIR** default rate of 28%, which may be higher than **Your** correct **PIR**.

**We** will generally deduct any tax liability from **Your Account**, on **Your** returns up to the date of **Your** withdrawal. However, **We** may also deduct the tax paid or owing to Us or the **Supervisor** from any amount that **We** pay to **You**.

It is important that **You** understand the tax consequences for **You** if **You** invest in the PIE Term Deposit Fund and **You** should seek professional tax advice before **You** invest in the **Trust**. Tax advice cannot be provided by the **Manager**, Kiwibank, related entities of the **Manager** or Kiwibank, or the **Supervisor**. **We** are also not responsible for any tax consequences **You** might experience.

## What changes can the Manager make to the PIE Term Deposit Fund?

**We** may change **Our** policy on paying the **Supervisor's** fees, and the PIE Term Deposit Fund costs and expenses incurred by Us and the **Supervisor**. **We** will give **You** at least three months' written notice if **We** intend to do this.

**We** may also change:

- the minimum and maximum initial amount **You** may invest and minimum and maximum balance and minimum withdrawal requirements;
- the **Trust's** distribution policy for its returns;
- the investment objectives and policies for the **Fund**; and
- the **Trust Deed**, in certain circumstances, and only by agreement with the **Supervisor**.

**We** will give **You** at least one months' notice if **We** intend to make any of these changes.

**We** may also terminate the **Fund** if **We** give **You** three months' written notice.

If the **Trust** is terminated **You** will receive **Your** investment and any returns owing as set out in the **Trust Deed** and required by law.

## When can the Manager cancel an investment?

The **Manager** can cancel and refund **Your** investment if:

- **Your** balance falls below \$10,000;
- **Your** investment threatens to cause or causes the **Trust** to become ineligible as a **PIE**. For example if **You** (together with any person associated with **You**) hold more than 20% (or such other percentage as **We** determine) of the total value of the **Fund**.

## Am I guaranteed to get my investment back?

Investments in the PIE Term Deposit Fund are investments in a managed fund and do not directly represent deposits or liabilities of Kiwibank. However, the **Fund** invests with **Our** parent company Kiwibank and Kiwibank guarantees **Our** obligation to pay **You** under the **Trust Deed**.

New Zealand Post Limited had also guaranteed Kiwibank's payment obligations under this guarantee.

New Zealand Post has given notice that it will terminate this guarantee effective from 28 February 2017. This will not affect any payment obligations of Kiwibank that were already guaranteed at the time the guarantee is terminated.

There could be situations in which **You** may not get back the money **You** invested in the PIE Term Deposit Fund. That includes if the **Trust** and **Our** parent or ultimate holding companies become insolvent or are wound up, or if **We** are required by Inland Revenue or otherwise by law to deduct or withhold money from **Your** investment.

## Who's involved in the Trust?

Kiwibank Investment Management Limited is the **Manager** and Issuer of the **Trust**.

The **Manager** is a wholly-owned subsidiary of Kiwibank. Trustees Executors Limited is the trustee and supervisor of the **Trust** and supervises the **Manager's** performance of its legal obligations and duties, including those set out in the **Trust Deed**.

## What is in the Trust Deed?

When **You** deposit money in the PIE Term Deposit Fund, **You** are issued with **Units** under the **Trust Deed** and **You** are bound by its provisions. The **Trust Deed**:

- sets out the terms on which the **Supervisor** holds the assets of the **Trust** for **You** and other **Unit** holders;
- sets out the powers and responsibilities of the **Manager** and the **Supervisor**;
- governs **Your** investment in a **Unit** in the **Trust**;
- provides that the **Supervisor** and the **Manager** are indemnified out of the **Trust's** assets for any costs incurred in performing their duties; and
- allows Us, in certain circumstances and with the **Supervisor's** agreement, to amend the **Trust Deed** without consulting **You**.

## Termination of the Trust

The **Trust** can be terminated:

- if **We** give **You** three months' written notice;
- if **investors** pass an extraordinary resolution to terminate it; or
- under the **Trust Deed** or by law.

If the **Trust** is terminated **You** will receive **Your** investment and any returns owing as set out in the **Trust Deed** and required by law.

## Supply of information

**We** need to gather information from **You** to comply with **Our** legal obligations and to provide banking services to **You**. All information **You** give **Us** is held in accordance with the Privacy Act 1993. Further details about how **We** might use and disclose **Your** information is in the **GTC** and on **Our** website.

**We** may ask **You** to provide information to **Us** to determine whether the **Trust** continues to meet the **PIE** eligibility requirements. **You** must supply the information **We** request within 30 days of **Our** request.

## Other information You can obtain

**You** can obtain a copy of Kiwibank's Disclosure Statement at [kiwibank.co.nz](http://kiwibank.co.nz).

**We** will provide **You** with any additional information, for example a copy of any changes to the **Trust Deed** or the investment policy for the Fund as required.

## Who do I contact if I have a question or a problem?

**You** can find out **Your** balance, current rate of return and other **Account** information online via Internet Banking, at **Your** local Kiwibank or by calling 0800 11 33 55.

For other enquiries, including any complaints or problems **You** have with **Your** investments in the **Trust**, contact **Us** at:

Kiwibank Investment Management Limited  
Level 8, New Zealand Post House  
7 Waterloo Quay  
Wellington 6011

### Postal address:

Private Bag 39888  
Wellington Mail Centre  
Lower Hutt 5045

Telephone: 0800 11 33 55  
From overseas: +64 (4) 473 11 33  
Fax: (04) 462 7922  
Email: [service@kiwibank.co.nz](mailto:service@kiwibank.co.nz)

**You** can contact the **Supervisor** at:

Trustees Executors Limited  
Level 5, 10 Customhouse Quay  
Wellington 6011

Telephone: (04) 495 0999  
Fax: (04) 496 2952

## Meaning of words

### What do the words in bold mean?

**Account** means, in relation to a **Unit**, the **Account** maintained by the Trustee in relation to that **Unit** and to which amounts are credited and debited in accordance with the **Trust Deed**.

**Early Termination Charge** means the charge that will apply if **We** allow **You** to terminate **Your** investment either by withdrawing part of **Your** investment or redeeming **Your Unit** entirely in the PIE Term Deposit Fund before its maturity date.

**Fund** means the Kiwibank PIE Term Deposit Fund.

**GTC** means Kiwibank's "General Terms and Conditions".

**PIE** means "Portfolio Investment Entity" as defined in the Income Tax Act 2007.

**Proxy** means a **proxy** that holds **Units**, or applies to hold **Units**, on behalf of another person or entity (as referred to in section HM 33 of the Income Tax Act 2007).

**Supervisor** means Trustees Executors Limited, as the trustee and supervisor of the **Trust**.

**These Terms** means the terms and conditions set out in this document (as changed, updated or replaced).

**Trust** means the Kiwibank PIE Unit Trust established pursuant to the **Trust Deed**.

**Trust Deed** means the Kiwibank PIE Unit **Trust Deed** and the Kiwibank PIE Term Deposit Fund Establishment Deed, each dated 26 May 2008 (as amended from time to time).

**Unit** means an undivided proportionate share in the beneficial interest in the assets of the **Fund** to which the **Unit** belongs.

**We, Manager, our** and **us** mean Kiwibank Investment Management Limited.

**You, your** and **investor** mean the person or entity who invests in the **Fund**, and where investments are made through a **Proxy**, the **Proxy** is the investor. If more than one of **You** are investing together, "You" and "investor" mean each of **You** jointly and individually, unless the context requires otherwise.

In addition, all terms defined in the **Trust Deed** (which are not separately defined in **These Terms**) have the same meanings where used in **These Terms**, unless the context otherwise requires.