

NEWSLETTER NO. 32 : MAY 1995

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1. READERSHIP

The number of persons on the "Newsletter" mailing list has increased appreciably over the last 5 years. 412 copies of this Newsletter have been issued. An analysis is as follows:

Scheme Trustees	141
Accountants, Actuaries and Solicitors	155
Banks, Life Offices and other providers of investment and administration services	66
Other Consultants	32
Government Departments & Agencies	11
Financial Press	7
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	<u>412</u>

2. REGISTRATION OF NEW SUPERANNUATION SCHEMES

2.1 Introduction

We have noticed a small number of applications for the registration of new superannuation schemes where - in our view - the scheme comes very close to the borderline of acceptability as a "superannuation scheme" as defined in the Superannuation Schemes Act 1989.

2.2 The Act's definition of "Superannuation Scheme"

The definition of "superannuation scheme" in the Act is:

"Superannuation scheme" or "scheme" means -

- (a) Any trust established by its trust deed principally for the purpose of providing retirement benefits to beneficiaries who are natural persons or paying benefits to persons who are the trustees of a registered superannuation scheme; or
- (b) Any arrangement constituted under an Act of Parliament of New Zealand, other than the Social Security Act 1964, principally for the purpose of providing retirement benefits to natural persons."

Your attention is drawn to the Act's use of the phrase "principally for the purpose of providing retirement benefits" (my emphasis).

2.3 Comment

We have obtained a range of legal advice on this matter, and have come to the conclusion that there is a significant difference between "savings", "retirement savings" and "retirement benefits". For example: a scheme which is exclusively short term and is promoted to persons with a wide age spread would appear to be aimed at providing a general investment vehicle rather than a vehicle for accumulating retirement savings, let alone being a scheme whose principal purpose is the payment of retirement benefits.

That said, we have noted that the "short-term" superannuation schemes which are currently "registered" have been sold predominantly to persons in the older age groups who appear to be using them as a vehicle for the provision of retirement benefits. If that

"predominant use" were to cease to apply, the continued registration of such a scheme may come into question: section 20(1)(a) of the Act refers.

Accordingly, in order to maintain registration under the Act, we would expect trustees of "short-term" schemes to be able to demonstrate that payments are being made to persons who are retiring (or who have retired); or persons who, by reason of their age (for example), can reasonably be assumed to be retiring - rather than to persons aged 30 (say) who are not likely to be retiring at the date the payment is made.

In considering whether a scheme can be regarded as a "superannuation scheme" as defined in the Act, the first consideration is to examine the trust deed itself, and then such other information as is available, to see what object the trust deed seeks to obtain. For example: If the trust deed of a "short-term" scheme provides incentives aimed at encouraging "roll over" of invested money, then that would be a point in its favour. Each case is treated on its merits.

3. INVESTMENT GUARANTEES

We have noted that the trustees of some new superannuation schemes have arranged for investment guarantees to be provided to scheme members by a third party.

In a few cases, we have noted that information provided to potential members of the scheme - for example, pursuant to section 16 of the Superannuation Schemes Act 1989 - is not an accurate statement of the guarantee. Trustees have taken corrective action when this has been drawn to their attention.

Trustees are recommended to consider obtaining legal clearance of "marketing" information, especially where the provision of particular information is prescribed by the Superannuation Schemes Act 1989.

4. DEFINED BENEFIT SCHEMES : ECONOMIC/FINANCIAL PARAMETERS

- 4.1 The High Court (Wellington Registry) CP596/92 judgement dated 29 March 1995 determined the economic/financial parameters to be used by actuaries in a specific instance.

5. SECTION 9B TRANSFER NOTICES

- 5.1 We have recently experienced problems with section 9B transfer notices.
- 5.2 In some instances, we have received complaints from scheme members, and have had to require trustees to provide us with a copy of the section 9B notice; in others, we have received a copy of the section 9B notice at, or after, the time when a copy of the relevant deed amendment has been forwarded to us. In a number of these cases, the trustees - if not their advisers - have very probably been embarrassed at the resultant situation.
- 5.3 You are asked to note our view that a copy of the section 9B notice should be forwarded to the Government Actuary's Office at the time the notice is forwarded to scheme members.
- 5.4 For section 9B (and other) transfers between superannuation schemes, there may be implications arising from the "Aitchison v. NZI Life Superannuation Nominees Ltd" case.

Your particular attention is drawn to paragraph 6.4 below.

6. BANKRUPTCY: AITCHISON v. NZI LIFE SUPERANNUATION NOMINEES LTD

6.1 Introduction

The Superannuation Schemes Regulations 1983, Regulation 14, provided for the protection of a member's benefits under an approved superannuation scheme if a member became bankrupt. Typically, a member's benefits would be forfeited to the superannuation scheme; and the trustees would have the discretion to apply the forfeited benefits for the benefit of the member and/or the member's dependants.

The Superannuation Schemes Regulations 1983 were revoked with effect from 1 April 1990 by section 32(2) of the Superannuation Schemes Act 1989.

The Official Assignee brought proceedings on behalf of the bankrupt estate of a person who became a member of an approved superannuation scheme prior to 1 April 1990.

6.2 Decision

The High Court ruled that the forfeiture clause in the trust deed was effective against the Official Assignee because the members concerned had joined the scheme during the time when the Superannuation Schemes Regulations permitted trust deeds to provide that protection to scheme members.

6.3 Recent Market Developments

The trust deeds of some new superannuation schemes contain a new type of "forfeiture" clause; and some existing superannuation schemes have had their existing "forfeiture" clause amended. The intent would seem to be:

(a) for pre 1 April 1990 members:

the forfeiture clause is the same as that permitted by the Superannuation Schemes Regulations 1983;

(b) for post 1 April 1990 members:

the forfeiture clause is very similar to that permitted by the Superannuation Schemes Regulations 1983 but only applies to benefits attributable to employer contributions, or to benefits attributable to some employer contributions: there appears to be some difference of legal opinion on this point.

6.4 Comment

As always, the contents of this Newsletter are for general information only. If you have an interest in this matter, you should seek legal advice which is specific to the particular superannuation scheme concerned.

7. EMPLOYER-SPONSORED DEFINED CONTRIBUTION SCHEMES

7.1 The Appendix to this Newsletter contains the results of an analysis of a large sample of employer-sponsored Defined Contribution schemes. The analysis was carried out "as at" 31 December 1994.

7.2 In order to provide more meaningful results, the analysis has been carried out for each of the following categories of schemes:

- (a) scheme assets \$20 million and over
- (b) scheme assets \$5 million to \$19.9 million
- (c) scheme assets \$1 million to \$4.9 million
- (d) scheme assets \$0.5 million to \$0.9 million
- (e) scheme assets \$1 to \$0.4 million

The analysis thus excludes:

- (i) new superannuation schemes which have not yet filed a copy of a trustees annual report.
(Newsletter No. 30 dated January 1995 contains an analysis of new employer-sponsored superannuation schemes);
- (ii) schemes where the assets are a negative amount.

Also, the analysis refers to membership categories which are open to new members. "Grandparenting" arrangements in respect of, for example, transfers from other superannuation schemes, have been excluded from this analysis.

7.3 The Appendix paragraph A2 contains a technical note on the derivation of the sample.

The Appendix paragraph A3 contains general comments on the results of the analysis;

The Appendix Tables 1 to 13 show the detailed results of the analysis.

8. GOVERNMENT ACTUARY'S REPORT FOR THE YEAR ENDED 30 JUNE 1994

A copy of the above Report, which was made to the Minister of Finance and laid before Parliament, was sent to each person on our Newsletter mailing list, along with Newsletter No. 29 dated December 1994.

I understand that copies of the Report are not held by "Government Bookshops".

We have run out of printed copies of the Report, and are now supplying photocopies on request. If necessary, we will arrange for a second printing.

N T Malley
Government Actuary

APPENDIX

ANALYSIS OF EMPLOYER-SPONSORED "DEFINED CONTRIBUTION" SUPERANNUATION SCHEMES AS AT 31 DECEMBER 1994

A1. INTRODUCTION

This Appendix presents the results of an analysis of a sample of employer-sponsored "defined contribution" superannuation schemes as at 31 December 1994.

Section A2 contains a technical note on the derivation of the sample.

Section A3 contains overall comment on the results of the analysis.

Tables 1 to 13 show the statistical analyses of the sample.

A2. TECHNICAL NOTE

A2.1 The data has been obtained from trust deeds, trust deed amendments, and copies of trustees annual reports to scheme members which are held on the Government Actuary's records as at 31 December 1994 in respect of registered superannuation schemes which:

- (a) are sponsored by an employer; and
- (b) are in force as at 31 December 1994; and
- (c) are not pending wind-ups; and
- (d) do not require actuarial reports under section 15 of the Superannuation Schemes Act 1989; and
- (e) are not multi-employer superannuation schemes administered by, for example, life insurance companies; and
- (f) are not administered by the National Provident Fund.

A2.2 A sampling technique has been used.

Schemes were classified according to size of scheme assets:

- (a) assets \$20 million and over
- (b) assets \$5 million to \$19.9 million
- (c) assets \$1 million to \$4.9 million
- (d) assets \$0.5 million to \$0.9 million
- (e) assets \$1 to \$0.4 million.

All schemes in category (a) were analysed.

For each of categories (b) to (e), the schemes to be included in the analysis were selected according to the size of scheme assets, so as to provide a representative sample according to size of scheme assets within each category.

For category (e) - assets \$1 to \$0.4 million - a further selection criterion was used. The sample was chosen to be representative of:

- both (a) size of scheme assets (in the same manner as for categories (b) to (d));
and (b) the type of administration manager (life office, consulting actuary, self-managed, other).

For example, there are 482 schemes with assets in the range of \$1 to \$0.4 million. It was decided to select 100 of the schemes in this category for analysis. If a particular type of administration manager administered 356 of the 482 schemes, then $356 \times 100/482 = 74$ of those 356 schemes were selected for analysis. These 74 schemes were then selected so as to provide a representative sample, according to size of scheme assets, of schemes administered by that particular type of administration manager.

A2.3 The sample sizes are as follows:

		<u>SCHEME ASSETS</u>					
		<u>\$20m and over</u>	<u>\$5m to \$19.9m</u>	<u>\$1m to \$4.9m</u>	<u>\$0.5m to \$0.9m</u>	<u>\$1 to \$0.4m</u>	<u>Total</u>
<u>Total Number of Schemes</u>							
(a)	in sample	20	50	60	50	100	280
(b)	all schemes	20	58	226	185	482	971
	Sampling %	100	86	27	27	21	29

A2.4 The results of the analysis are shown for each of the five categories of "size of scheme assets", together with a "total" which is the sum of the results of the five categories.

As can be seen from the foregoing remarks, the intention has been to produce a meaningful analysis in respect of each of the five categories of scheme, and not necessarily for all 971 "defined contribution" schemes which meet the criteria stated in section A2.1 above.

The "total" figures are not necessarily representative of all 971 schemes because the sampling percentages are not the same for each category.

A2.5 Some superannuation schemes contain "grandparenting" arrangements in respect of, for example, transfers from other superannuation schemes, changes in scheme benefit design etc. These "grandparenting" arrangements have been excluded from this analysis. With the exception of one scheme in the "assets of \$20m and over" category, all schemes and membership categories in this analysis are open to new members.

The 280 schemes have 473 membership categories included in this analysis: Table 7 contains details.

A3. COMMENTS ON THE RESULTS OF THE ANALYSIS

A3.1 BALANCE DATES (TABLE 1)

Most of the schemes with assets of \$5 million and over have a financial year which ends on 31 March. Of the smaller schemes, 50% (approx) also have a 31 March balance date, the next most frequent balance dates being 30 June, 30 September and 31 December.

A3.2 TRUSTEES (TABLE 2)

"Composite" Boards of Trustees - those made up of "employer nominated" and "member elected" trustees - are more likely to be found among the larger superannuation schemes (assets \$5 million and over).

The smaller superannuation schemes, particularly those which are fully administered and invested by life offices, nearly always have the employer (or the employer's nominee(s)) as the trustee(s).

A3.3 ADMINISTRATION MANAGER (TABLE 3)

The largest superannuation schemes tend to be self-managed, or to have a firm of consulting actuaries as the administration manager. However, life offices have a significant share of the market for schemes with assets in the range \$5 million to \$19.9 million.

Life offices have the predominant share of the market for the smaller superannuation schemes. This reflects the large number of schemes where life offices provide full administration and full investment management services.

Very few schemes changed their administration manager in calendar year 1994.

A3.4 INVESTMENT MANAGER (TABLE 4)

As a general rule, superannuation schemes only employ one investment manager. It is usually only the largest schemes which would employ more than one investment manager.

There are virtually the same number of banks as there are life offices, acting as investment managers for schemes with assets in excess of \$5 million.

However, life offices are, predominantly, the investment managers for the smaller superannuation schemes, for the reason stated in section A3.3 above.

Only 7% of schemes changed an investment manager in calendar year 1994.

A3.5 INVESTMENT PORTFOLIO (TABLE 5)

68% of investment portfolios are on a "market value" basis;

22% are "capital stable";

4% are a mix of "market value" and "capital stable" offered by life offices;

6% provide members with a choice of investment portfolio.

Most of the "capital stable" business is with the smaller superannuation schemes.

A3.6 RETIREMENT BENEFIT (TABLE 6)

The analysis excludes schemes which require an actuarial report under section 15 of the Act. It is therefore not surprising that 92% of schemes in the analysis provide lump sum benefits on retirement. The remaining 8% require at least 75% of the retirement lump sum to be used to buy an annuity (unless the annuity is less than \$520 p.a.).

A3.7 MEMBERSHIP CATEGORIES (TABLE 7)

The larger superannuation schemes do not have a significantly larger number of membership categories open to new members than the smaller superannuation schemes.

(For the purposes of this analysis, "grandparenting" arrangements in respect of, for example, transfers from other superannuation schemes, have been ignored.)

62% of schemes have one membership category defined in the trust deed;

19% have two membership categories;

12% have three membership categories;

7% have four or more membership categories.

100%
====

The 280 schemes have 473 membership categories included in this analysis: Table 7 contains details.

A3.8 RETIREMENT AGE (TABLE 8)

The most common "normal retirement age" is 60, regardless of the size of the scheme. Only a few schemes refer to "the age of eligibility to receive New Zealand Superannuation" as being the "normal retirement age".

(1) Of the 473 membership categories:

59% have a normal retirement age of 60

31% have a normal retirement age of 65

6% have the age of eligibility to receive New Zealand Superannuation as the normal retirement age.

(2) Of the 279 membership categories with a normal retirement age of 60:

51% permit early retirement from age 50 with the employer's consent;

22% " " " " " 55 " " ""

4% " " " " " 55 without ""

- (3) Of the 145 membership categories with a normal retirement age of 65:
- | | | | | | | | | | | |
|-----|--|---|---|---|---|---|------------|---|---|-----|
| | 39% permit early retirement from age 50 with the employer's consent; | | | | | | | | | |
| 22% | " | " | " | " | " | " | 55 | " | " | "" |
| 12% | " | " | " | " | " | " | 60 | " | " | "" |
| 7% | " | " | " | " | " | " | 55 without | " | " | " " |
| 42% | " | " | " | " | " | " | 60 without | " | " | " " |

A3.9 QUALIFYING PERIOD FOR MEMBERSHIP (TABLE 9)

Most superannuation schemes with assets of less than \$20 million have trust deeds which do not specify a period of service with the employer as a pre-requisite for entry into the scheme: usually, entry is at the employer's discretion.

Where a qualifying period is stated, it is usually 6 or 12 months.

There is a variation in the "qualifying period" according to the size of scheme assets.

A3.10 DEATH BENEFITS (TABLE 10)

Most superannuation schemes will pay a death benefit which exceeds a return of member and employer contributions with interest. However, a significant percentage of schemes - particularly those with assets of less than \$1 million - do not.

Where "life cover" is provided, the additional sum is often equal to a multiple of salary which varies with service to "normal retirement date".

Of the 473 membership categories, the death benefit is:

- | | | |
|-----|--|-------|
| (1) | employee and employer account only | 32% |
| (2) | a multiple of salary | 9% |
| (3) | greater of employee and employer account <u>or</u>
a multiple of salary | 10% |
| (4) | employee and employer account, plus a
multiple of salary which: | |
| | (a) varies with service to normal retirement age | 24% |
| | (b) varies with age | 6% |
| | (c) is constant | 13% |
| (5) | employee and employer account, plus a
fixed dollar amount | 3% |
| (6) | other | 3% |
| | | ----- |
| | | 100% |
| | | ==== |

For (2), (3) and (4)(c), the most common multiple of salary is 3, almost irrespective of size of scheme.

A3.11 PERMANENT INCAPACITY BENEFITS

In the great majority of schemes, the amount payable on "Permanent Incapacity" (or "Total and Permanent Disablement") is equal to the amount otherwise payable on death.

A3.12 VESTING OF EMPLOYER SUBSIDY (TABLE 11)

Whilst there is no particular pattern, schemes with assets in the range of \$5 million to \$19.9 million tend to reach the "100% vesting" level faster than other schemes. Overall, of the 473 membership categories:

6%	have 100% vesting	immediately
4%	" " "	at 1 to 5 years membership
27%	" " "	at 6 to 10 years membership
16%	" " "	at 11 to 15 years membership
17%	" " "	at 16 to 20 years membership
6%	" " "	20 years and over
18%	have no vesting	
6%	have no vesting because the employer either pays no contributions or pays expenses only.	
<hr/>		
100%		
===		

The highest proportion of "no vesting" occurs with schemes whose assets are less than \$1 million.

A3.13 EMPLOYER SUBSIDY (TABLE 12)

The larger superannuation schemes tend to be more flexible with the level of employer subsidy. Overall, of the 473 membership categories:

63%	have a fixed subsidy, nearly always expressed as a percentage of salary (rather than a dollar amount)
16%	have a subsidy which varies with age (2%) or scheme membership (14%)
15%	have a subsidy which varies with the level of the employee's contribution, subject to a stated maximum percentage of the employee's salary.
6%	either have no subsidy or a subsidy which meets only part or all of the scheme expenses.
<hr/>	
100%	
===	

Of the 299 membership categories which have a fixed level of employer subsidy:

10%	have a subsidy of less than 5% of employee salary
27%	" " " of 5% of employee salary
31%	" " " of 5.1% to 9.9% of employee salary
19%	" " " of 10% of employee salary
13%	" " " of greater than 10% of employee salary
<hr/>	
100%	
====	

A3.14 EMPLOYEE CONTRIBUTIONS (TABLE 13)

Of the 448 membership categories which allow employees to pay contributions:

73%	have a fixed contribution rate, nearly always expressed as a percentage of salary (rather than a dollar amount)
2%	have a contribution rate which varies with age (1%) or scheme membership (1%)
25%	have a contribution rate which varies at the employee's choice
<hr/>	
100%	
====	

91% of the 448 membership categories which allow employees to pay contributions also permit employees to pay additional voluntary contributions, usually subject to the agreement of the trustees.

Of the 327 membership categories which have a fixed level of employee contribution:

21%	have a contribution rate less than 5% of employee salary
74%	" " " " of 5% of employee salary;
5%	" " " " greater than 5% of employee salary
<hr/>	
100%	
====	

TABLE 1
NUMBER OF SCHEMES ANALYSED ACCORDING TO BALANCE DATE

FINANCIAL YEAR ENDS	SCHEME ASSETS					Total
	\$20m and over	\$5m to \$19.9m	\$1m to \$4.9m	\$0.5m to \$0.9m	\$1 to \$0.4m	
31 January	-	-	-	1	3	4
28 February	-	-	-	1	2	3
31 March	16	39	29	24	49	157
30 April	1	1	-	2	1	5
31 May	-	1	1	-	5	7
30 June	1	5	15	7	11	39
31 July	-	1	3	-	2	6
31 August	1	-	1	3	4	9
30 September	-	2	3	6	12	23
31 October	-	-	2	-	2	4
30 November	-	-	2	2	4	8
31 December	1	1	4	4	5	15
Total Number of Schemes	20	50	60	50	100	280

TABLE 2
NUMBER OF SCHEMES ANALYSED ACCORDING TO TRUSTEE

TRUSTEE	SCHEME ASSETS					Total
	\$20m and over	\$5m to \$19.9m	\$1m to \$4.9m	\$0.5m to \$0.9m	\$1 to \$0.4m	
Employer or Nominee *	8	35	54	47	93	237
Independent	-	2	2	-	1	5
Member elected only	-	2	-	-	2	4
Combination of employer and member elected	12	11	4	3	4	34
Total Number of Schemes	20	50	60	50	100	280

* This category includes those schemes where:

- (a) the appointment of member elected trustees can be vetoed by the employer;
- (b) employer nominated trustees can choose a member to be a trustee;
- (c) employer has nominated an independent trustee to be a trustee.

TABLE 3
NUMBER OF SCHEMES ANALYSED ACCORDING TO ADMINISTRATION MANAGER

ADMINISTRATION MANAGER	SCHEME ASSETS					Total
	\$20m and over	\$5m to \$19.9m	\$1m to \$4.9m	\$0.5m to \$0.9m	\$1 to \$0.4m	
Life Office	2	20	44	43	74	183
Consulting Actuary	5	15	8	1	4	33
Self Managed	10	12	2	5	14	43
Other	3	3	6	1	8	21
Total Number of Schemes	20	50	60	50	100	280

NOTE: "Life Office" includes the trustee of a "master trust" registered superannuation scheme which is associated with a life insurance company.

Number of Schemes which changed administration manager in the last 12 months

-	4	1	1	1	7
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TABLE 4

NUMBER OF SCHEMES ANALYSED ACCORDING TO INVESTMENT MANAGER

INVESTMENT MANAGER	SCHEME ASSETS					Total
	\$20m and over	\$5m to \$19.9m	\$1m to \$4.9m	\$0.5m to \$0.9m	\$1 to \$0.4m	
(1) Number of Investment Managers for each scheme:						
One	10	38	55	49	99	251
Two	4	9	4	0	1	18
Three or More	6	3	1	1	-	11
Total Number of Schemes	20	50	60	50	100	280
(2) Investment Manager:						
Life Office	16	30	51	46	79	222
Bank	16	29	12	2	8	67
Other	8	6	3	4	14	35
Total Number of Investment Managers	40	65	66	52	101	324
NOTE:	"Life Office" includes the trustee of a "master trust" registered superannuation scheme which is associated with a life insurance company.					
(3) Number of Schemes which have changed an investment manager in the last 12 months:	0	8	6	2	3	19

TABLE 5

NUMBER OF SCHEMES ANALYSED ACCORDING TO INVESTMENT PORTFOLIO

INVESTMENT PORTFOLIO	SCHEME ASSETS					Total
	\$20m and over	\$5m to \$19.9m	\$1m to \$4.9m	\$0.5m to \$0.9m	\$1 to \$0.4m	
Market Value (MV)	14	39	47	28	64	192
Capital Stable (CS)	1	4	8	16	33	62
Mix of MV and CS	3	5	1	2	-	11
Member Option	3	3	4	4	3	17
Total Number of Investment Portfolios	21	51	60	50	100	282

- NOTES:**
- (1) 1 scheme allows members over age 50 to switch from a "market value" to a "capital stable" portfolio.
 - (2) 1 scheme invests the employer contributions in a "market value" portfolio, and provides members with the option of investing their own contributions in a "market value" or "capital stable" portfolio.
 - (3) "Member Option" allows members to choose the investment portfolio for their own contributions, and any contributions paid by the employer.

TABLE 6

NUMBER OF SCHEMES ANALYSED ACCORDING TO RETIREMENT BENEFIT

RETIREMENT BENEFIT	SCHEME ASSETS					Total
	\$20m and over	\$5m to \$19.9m	\$1m to \$4.9m	\$0.5m to \$0.9m	\$1 to \$0.4m	
Lump Sum	20	48	58	48	83	257
Pension	-	-	-	-	-	-
Part Pension, Part Lump Sum	-	2	2	2	17	23
Total Number of Schemes	20	50	60	50	100	280

- NOTES:**
1. If the retirement benefit is in the form of a lump sum, part or all of which may be used to buy a pension, the scheme is included in the "Lump Sum" category.

If part of the lump sum retirement benefit must be used to buy a pension, the scheme is included in the "Part Pension, Part Lump Sum" category.

If all of the lump sum retirement benefit must be used to buy a pension, the scheme is included in the "Pension" category.
 2. The selection criteria used to choose which schemes are included in this analysis would exclude all schemes where:
 - (1) all of the lump sum retirement benefit must be used to buy a pension, and
 - (2) the pension is paid by the trustees.

TABLE 7
NUMBER OF SCHEMES ANALYSED ACCORDING TO
NUMBER OF MEMBERSHIP CATEGORIES

MEMBERSHIP CATEGORIES	SCHEME ASSETS					Total
	\$20m and over	\$5m to \$19.9m	\$1m to \$4.9m	\$0.5m to \$0.9m	\$1 to \$0.4m	
Number of Membership Categories in scheme:						
One	13	34	37	30	60	174
Two	3	8	8	12	21	52
Three	2	4	7	5	16	34
Four or More	2	4	8	3	3	20
Total Number of Schemes	20	50	60	50	100	280
Total Number of Membership Categories	37	80	112	82	162	473
Number of Categories per scheme	1.85	1.60	1.87	1.64	1.62	1.69

TABLE 8

MEMBERSHIP CATEGORIES ANALYSED ACCORDING TO RETIREMENT AGE

RETIREMENT AGE	SCHEME ASSETS					Total
	\$20m and over	\$5m to \$19.9m	\$1m to \$4.9m	\$0.5m to \$0.9m	\$1 to \$0.4m	
Number of Membership Categories where the normal retirement age is:						
50 or 55	3	3	-	-	6	12
60	26	48	58	49	98	279
65	4	22	37	27	55	145
NSB	4	5	16	4	2	31
Other	-	2	1	2	1	6
Total Number of Categories	37	80	112	82	162	473

Note: "NSB" is the age of eligibility to receive New Zealand Superannuation.

Number of Membership Categories where the normal retirement age 60, and

(a) early retirement with the employer's consent is permitted from:

age 50	4	26	35	27	51	143
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age 55	5	15	7	16	18	61
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(b) early retirement without the employer's consent is permitted from:

age 55	8	1	2	-	1	12
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Number of Membership Categories where the normal retirement age 65, and

(a) early retirement with the employer's consent is permitted from:

age 50	-	5	17	11	23	56
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age 55	1	5	10	8	8	32
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age 60	1	-	6	2	9	18
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(b) early retirement without the employer's consent is permitted from:

age 55	-	4	3	-	3	10
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age 60	3	12	17	13	16	61
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TABLE 9

**MEMBERSHIP CATEGORIES ANALYSED ACCORDING TO QUALIFYING PERIOD
FOR MEMBERSHIP**

QUALIFYING PERIOD	SCHEME ASSETS					Total
	\$20m and over	\$5m to \$19.9m	\$1m to \$4.9m	\$0.5m to \$0.9m	\$1 to \$0.4m	
None stated *	9	47	68	53	99	276
1 month	-	-	-	1	-	1
3 months	1	7	2	4	5	19
6 months	8	19	14	3	19	63
12 months	16	5	22	20	25	88
24 months and over	3	2	6	1	14	26
Total Number of Categories	37	80	112	82	162	473

* Admission to the scheme is usually "at the employer's discretion", rather than "as of right for the member".

TABLE 10

MEMBERSHIP CATEGORIES ANALYSED ACCORDING TO DEATH BENEFIT

DEATH BENEFIT	SCHEME ASSETS					Total
	\$20m and over	\$5m to \$19.9m	\$1m to \$4.9m	\$0.5m to \$0.9m	\$1 to \$0.4m	
Number of Categories where the death benefit is defined as:						
(1) Employee and Employer Account Only	10	19	21	36	63	149
(2) Multiple of Salary Only	-	9	18	5	13	45
(3) Employee and Employer Account, plus a multiple of salary which:						
(a) varies with service to normal retirement	8	20	34	16	35	113
(b) varies with age	3	6	6	8	7	30
(c) is constant	2	10	23	12	13	60
(4) Employee and Employer Account, plus a fixed dollar amount:	7	-	-	-	7	14
(5) Greater of <u>either</u> Employee and Employer Account <u>or</u> a fixed multiple of salary:	5	14	7	4	16	46
(6) Other	2	2	3	1	8	16
Total Number of Categories	37	80	112	82	162	473

Most Common Multiple of Salary for:

(2) above	N/A	3	3	3	3
(3)(c) above	4	3	3	3	3
(5) above	3	4	3	3	3

NOTE: PERMANENT INCAPACITY

In the great majority of schemes, the amount payable on "Permanent Incapacity" (or "Total and Permanent Disablement") is equal to the amount otherwise payable on death.

TABLE 11
MEMBERSHIP CATEGORIES ANALYSED ACCORDING TO VESTING OF
EMPLOYER SUBSIDY

100% VESTING OF EMPLOYER SUBSIDY OCCURS:	SCHEME ASSETS					Total
	\$20m and over	\$5m to \$19.9m	\$1m to \$4.9m	\$0.5m to \$0.9m	\$1 to \$0.4m	
Number of Membership Categories where 100% vesting of employer subsidy occurs:						
Immediately	-	5	6	6	11	28
1 to 5 years	1	4	5	-	7	17
6 to 10 years	9	29	35	24	31	128
11 to 15 years	14	14	12	14	20	74
16 to 20 years	5	19	22	17	18	81
21 years and over	8	3	9	1	8	29
No Vesting	-	4	17	12	55	88
Not Applicable	-	2	6	8	12	28
Total Number of Categories	37	80	112	82	162	473

TABLE 12

MEMBERSHIP CATEGORIES ANALYSED ACCORDING TO EMPLOYER SUBSIDY

EMPLOYER SUBSIDY	SCHEME ASSETS					Total
	\$20m and over	\$5m to \$19.9m	\$1m to \$4.9m	\$0.5m to \$0.9m	\$1 to \$0.4m	

Number of Membership Categories where employer subsidy is expressed as a percentage of salary which:

(a) is constant	16	37	77	60	109	299
(b) varies with age	-	5	1	-	2	8
(c) varies with scheme membership	12	15	17	6	17	67
(d) varies with employees own contributions	9	21	11	8	22	71

Number of Membership Categories where employer subsidy is either nil or meets part or all of the expenses

	-	2	6	8	12	28
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Total Number of Categories	37	80	112	82	162	473
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Employer: Fixed Contribution Rates as a percentage of salary

0.1% - 4.9%	1	2	9	5	11	28
5%	6	4	15	21	35	81
5.1% - 7.4% ²	2	7	11	10	12	42
7.5%	-	4	8	4	10	26
7.6% - 9.9%	2	5	4	7	7	25
10%	4	9	13	10	22	58
10.1% - 11.9%	-	3	6	1	3	13
12%	1	2	2	2	2	9
12.1% - 14.9%	-	-	4	-	-	4
15.0% - 19.9%	-	1	3	-	6	10
20.0% and over	-	-	2	-	1	3
Total	16	37	77	60	109	299

TABLE 13
MEMBERSHIP CATEGORIES ANALYSED ACCORDING TO EMPLOYEE CONTRIBUTIONS

EMPLOYEE CONTRIBUTIONS	SCHEME ASSETS					Total
	\$20m and over	\$5m to \$19.9m	\$1m to \$4.9m	\$0.5m to \$0.9m	\$1 to \$0.4m	
Number of Membership Categories where employee contributions are:						
(a) constant	23	47	89	61	107	327
(b) vary with employee's choice	10	31	21	15	37	114
(c) vary with age	3	1	-	-	-	4
(d) vary with membership	-	-	1	-	2	3
(e) not permitted	1	1	1	6	16	25
Total Number of Categories	37	80	112	82	162	473
Number of Membership Categories where the employee is permitted to pay additional voluntary contributions (usually subject to the trustees discretion):						
	20	78	100	76	131	405
Employee: Fixed Contribution Rates as a percentage of salary						
0.1% - 2.0%	-	1	4	-	3	8
2.1% - 3.0%	5	2	2	2	8	19
3.1% - 4.0%	3	7	9	11	10	40
4.1% - 4.9%	-	-	1	-	-	1
5%	11	34	68	46	84	243
5.1% - 6.0%	3	1	3	2	2	11
6.1% and over	1	2	2	-	-	5
Total	23	47	89	61	107	327