

# iSelect

SUPERANNUATION

i-Select Single Member Scheme



## Freedom and control for your retirement

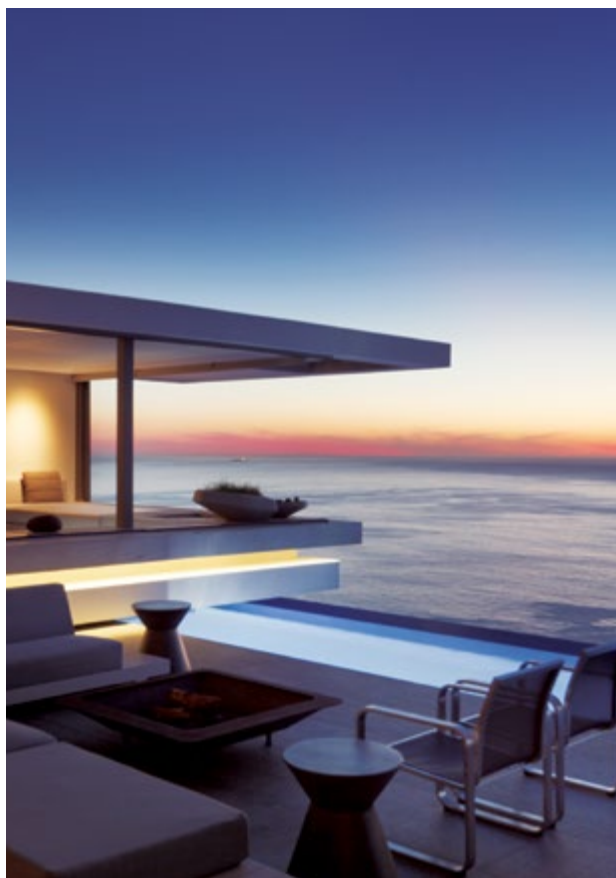
**For most of us, retirement saving provides the key to enjoying our later years in comfort and financial security. However, not every retirement savings scheme offers the freedom to invest how you want, in the things that matter most to you.**

The i-Select Single Member Scheme (i-Select SMS) is different. An individualised personal savings scheme, the i-Select SMS is tailored to your needs, giving you total control over the choice of your investments.

Whether you prefer to invest your funds in commercial property or unlisted companies (including your personal or family companies), an i-Select SMS allows you to decide what's best for your future.

An i-Select SMS also offers you total transparency. You have complete visibility over how your fund is managed and invested, and costs are clearly defined – and capped at a fixed sum.

For true financial freedom in your retirement, talk to your financial adviser about your opportunity to invest in an i-Select SMS.



## i-Select Schemes

The expert team at i-Select have been providing single member retirement saving schemes, both within and outside of the Qualifying Recognised Overseas Pension Scheme (QROPS) environment, for over 10 years. Their focus is on providing quality service and expert support for the retirement investment schemes you choose.

A SMS may provide the financial freedom and control you are looking for if you have:

- UK pension funds that you wish to transfer to New Zealand; and/or
- Large superannuation savings that you want to control closely; and/or
- Specialised investment requirements or preferences, such as unlisted investments or commercial property; and/or
- UK Inheritance Tax exposure that you wish to mitigate with retirement saving using Qualifying Non-UK Pension Schemes (QNUPS).

i-Select's Single Member Schemes are established under Schedule 3 of the Financial Markets Conduct Act 2013 and Financial Markets Conduct Regulations 2014. They are approved and regulated by the New Zealand Financial Markets Authority (FMA), but are 'low touch' in compliance terms, with reduced regulation, making them easier and cheaper to operate.

## i-Select Single Member Schemes

The principal partners in an i-Select SMS are: The Member (you), the Trustee (you), the Administrator (i-Select), and your Financial Adviser. Each has a clearly defined role in the scheme, with you in overall control.

### The Member

As the Member, you are responsible for taking financial advice on the retirement saving scheme that is right for you. i-Select does not provide that advice – it provides a solution once you have decided to transfer your retirement savings to New Zealand, and it provides the scheme if you decide that an i-Select SMS is right for you. You must live in New Zealand to be a member of an i-Select SMS.

### The Trustee

As the Trustee, you will make all of the key decisions and remain in total control of your superannuation saving. You are responsible for compliance matters relating to your Scheme, but we can guide you throughout, as well as helping you meet your reporting obligations. The scheme Trust Deed sets out the rules of the Scheme.

### i-Select

i-Select acts as the administrator of the scheme, initially arranging for the establishment of the scheme and its compliance with New Zealand and UK laws and regulations and arranging any pension transfers into the scheme (if assistance is required). After that, i-Select stays in the background assisting you with your ongoing compliance. Each year i-Select arranges for the scheme to satisfy its financial and taxation obligations, and on an "as required" basis can deal with any New Zealand or UK reporting matters. We will provide guidance on the UK rules applicable to permitted investments and the taking of benefits.

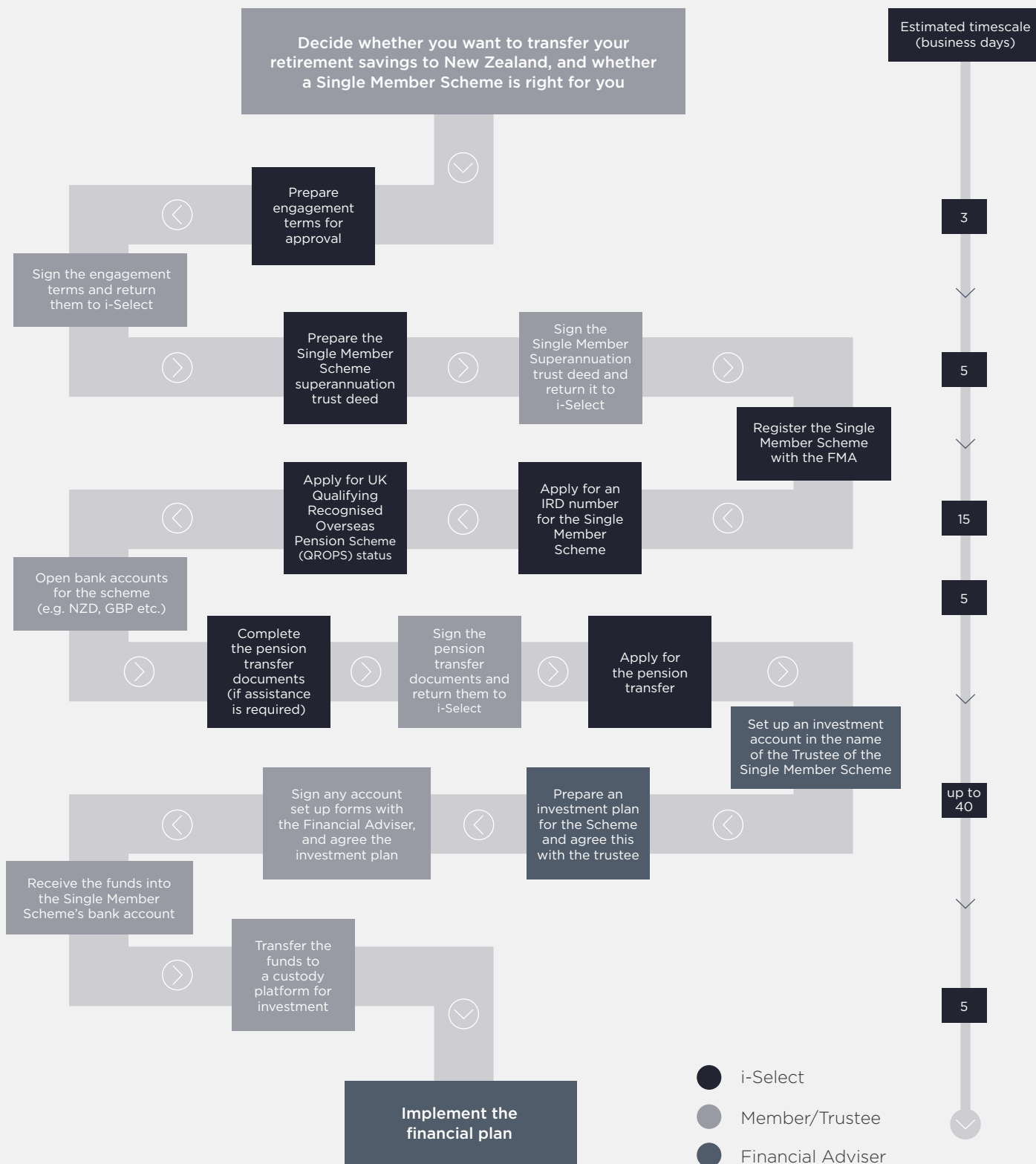
### Financial Adviser

Your Financial Adviser will act as the scheme's financial adviser, providing advice on the investment of the scheme's funds, ensuring that cash is available to meet its expenses, or to pay benefits. They will arrange safe custody of any investments, and they will provide the administrator with reporting to assist you to satisfy the scheme's obligations.



# The establishment process

i-Select and your financial adviser can help you through every stage of the process in setting up your individual scheme:



Note: In some cases, advice must be sought and received from a UK financial adviser before UK pension funds can be transferred. Your financial adviser will advise you on this.

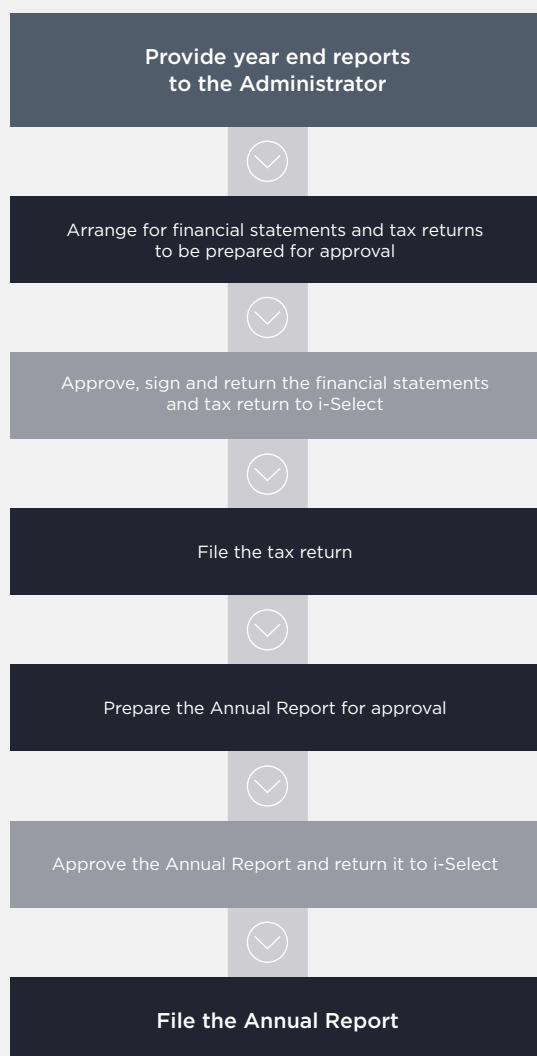


## The annual process

Each year the Trustee of the Single Member Scheme will have compliance obligations which must be met. These include:

- Preparation of financial statements;
- Preparation and filing of a tax return;
- Preparation and filing of a Trustee's Report.

i-Select's role is to help you manage the compliance requirements for your scheme:



- i-Select
- Member/Trustee
- Financial Adviser



## Taxation

It is important that you seek taxation advice on the implications of transferring any retirement savings funds to an i-Select SMS. i-Select can facilitate specialist taxation advice – particularly in the UK tax area – if required, through i-Select Tax Ltd. This would be a separate engagement with i-Select Tax Ltd.

The SMS will be a taxpayer in its own right, and has a basic rate of tax of 33%, in line with the top rate of income tax for individuals. If the Trustee invests in Portfolio Investment Entities (commonly known as PIEs), then the rate of tax may be reduced to 28%.

Superannuation schemes are only permitted to use one method of calculating income from foreign equity or insurance-based investments – the Fair Dividend Rate. These rules can be complex, but we can guide you through them.

## QROPS Status

The SMS will have QROPS status if this is required. This means that the Trustee must abide by all UK QROPS regulations if it is to receive UK pension funds by transfer, and if it wishes to maintain its QROPS status. Maintaining QROPS status may be important as benefits taken under the QROPS regime are more generous than the benefits that may be taken under the New Zealand Superannuation Rules.

The QROPS rules will restrict what investments the Scheme can have. Generally, the i-Select SMS must not invest in residential property or chattels/collectibles (such as antiques, wine, stamps etc.), and it must not make loans to members or their associates.



## Taking Benefits

The rules for calculating benefits will depend on the origin of the funds.

Funds that are subject to the United Kingdom QROPS rules may only be paid in the following circumstances:

- Where the member has attained the age of 55 years the member may take up to 100% of their fund
- Where the member has life expectancy of less than one year and this has been confirmed by a registered medical practitioner, a member can take up to 100% of their fund
- Upon the death of the member 100% of the fund will be paid to their estate.

You should note that QROPS rules change from time to time, so advice should be sought at the time benefits are taken.

Funds that are subject to the New Zealand Superannuation Scheme rules may only be paid in the following circumstances:

- Where the member has attained the age of 55 years the member may take a percentage (approximately 10%) of the funds each year until 65
- From 65 (60 if retired) the member may take up to 100% of their funds
- Where the member has a serious illness that means they cannot work or are at risk of death, up to 100% of the fund may be paid to the member
- A court orders the release of your funds
- Where the member suffers significant financial hardship, an amount necessary to relieve the hardship may be paid
- Upon the death of the member 100% of the fund will be paid to their estate.

## The Costs

### Establishment Fee

The cost of establishing an i-Select SMS is \$10,000 plus GST, if any\*, plus any disbursements, such as FMA registration fees.

You should also note carefully that the establishment fee is chargeable as soon as we send you the SMS superannuation trust deed, and is payable regardless of whether the scheme is registered, and regardless of whether or not any UK or other pension transfer proceeds have been received. The fee may be paid out of the transfer proceeds once they are received (there is a 2 month maximum wait before i-Select will charge interest on overdue fees), but if you decide you do not wish to register the SMS or do not wish to transfer any UK pension funds, you agree that the establishment fee will be payable personally by you.

### Administration Fee

The cost of administering an i-Select SMS is \$5,000 per annum, plus GST if applicable\*. This fee includes the cost of having financial statements and tax returns prepared, but does not include any other disbursements, such as FMA filing fees. You will be appointing i-Select as the administrator for a minimum period of two years. The administration fee principally covers year-end compliance, and so will be payable on completion of the annual compliance matters for the previous year to 31 March. The first administration fee may therefore be payable within the first 12 months, depending upon when the SMS was established. i-Select reserves the right to charge interest on overdue fees. i-Select's fees will be subject to review after the expiry of two years.

### Financial Adviser Fees

Your Financial Adviser will agree their fees with you in advance, and this will be included in their standard terms and conditions and application forms. Fees payable to your adviser are separate to your arrangement with i-Select.

## Where to from here

Once you have received advice on whether or not to transfer your retirement savings to New Zealand and the implications of such a transfer, and the type of Scheme appropriate for you, if you decide that an i-Select SMS is right for you, then please complete the attached form and return it to us. We will then start the establishment process outlined above. This will include providing you with further terms and conditions of engagement.

### Queries

If you have any queries regarding the i-Select SMS, please feel free to send them through to [info@i-select.co.nz](mailto:info@i-select.co.nz), or call 03 308 0144 and speak to a member of the i-Select SMS team.

\*Note: i-Select Ltd is GST registered, but it is our current understanding that the supply and administration of a superannuation scheme are both exempt supplies.



## Information about me

Full name
Address
Email address
Date of birth
IRD number and UK NINO and/or UTR
Details of pension funds to transfer

Under the Anti-Money Laundering and Countering of Terrorism Act 2009 we are required to confirm your identity and residential address.

### Please provide the following:

Certified/verified copy of your ID to confirm your identity

#### Option One

- Appropriate pages of New Zealand or overseas Passport, or
- New Zealand Firearms Licence, or
- New Zealand certificate of identity

#### Option Two

- New Zealand drivers licence in conjunction with one of the following:
  - New Zealand or overseas birth certificate, or
  - 18+ card, or
  - Debit or credit card issued by a registered bank, or
  - Bank statement less than 12 months old, or
  - Letter or statement issued by a government agency e.g. IRD

Certified/verified copy of a document that confirms your residential address (must be less than 12 months old)

- Utility bill, or
- Letter or statement from a registered bank, or
- Letter or statement issued by a government agency e.g. IRD, or
- Rates invoice, or
- Car registration document, or
- Insurance policy document



## Talk to us today

For help planning your future or to learn more about the benefits of an i-Select Single Member Scheme please contact your financial adviser. To understand the tax implications of transferring your retirement savings to i-Select, you can talk to our specialist i-Select Taxation team.



# iSelect

SUPERANNUATION

Level 1, 161 Burnett Street, Ashburton 7700  
New Zealand

PO Box 274, Ashburton 7740  
New Zealand

**p** +64 3 308 0144  
**e** [info@i-select.co.nz](mailto:info@i-select.co.nz)  
**w** [www.i-select.co.nz](http://www.i-select.co.nz)