

December 2016

Kiwibank PIE Online Call Fund Terms and Conditions

What is the PIE Online Call Fund?

The **PIE Online Call Fund** is an investment where **You** agree to deposit money into an **Account** and **We** agree to pay **You** a particular rate of return.

The **PIE Online Call Fund** provides all the benefits of an online call account, such as ready access to **Your** money and a higher “bonus rate” of return at the end of each month if **You** do not make any withdrawals from **Your** investment during that month.

Your initial investment and **Your** ongoing balance need to be above the minimum amount (at the moment, \$2,000) in order to receive the rate of return that applies at the time.

If **Your** balance falls below \$2,000, **We** may, at **Our** discretion, let **You** keep **Your Account** open or refund **Your** investment.

If **Your** balance falls below \$2,000, no return will be earned.

You can keep adding money into **Your Account** at any time.

The **PIE Online Call 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 Online Call 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**.

As the **PIE Online Call 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.

The **PIE Online Call 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.

These Terms form the basis of **Our** agreement with **You** to invest in the **PIE Online Call 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 **Our** website.

By opening a **PIE Online Call 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 or on request from Kiwibank.

How are deposits made?

Initial deposits can be made by cash or cheque or by transferring funds from another bank account.

You can then deposit money into **Your Account** at any time with internet or phone banking.

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

What returns will I get from the PIE Online Call Fund?

The **PIE Online Call Fund** aims to provide **You** with a pre-tax return similar to a deposit in an online call account with Kiwibank.

The returns **You** will get will be interest on the amount **You** deposited (less any tax owed) plus repayment of the amount **You** deposited.

The base rate of return and bonus rate of return (additional interest earned if no withdrawals are made during the month)

are available on the “Compare rates” page of Kiwibank’s website at kiwibank.co.nz. These may change at any time without notice.

Your return will be calculated and will accrue on a daily basis.

Your monthly return will be credited to **Your Account** after close of business on the last day of the month.

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

Your net returns will appear on **Your** electronic or paper **Account** statement at the end of that month or, if **You** withdraw **Your** investment entirely, the next statement **You** receive after that.

Can I make withdrawals?

Like a traditional online call account, **You** have ready access to **Your** money. **You** may withdraw part of **Your** balance, or redeem **Your Unit** entirely, at any time.

Withdrawals can be requested by phone or internet, or at **Your** local Kiwibank.

Funds **You** withdraw will be paid to **Your Nominated Account**.

Your balance can fall below \$2,000, but **You** will not earn any return until it reaches \$2,000 again.

If **Your** balance falls below \$2,000 **We** may, at **Our** discretion, refund **Your** investment.

What is it going to cost me?

We don’t currently charge **You** any fees for investing in the **PIE** Online Call Fund or for **Our** management or administration of the **PIE** Online Call Fund.

Refusal of repayment

While **We** will generally repay **Your** investment and any returns owing, **We** may refuse to repay **Your PIE** Online Call 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** Online Call 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.

We need **Your** PIR and IRD number in order to open a **PIE** Online Call 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** Online Call 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** Online Call Fund and **You** should seek professional tax advice before **You** invest in the **Trust**. Tax advice cannot be provided by the **Manager**, Kiwibank, any 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 Online Call Fund?

We may change **Our** policy on paying the **Supervisor's** fees, and the **PIE** Online Call 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 month's written 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 returns as set out in the **Trust Deed** and at law.

When can the Manager cancel an investment?

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

- **Your** balance falls below \$2,000;
- **Your** investment threatens 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** Online Call 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 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** Online Call 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 Online Call 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 returns as set out in the **Trust Deed** and at 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.

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

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 **Supervisor** in relation to that **Unit** and to which amounts are credited and debited in accordance with the **Trust Deed**.

Fund means the Kiwibank **PIE** Online Call Fund.

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

Nominated Account means the New Zealand bank account nominated by **You** in **Your** application and to which any amount owing to **You** on a withdrawal or redemption from the **PIE** Online Call Fund, will be paid (credited) by **Us**.

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** Online Call 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.