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 1 February 2021 ('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**

Dated: 1 February 2021

Tax

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

The following comments are intended to be only a general summary of the relevant New Zealand tax laws as at 21 January 2021.

Neither the supervisor nor the Manager accepts any responsibility for an investor's tax consequences. Investors should consider their own taxation position and if necessary seek professional advice before investing.

Prescribed investor rate (PIR)

The Aon KiwiSaver Scheme is a type of portfolio investment entity ('PIE') known as a multi-rate 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 account i.e. selling some units.

You need to tell us which tax rate to use. Work out your PIR using the table below. You will need to know the amount of your taxable income and your PIE income in each of the last two 'income years'. For most (but not all) people their income year will be the same as the tax year which is the period from 1 April in one year to 31 March the next year. You can find your PIE income on your PIE tax certificates.

Working out your PIR

It is important that you fill in your PIR on the application form. 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%. If we have your correct PIR, you won't have to declare any investment earnings from the Scheme on your annual tax return.

Prescribed investor rate vs. personal tax rate

Your prescribed investor rate is the tax rate used for your 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.

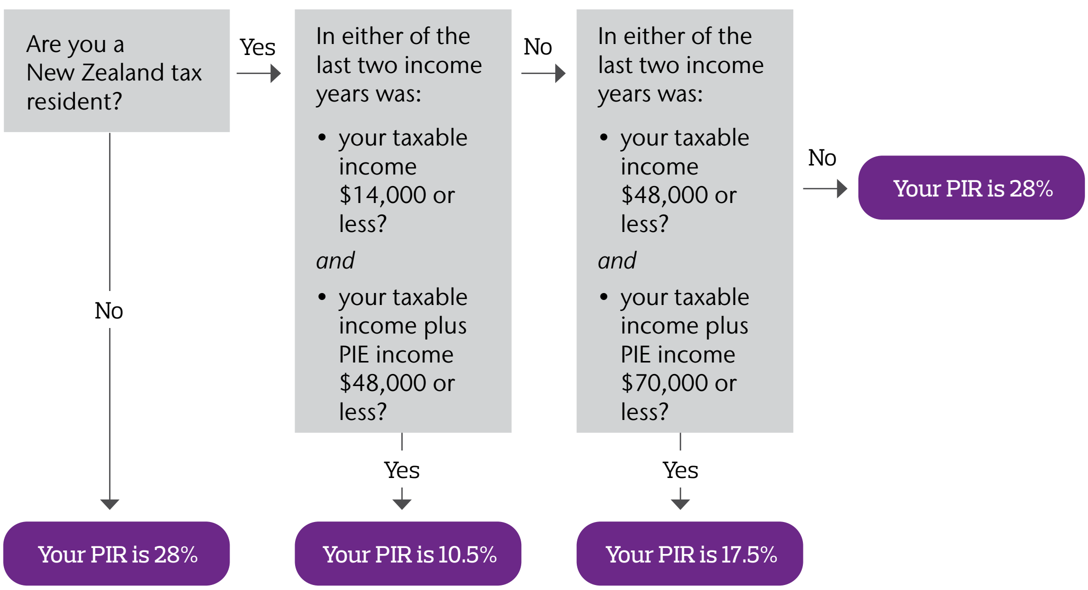
If Inland Revenue notifies us of a different PIR for you, we will apply that different PIR.

Keeping your prescribed investor rate up to date

Please let us know of any change to your PIR. You can change your PIR online at aonkiwisaver.co.nz or by contacting the administrator. Each year we must request that you confirm your PIR. If it is correct, you do not have to do anything. If it is incorrect, please provide the correct PIR to us.

We can't change tax payments we have already made on your 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 then, for the 2021 income year (commencing 1 April 2020) onwards, as part of Inland Revenue's income tax year-end process, any excess tax may result in a refund to you.



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

PIE tax certificates

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

PIE taxable income

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 calculated by reference 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).

What are foreign tax credits?

Foreign tax credits may provide relief from double taxation (which can arise when the same income is taxed in multiple countries). The amount of foreign tax that has already been paid on a particular source of off-shore income may be subtracted from the amount of tax owing to Inland Revenue on that particular source of income.

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.

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 – \$216,000	33.0%
\$216,001 and above	39.0%*

* This tax rate applies from 1 April 2021. Prior to 1 April 2021, a tax rate of 33% applies if your ESCT rate threshold amount is \$84,001 or more.

'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.

t: 0800 266 463

e: aonkiwisaver@linkmarketservices.com

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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.

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