

## **NEWSLETTER No. 42 : JUNE 1998**

### **1. Absence**

I will be away from 5 June to 30 June 1998, attending an actuarial conference in the UK amongst other things. In my absence, Mr. John Errington of Aon Consulting has agreed to act as Government Actuary, and will be available to advise the Unit on any matters that can not await my return. Mr. Errington will of course recognise and respect any conflicts of interest that may arise.

### **2. Participating Agreements – Defined benefit arrangements**

We have seen over the past 18 months a continuing trend for small employer sponsored defined contribution schemes to be brought in to a multi-employer arrangement. Recently we have begun to get inquiries as to whether small defined benefit schemes could be treated in the same fashion.

In general terms, we think having defined benefit schemes provided by way of participation in a multi-employer type arrangement would cause insuperable difficulties, except where all employers are associated with the “lead” employer. We note however that we would have less difficulty with a target benefit arrangement, where the participating agreement under the trust deed provides that the retirement benefit is the amount in the member’s member and company account, but the employer contribution for the member is kept under review in order that the benefit approximates to some target based on such things as (for example) the period of membership and salary.

In any arrangement of this type, please note that we would expect:

- The target to be expressed in the same manner for all beneficiaries, or defined classes of beneficiaries, in accordance with Trust law;
- The target agreement to be a matter between employer and member, not trustees and member;
- The nature of the arrangement very carefully explained to members, so that they are aware of how the responsibilities differ as between employer and trustees;
- An actuary to advise the employer as to the contributions to be made in respect of each member each year, with a copy to the trustees; and a copy sent also to the Government Actuary, so that the Government Actuary is aware of what is being done.

### 3. Superannuation Prospectuses

John McPherson of the Prospectus and Financial Reporting Unit of the Companies Office has asked us to draw to people's attention (if anybody is still unaware) that the Registrar is now operating a booking system. It is not mandatory, but if a promoter advises the Registrar in advance of the date on which they will submit a draft prospectus, then in turn John's Unit will undertake to approve it that day, assuming of course that the prospectus complies with the requirements for registration. There is also another fairly obvious qualification to this, namely that a desired date has not already been completely booked out.

If promoters prefer, they can just submit a prospectus to join the queue, so to speak. In that case no undertaking can be given as to the exact date on which a response will be given.

If a promoter books a date and then doesn't meet the agreed deadline, then in the absence of sufficient notice being given, other bookings may have absorbed subsequent dates that would have otherwise been available – so be realistic.

To book a date for the pre-registration approval of a draft prospectus, you should contact the Registrar at the following location:

**Email:** [mcpherj@companies.co.nz](mailto:mcpherj@companies.co.nz)

**Facsimile:** 0-9 357 1773

**Telephone:** 0-9 357 4144

**Mail:** PO Box 5771, Wellesley St, Auckland

**Courier:** Level 6, District Court Building, 3 Kingston St, Auckland

providing details of the name of the issuer, a brief description of the securities to be offered, and the date upon which the draft will be received by the Registrar. The Registrar will confirm the booking and the name of the staff member to whom it has been allocated. If the particular date chosen has already been reserved, the next available date will be allocated. If this causes undue difficulties, then another arrangement may be attempted.

Assuming that the draft is received on the promoter's chosen date, then the Registrar will provide a response that day. The draft should be supplied no later than 9:30 am on the day requested, in order to ensure a timely response.

G D Rashbrooke  
Government Actuary