

# kiwiSTART<sup>®</sup> Defined

Introducing the key features of our flexible KiwiSaver scheme that is competitive and can be tailored to your goals.

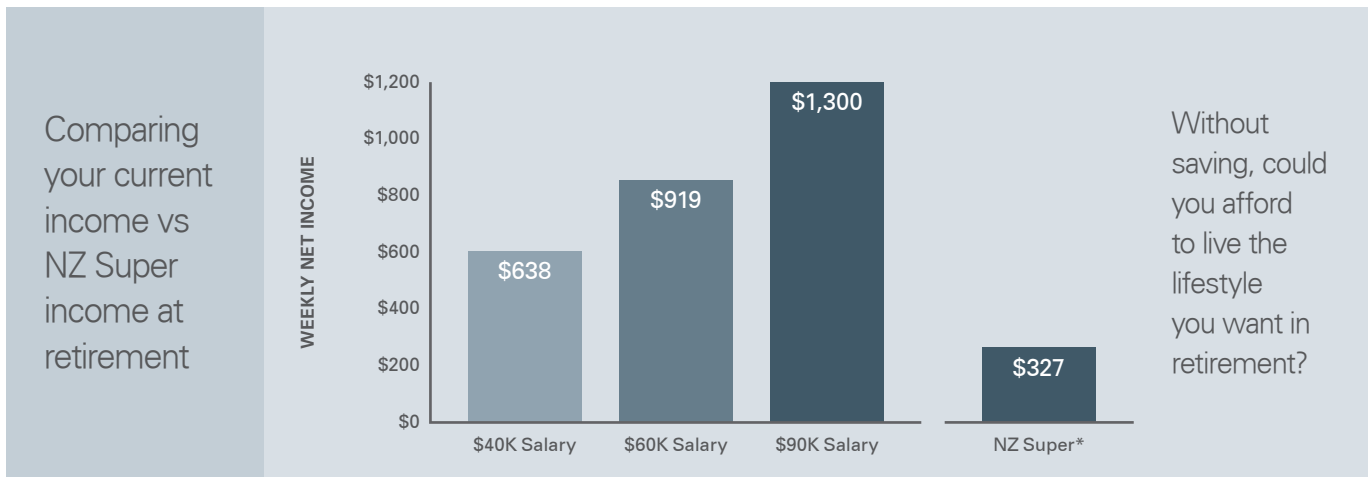


Investment **Options**

### Why save for your retirement?

Saving for your retirement is one of the easiest decisions to put off, but the longer you wait, the less financial security you will have for your retirement.

Currently most retired New Zealanders receive their income from two main sources; their personal savings and New Zealand National Superannuation (NZ Super).



This graph is based on a single person living alone from the age of entitlement to NZ Super, currently age 65. The weekly net income amounts for each salary level are based on the applicable personal tax rates as at 1 October 2010.

### The aim of KiwiSaver

KiwiSaver is a Government savings initiative designed to encourage New Zealanders to save for their retirement.

#### Your contribution

- If you are employed and you are a member of a KiwiSaver scheme, you will generally need to contribute 2%, 4% or 8% (as nominated by you) of your gross (pre-tax) salary or wages - this is deducted from your net (after-tax) pay. If you do not nominate a contribution rate, the default is 2%. The Government has announced a proposal in the 2011 Budget that the minimum employee contribution rate will rise from 2% to 3% with effect from 1 April 2013. This will also be the new default contribution rate.\*
- If you are self-employed or a non-worker, you can decide how much you contribute into KiwiSaver (certain conditions may apply, please see our Investment Statement for details).

#### Employer contribution

- From age 18, if you are employed and contributing to KiwiSaver your employer will generally be required to contribute as well.
- These employer contributions are 2% of your gross (pre-tax) salary or wages. The Government has announced a proposal in the 2011 Budget that the compulsory minimum employer contribution rate will rise from 2% to 3% of the employee's gross salary or wages with effect from 1 April 2013.\*

**As an example, if you earned \$60,000 per year for 40 years, your employer contributions could add up to \$48,000.**

#### Government contribution

- When you first join KiwiSaver, the Government will kick-start your savings with \$1,000 in your first year.
- Subject to certain criteria, from age 18, you may receive member tax credits of 50 cents per dollar of qualifying member contributions (up to \$10 per week, \$521.43 per annum).

**At this current rate, over 40 years this could all add up to \$21,857.20 from the Government alone.**

\* The Budget proposals described above are proposals only at the date of this Investment Options Brochure.

## KiwiSaver helps stretch your investment dollar

In the first year alone you could more than double the contributions in your Member KiwiSaver Account thanks to the incentives of KiwiSaver.

### Example:

A 2% contribution for an employee earning \$60,000 pa



If you earn \$60,000 per annum, by investing \$1,200 in the first year you increase your first year contribution by 225% and each subsequent year by 140% before taking into account the performance of the portfolio. This increase takes into account the Government kick-start which is only received in your first year of membership in KiwiSaver.\*

\*The above assumes that your employer's contributions are exempt from Employer Superannuation Contribution Tax (ESCT). From 1 April 2012 ESCT will apply to all employer contributions and therefore the numbers above will change. The Government announced a proposal in the 2011 Budget that from 1 April 2013 that the minimum employee and employer contribution rates will be raised to 3% of your gross salary or wages.

## Other features of interest

### Tax exempt employer contributions

Compulsory employer contributions of up to 2% of an employee's gross salary or wages are exempt from Employer Superannuation Contribution Tax (ESCT) until 31 March 2012, thereafter these employer contributions will be subject to ESCT at the appropriate rate.

### Contributions holiday

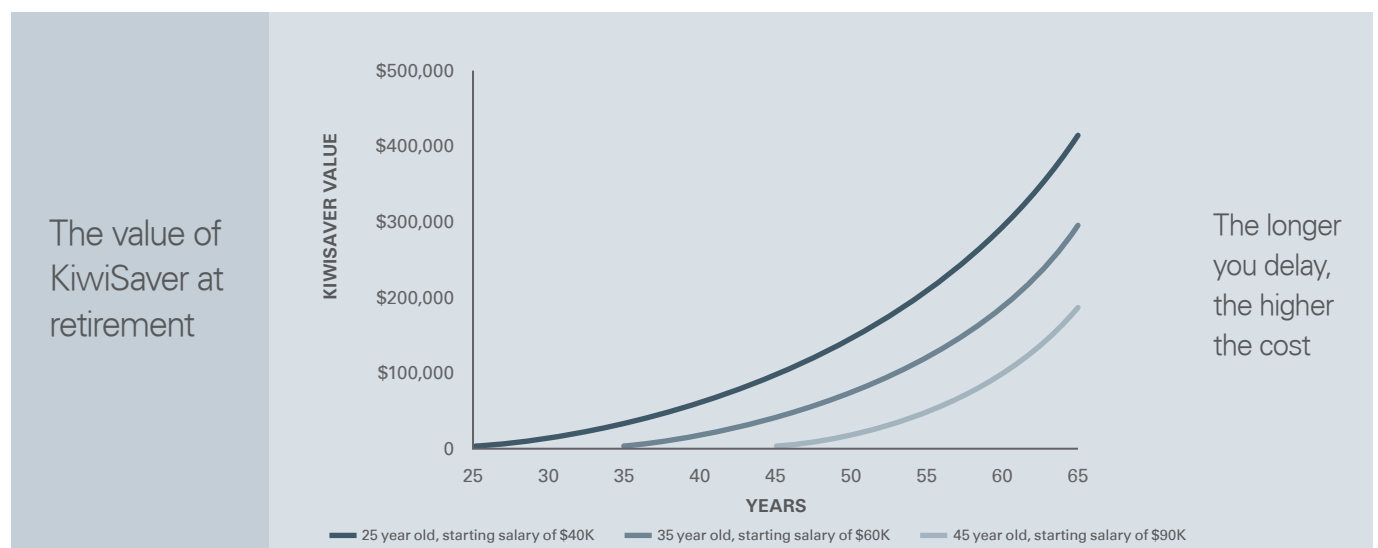
- After being a KiwiSaver member for 12 months, you can choose to take a break – called a contributions holiday.
- This can last between three months and five years.
- You can still contribute \$1,042.86 to your KiwiSaver provider each year in order to receive member tax credits of \$521.43 from the Government.

### Withdrawal to buy your first home

- After you have been contributing to KiwiSaver for three years you may be able to withdraw part (or all) of your contributions, and your employer contributions, to buy your first home (not an investment property).
- Your Government \$1,000 kick-start and member tax credits cannot be withdrawn to buy your first home.

## The benefit of joining KiwiSaver now

The graph below demonstrates how much better off an employee could be at retirement by joining KiwiSaver sooner rather than later. The effect of long-term compounding investment returns highlights the cost of delaying your decision to join KiwiSaver.



This graph assumes starting salaries rise steadily at 3% per annum until age 65 and employees contribute 2% of their salary to their KiwiSaver scheme, which is matched by their employer. This graph includes the \$1,000 kick-start and member tax credit (Government incentives of KiwiSaver). All value amounts are shown in today's dollar terms. The graph above is an illustration using an average investment return of 5% pa (after fees and taxes) and does not represent any indication of future performance.

## kiwiSTART® Defined

### Why choose kiwiSTART® Defined?

kiwiSTART® Defined is a simple way to invest for your retirement, providing you with control of your investment choices, backed by Craigs Investment Partners comprehensive research.

You benefit from our expertise as we study the markets and select a diverse range of investment opportunities that meet the investment criteria of our Defined Portfolios Unit Trusts<sup>1</sup>. kiwiSTART® Defined has been created as a PIE (Portfolio Investment Entity) to provide tax advantages to taxpayers.

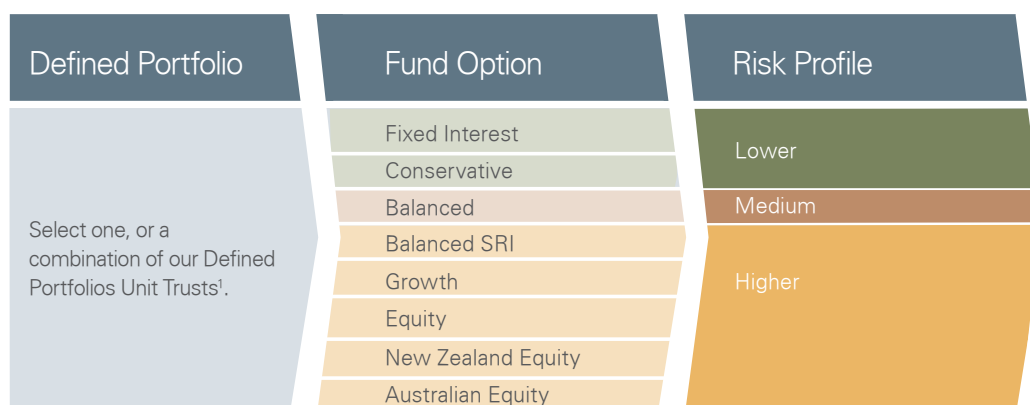
Product feature	Benefit to you
<b>Choice of risk based funds</b>	You can choose from our range of risk based Investment Options which correspond to our Defined Portfolios Unit Trusts <sup>1</sup> that best suit your needs and risk profile. You have a choice of any one or, with the approval of the Manager, a combination of our funds. You can also switch your investment between funds at any time.
<b>Managed for you</b>	The Scheme invests in the Defined Portfolios Unit Trusts which are professionally managed and constantly monitored by Craigs Investment Partners Investment Management Limited. The performance of each of the funds is regularly reviewed by an investment committee of senior Craigs Investment Partners research staff and Investment Advisers.
<b>Full portfolio administration</b>	The Defined Portfolios provide freedom from the day-to-day administration of your portfolio, saving you time and hassle. All your investment correspondence is looked after, including the collection and automatic re-investment of dividends and end of year tax reporting. Every six months you will receive a portfolio report on the performance of your investment.
<b>Investment advice</b>	Your Investment Adviser is available to help you determine which fund best suits your risk profile.
<b>Proven investment philosophy and performance</b>	<p>The key tenets of our investment philosophy are:</p> <ul style="list-style-type: none"> <li>• Minimisation of costs</li> <li>• Focus on quality</li> <li>• Compounding returns</li> <li>• Buy and monitor approach</li> </ul> <p>This ensures a balanced approach is applied to our investment portfolios. Craigs Investment Partners Investment Management Limited, backed by our research team<sup>1</sup>, actively monitors the composition of the Defined Portfolios Unit Trusts with the aim of achieving above-average risk adjusted returns.</p>
<b>PIE tax advantages</b>	As kiwiSTART® Defined is a Portfolio Investment Entity (PIE) your investment income is taxed at your Prescribed Investor Rate (PIR) of 10.5%, 17.5% or 28%. PIEs are not taxed on gains from the sale of shares in New Zealand companies and shares in most Australian listed companies.
<b>KiwiSaver tax advantages</b>	Employer Contributions of up to 2% of your gross salary or wages are exempt from tax (ESCT) until 31 March 2012 when these employer contributions will be subject to ESCT <sup>2</sup> at the appropriate rate. You receive the full or gross benefit of your employer's contributions to your KiwiSaver scheme to the extent that the contribution is exempt from ESCT (until 31 March 2012).

<sup>1</sup> Please see our website [www.craigsip.com](http://www.craigsip.com) for further details.

<sup>2</sup> ESCT - Employer Superannuation Contribution Tax. Please refer to the kiwiSTART® Defined Investment Statement for further details.

## What are your Investment Options?

kiwi**START**<sup>®</sup> Defined offers eight investment options



When selecting an Investment Option you need to consider your appetite for investment risk. We recommend that you seek advice from a Craigs Investment Partners Adviser before making an investment decision.

Note: If you would like the ability to tailor your portfolio through direct investment into shares you should consider our kiwi**START**<sup>®</sup> Select KiwiSaver scheme. An Investment Statement for kiwi**START**<sup>®</sup> Select is also available from your Craigs Investment Partners Adviser or you can download a copy from our website [www.craigsip.com](http://www.craigsip.com).

<sup>1</sup> An investment direction that includes a combination of funds will need to be approved by the Manager.

### Our investment approach

The Defined Portfolios apply Craigs Investment Partners investment philosophy with the aim of achieving successful outcomes, and providing above-average risk adjusted returns. We offer complete transparency so you know exactly what you have invested in and how much it will cost you.

Investment advice backed by quality research is a key pillar of our investment approach. Our research team<sup>2</sup> is one of the largest in New Zealand, providing broad research coverage on listed companies in New Zealand and access to one of the most comprehensive financial research resources in the world.

Our research team monitor financial markets and individual companies on a daily basis ensuring our Investment Advisers have access to current market analysis.

Our flexible solutions combined with our research team's investment philosophy provide you with a consistent approach to investing.

The key tenets of our investment philosophy are:

#### Minimisation of costs

Invest directly in listed securities and cost-efficient investment funds and trusts.

#### Focus on quality

A guiding principle is quality. Every security or fund considered must measure up to our investment criteria.

#### Compounding returns

Dividends and interest flows are reinvested, with the aim of ensuring you receive the full benefit of compounding returns.

#### Buy and monitor approach

Build and preserve your wealth by adopting long-term investment strategies. Aim to keep buy and sell decisions to a minimum as excessive trading raises costs and increases the risk of under-performing versus the market.

<sup>2</sup> Please see our website [www.craigsip.com](http://www.craigsip.com) for further details.

## Defined Portfolios

The Defined Portfolios provide easy access to a diversified range of risk based Investment Options.

ASSET CLASS KEY	
Income Asset:	<span style="color: #2c4e64;">■</span> CASH & FIXED INTEREST <span style="color: #008080;">■</span> Growth Asset: NZ/AUST EQUITIES <span style="color: #804020;">■</span> GLOBAL EQUITIES
<b>LOWER RISK</b>	<b>HIGHER RISK (cont)</b>
<p><b>FIXED INTEREST FUND</b></p> <p><b>Investment Objective</b></p> <p>To preserve capital while generating an income stream. The Fund will generally hold a diversified portfolio predominantly made up of New Zealand fixed interest and cash, including NZ Government stock, local authority stock, corporate bonds, term deposits, interest rate swaps, floating rate notes and forward rate agreements. The Fund may also hold global fixed interest either directly, through exchange traded funds or approved managed funds. All global investments will be fully hedged to New Zealand dollars.</p>	<p><b>GROWTH FUND</b></p> <p><b>Investment Objective</b></p> <p>To grow the value of capital. The Fund will generally hold a diversified range of investments made up predominantly of equities. The Fund will also hold New Zealand and international fixed interest based investments and cash. Investments in managed funds may be included if deemed appropriate.</p>
<p><b>CONSERVATIVE FUND</b></p> <p><b>Investment Objective</b></p> <p>To preserve capital, while generating an income stream that is automatically re-invested. The Fund will generally hold a diversified range of investments predominantly made up of cash, bank bills, fixed interest, and corporate debt securities. These income assets serve to reduce the downside risk of the investment markets. Equities may also be held to provide a growth component to the Fund. Investments in managed funds may be included if deemed appropriate.</p>	<p><b>EQUITY FUND</b></p> <p><b>Investment Objective</b></p> <p>To grow the value of capital. The Fund will hold a diversified portfolio of listed equity investments. Securities will be chosen by the Manager rather than being those included in a particular index. The Fund will invest predominantly in 'large cap' equities in recognised markets around the world. Listed funds, exchange traded funds and hedge funds may be included if deemed appropriate.</p>
<b>MEDIUM RISK</b>	<p><b>NEW ZEALAND EQUITY FUND</b></p> <p><b>Investment Objective</b></p> <p>To grow the value of capital. The Fund will hold a diversified portfolio of listed New Zealand equities and cash. Securities will be chosen by the Manager rather than being those included in any NZ equity index. The Fund will invest predominantly in 'large cap' equities. No single equity investment will exceed 15% of the Fund's investments. Futures and options may be used if deemed appropriate.</p>
<p><b>BALANCED FUND</b></p> <p><b>Investment Objective</b></p> <p>To grow the value of capital, by providing a mix of both capital growth and income. The Fund will generally hold a diversified range of investments made up of equities, New Zealand and international fixed interest based investments and cash. The income assets are included to aim to restrict the downside risk of market falls. Investments in managed funds may be included if deemed appropriate.</p>	<p><b>AUSTRALIAN EQUITY FUND</b></p> <p><b>Investment Objective</b></p> <p>To grow the value of capital. The Fund will hold a diversified portfolio of listed Australian equities and cash. Securities will be chosen by the Manager rather than being those included in any Australian equity index. The Fund will invest predominantly in 'large cap' equities. No single equity investment will exceed 15% of the Fund's investments. Futures and options may be used if deemed appropriate.</p>
<b>HIGHER RISK</b>	
<p><b>BALANCED SRI FUND</b></p> <p><b>Investment Objective</b></p> <p>To grow the value of capital, by providing a mix of both capital growth and income. The Fund will be restricted to companies and funds that are deemed to be Socially Responsible. On this basis, the Manager will invest in companies that it believes make a positive social or environmental contribution or that are endeavouring to operate in an environmentally and socially sustainable way.</p>	<p>Each Fund has been carefully structured with the aim of delivering the best possible return for the relevant risk profile. A monthly fact sheet for each of the Funds is available from the Craigs Investment Partners website <a href="http://www.craigsip.com">www.craigsip.com</a>.</p> <p><small>Portfolio compositions may change from time to time at the discretion of Craigs Investment Partners Investment Management Limited.</small></p>

## Frequently asked questions

### What are the charges?

The charges for kiwi**START**<sup>®</sup> Defined are listed in the table below. Where you invest in a selection of funds the charge will be pro rata.

	Defined Portfolio	Explanation of Fees
Administration fee	\$60 per annum	Covers the administrative cost of providing the support infrastructure for kiwi <b>START</b> <sup>®</sup> Defined, maintaining membership records and calculating and paying benefits.
Custodial service fee	0.75% Fixed Interest Fund 0.75% Conservative Fund 1.00% Balanced Fund 1.25% Balanced SRI Fund 1.25% Growth Fund 1.25% Equity Fund 1.25% New Zealand Equity Fund 1.25% Australian Equity Fund	Covers the cost of maintaining your account, processing contributions and withdrawals, receiving and actioning correspondence and preparing account statements. The custodial service fee is based on the gross asset value of each fund.

Note: The above fees may vary. The Trustee may be paid or reimbursed for all costs and expenses. For further information, please refer to the 'What are the charges' section in the Investment Statement.

### What returns will you get?

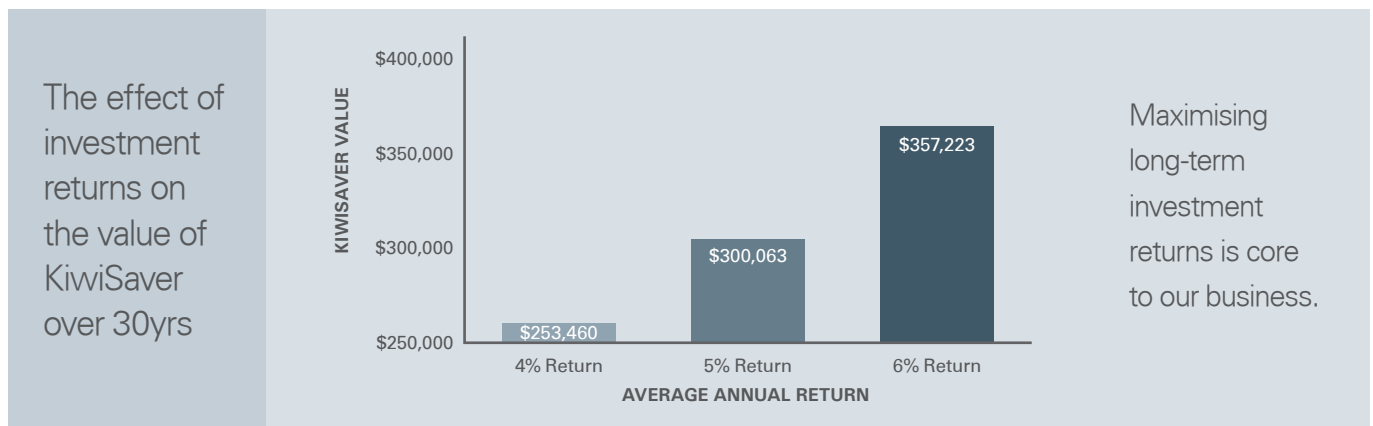
The value of your kiwi**START**<sup>®</sup> Defined Account will depend on the contributions you have made, the amount of Government incentives received, fees, tax and the returns achieved on your funds. The date of permitted withdrawal of your kiwi**START**<sup>®</sup> Defined Account is currently the age of entitlement to National Superannuation in New Zealand, which is age 65.

### What are your risks?

Your investment returns are not guaranteed and the value of your portfolio may go down as well as up. For full details on all the risks, which are common to most KiwiSaver and superannuation schemes, refer to the kiwi**START**<sup>®</sup> Defined Investment Statement.

### The effect of investment returns on the value of your KiwiSaver scheme

- A 1.00% increase in your average yearly return could substantially increase the value of your KiwiSaver scheme at retirement.



This analysis assumes three investors in KiwiSaver, who all begin investing in KiwiSaver at the age of 35 on starting salaries of \$60k that rise steadily at 3% per annum until age 65 and employees contribute 2% of their salary to their KiwiSaver scheme, which is matched by their employer. This graph includes the \$1,000 kick-start and member tax credit (Government incentives of KiwiSaver). Each Investor achieves a different average rate of return as shown above (after fees and taxes). All value amounts are shown in today's dollar terms. The graph above is an illustration and does not represent any indication of future performance.

## Next steps

KiwiSaver is a long-term investment and before making any decision we recommend seeking advice from your Craigs Investment Partners Adviser. If you do not have an Investment Adviser contact your nearest Craigs Investment Partners branch (see details below).

### How to Join kiwiSTART® Defined?

#### 1 Read the kiwiSTART® Defined Investment Statement

If you do not have a copy of this Investment Statement contact our **START®** Team on **0800 878 278** or download a copy from our website **www.craigsip.com**.

#### 2 Complete the kiwiSTART® Defined Application Forms

These are contained in the Investment Statement and should be returned to your nearest Craigs Investment Partners branch. Also include any necessary identification required with your application.

#### 3 Employees complete the KS2 Application Form

After you have completed the KS2 application form, return it to your employer.

#### Already with another provider?

- Compare your current KiwiSaver scheme with kiwiSTART®. Transferring to kiwiSTART® is easy, simply follow the same steps to join as above and we will do the rest.

#### Disclosure Statement

In accordance with the Financial Advisers Act 2008 (the 'Act') and the Code of Professional Conduct for Authorised Financial Advisers, this Investment Options Brochure is a class service and anyone receiving this Investment Options Brochure will not receive a personalised service involving personalised advice as defined by the Act.

This means that in providing the kiwiSTART® Defined Investment Options Brochure we will not consider whether kiwiSTART® Defined is suitable to your personal circumstances, and will not take into account your financial position, financial needs, financial goals or risk tolerance.

You should therefore consider your personal circumstances in determining whether kiwiSTART® Defined is suitable to you.

### Superannuation transfer service

#### UK Pensions

- Craigs Investment Partners offer a complimentary UK Pension transfer service that provides a hassle free method to convert your overseas pension into a New Zealand Superannuation Scheme, where you may be able to access funds tax-free at retirement.

#### Australian Superannuation

- It is expected that the Australian and New Zealand Governments will soon allow the transfer of retirement funds between complying superannuation funds, and Craigs Investment Partners intend to provide an Australian Superannuation transfer service.

To find out more on either of these services contact our **START®** team on **0800 878 278** or email [super.transfers@craigsip.com](mailto:super.transfers@craigsip.com).

Craigs Investment Partners is a registered KiwiSaver provider.

For full details on kiwiSTART® Defined, please refer to our Investment Statement. To request an Investment Statement contact our **START®** team on **0800 878 278** or download a copy at **www.craigsip.com**.

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**Kerikeri** (09) 407 7926

**New Plymouth** (06) 759 0015

**North Shore** (09) 486 6567

**Palmerston North** (06) 953 3460

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**FREEPHONE:** 0800 878 278

**WEBSITE:** [www.craigsip.com](http://www.craigsip.com)

The Craigs Investment Partners kiwiSTART® Defined scheme (kiwiSTART® Defined) is issued by The New Zealand Guardian Trust Company Limited (Issuer) and managed by Craigs Investment Partners Superannuation Management Limited (Manager). Investments made in kiwiSTART® Defined are subject to investment and other risks (including those set out in the Investment Statement and prospectus) and are not guaranteed by the Issuer, the Manager, their directors or any other person.