

# 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 1 February 2021 ('PDS').

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

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# Glossary of terms

Term	Explanation
<b>Account</b>	Your personal account holding the full balance that you have in KiwiSaver.
<b>Administration manager</b>	The company appointed by the Manager to administer the Scheme, currently Aon New Zealand.
<b>Administrator</b>	The company that maintains the Scheme's member registry and financial records, currently Link Market Services Limited.
<b>Alternative investments</b>	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.
<b>Attributed tax</b>	The tax a KiwiSaver member pays on their investment returns from a KiwiSaver scheme. This is deducted from those returns.
<b>Attributed tax credit</b>	The rebate or refund of attributed tax that a KiwiSaver member may be eligible to receive. This is added to their investment returns.
<b>Benchmark asset allocation</b>	See "Target investment mix".
<b>Benchmark return</b>	A targeted investment return we set for a fund against which the actual performance of that fund is compared.
<b>Business day</b>	A day when KiwiSaver providers are open for business.
<b>Buy/sell spread</b>	A buy/sell spread may apply to the unit prices of a managed fund to provide for trading expenses. The buy spread is the addition to the unit price to buy units in the fund. The sell spread is the deduction from the unit price to sell units in the fund.
<b>Complying superannuation fund</b>	A New Zealand retirement scheme that offers KiwiSaver-consistent savings incentives to members who agree to contribute on terms similar to the KiwiSaver scheme rules. An Australian complying superannuation scheme is an Australian superannuation scheme from which money can be transferred into KiwiSaver. See <a href="http://superfundlookup.gov.au">superfundlookup.gov.au</a> for a list.
<b>Consumer price index (CPI)</b>	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.
<b>Counterparty</b>	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.
<b>Currency hedging</b>	See "Hedging".

<b>Term</b>	<b>Explanation</b>
<b>Custodian</b>	A company separate from the manager of a KiwiSaver scheme that keeps hold of the assets of the KiwiSaver scheme. The custodian for the Scheme is currently Aon KiwiSaver Nominees Limited, a company set up by the supervisor.
<b>Defined contribution scheme</b>	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.
<b>Derivatives</b>	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.
<b>Disclose Register</b>	The official government register of schemes and offers. See <a href="https://disclose-register.companiesoffice.govt.nz">disclose-register.companiesoffice.govt.nz</a> .
<b>Equities</b>	See “Shares”.
<b>Financial adviser</b>	Someone who can give you financial advice. Financial advisers are regulated by the Financial Markets Authority. You can find out about getting financial advice at <a href="https://fma.govt.nz/investors/getting-financial-advice">fma.govt.nz/investors/getting-financial-advice</a> .
<b>Financial Markets Authority (FMA)</b>	The New Zealand regulator responsible for promoting the development of fair, efficient and transparent financial markets. The FMA regulates all KiwiSaver schemes. See <a href="https://fma.govt.nz">fma.govt.nz</a> .
<b>FMCA</b>	The Financial Markets Conduct Act 2013 as amended from time to time.
<b>Fixed interest investment</b>	A kind of investment, such as bonds or term deposits, that pays the investor interest payments over a set period of time (at rates that are fixed or agreed when the investment is made).
<b>Foreign exchange rate</b>	The rate at which one currency can be exchanged for another.
<b>Foreign superannuation transfer</b>	Moving money from an overseas pension or superannuation scheme into KiwiSaver. Not all countries will permit transfers into KiwiSaver.
<b>Fund</b>	A pool of money from many individuals that an investment manager invests. Each KiwiSaver scheme has a number of funds within it to choose from. There are different types, such as conservative, balanced or growth, each with a different mix of growth assets and income assets.
<b>Government contribution</b>	The amount the government puts in to your account each year while you contribute, are aged at least 18 and are not yet entitled to make retirement withdrawals. Currently the government matches every dollar that you contribute with 50 cents, up to a maximum government contribution of \$521 each year. To receive this maximum, you need to put in \$1,042 over the course of a year (by mid-June). The government contribution is often called the “member tax credit”.

Term	Explanation
<b>Growth assets</b>	“Growth” assets such as shares and property have more potential to grow in value over the medium to long term than income assets (although they also involve more risk and will have greater ups and downs in value).
<b>Hedging</b>	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.
<b>Income assets</b>	Sometimes called “defensive assets”, these kinds of investments pay a regular amount of interest. Cash and fixed interest investments are examples of income 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.
<b>Investment consultant</b>	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.
<b>Investment fund</b>	See “Fund”.
<b>Investment manager</b>	The company appointed by the Manager to provide overall investment management services, Aon New Zealand.
<b>Investment objective</b>	A description of the return that the manager of a fund is aiming to achieve over a stated period. The investment objective will also usually include how much risk or volatility is expected.
<b>Investment return</b>	This is the money you make on your investment to KiwiSaver. Your return can be positive or negative.
<b>Kick-start</b>	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.
<b>KiwiSaver account</b>	See “Account”.
<b>KiwiSaver Act</b>	The KiwiSaver Act 2006, as amended from time to time. It sets out many of the rules that apply to KiwiSaver schemes.
<b>KiwiSaver scheme</b>	A primarily work-based scheme governed by the KiwiSaver Act that takes in contributions and invests them for your retirement.
<b>KiwiSaver scheme rules</b>	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.
<b>Managed fund</b>	A pool of investors’ money invested by one or more investment managers. A KiwiSaver scheme is a type of managed fund.

<b>Term</b>	<b>Explanation</b>
<b>Managed investment scheme (MIS)</b>	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.
<b>Manager (we, us, our, ourselves)</b>	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.
<b>Member (you, your)</b>	Someone who belongs to the Scheme and is entitled to its benefits.
<b>Member tax credit</b>	See “Government contribution”.
<b>Permitted withdrawal</b>	A withdrawal of funds that is permitted under the KiwiSaver scheme rules (see “Aon KiwiSaver Scheme Withdrawing” at <a href="http://aonkiwisaver.co.nz">aonkiwisaver.co.nz</a> for more information).
<b>Portfolio investment entity (PIE)</b>	A fund, such as the Scheme, that pays tax based on each member’s prescribed investor rate (PIR).
<b>Prescribed investor rate (PIR)</b>	The rate at which your returns are taxed when you are in a KiwiSaver scheme that is a portfolio investment entity. We will use the PIR provided by you unless we are notified by Inland Revenue to use a different PIR. If you don’t tell us your PIR, we will tax your investments at 28%. You can find out more about choosing the right PIR at <a href="http://ird.govt.nz/pir">ird.govt.nz/pir</a> .
<b>Product disclosure statement (PDS)</b>	A key document that describes how the Aon KiwiSaver Scheme works, including information about the Manager. It also gives you an understanding of the funds, their risks and returns, and the fees.
<b>Rebalancing</b>	Changing the allocation of assets to move closer to the target investment mix.
<b>Return</b>	See “Investment return”.
<b>Risk</b>	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.
<b>Savings suspension</b>	Temporarily stopping your contributions to KiwiSaver (sometimes called a “contributions holiday”). You can do this provided you have been contributing to KiwiSaver for at least 12 months - or less if you are experiencing financial hardship. If you apply for a savings suspension, the minimum period for which you can suspend your contributions is 3 months and the maximum period is one year. Suspending your contributions, however, means that employer contributions and government contributions to your account will also stop and you will miss out on that money going into your account.
<b>Scheme</b>	Aon KiwiSaver Scheme.

Term	Explanation
<b>Shares</b>	A kind of investment that gives part ownership in a company and can bring returns from profits shared by the company (dividends) or from selling the shares for more than you paid. Shares are growth assets and are also known as equities or stocks.
<b>Statement of investment policy and objectives (SIPO)</b>	The document that details a KiwiSaver scheme manager's investment strategy and goals for the scheme and each fund in the scheme and how scheme investments are required to be managed. It is also known as a SIPO. Every scheme must have one, and you can get it from your KiwiSaver scheme's website and the Disclose Register.
<b>Supervisor</b>	The licensed entity independent of the manager of a KiwiSaver scheme that supervises the manager's management of the scheme. The supervisor for the Scheme is currently Public Trust.
<b>Swing pricing</b>	A swing price adjustment may apply to the unit prices of a managed fund. The swing price adjustment (up or down) to the unit price provides for the net trading costs incurred by the underlying fund.
<b>Tactical asset allocation</b>	A short term strategy that adjusts a fund's asset allocation to take advantage of market conditions or pricing anomalies.
<b>Target investment mix</b>	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.
<b>Trust deed</b>	The governing document for the Scheme that sets out how the Scheme operates, and what the Manager can and can't do with your money. It covers the rights and responsibilities of members, the supervisor and the Manager.
<b>Underlying investment managers</b>	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.
<b>Units</b>	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.
<b>Unit price</b>	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.

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## About Aon

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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.

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