

NEWSLETTER NO. 50: APRIL 2001

This newsletter contains:

1. *Statistics for Registered Superannuation Schemes*
2. *New fees*
3. *Retirement: Alan Leahey*

1. **Statistics for Registered Superannuation Schemes**

The table below sets out the Insurance and Superannuation Unit's main activities over the last two years, in terms of the number of documents received and reviewed. It shows a reasonably even level of work, except for the fall in Trustee Reports (as a consequence of schemes winding up). Figures to date for this year are consistent with what is shown here.

Period	Trustee Reports	Trust Deed Amendments	Actuarial Valuations	New Schemes	Income Tax Act 1994 GD8	Completed Wind ups
Year to 30/6/00	1057	323	103	13	114	155
Year to 30/6/99	1238	316	100	13	116	156

As many in the industry are aware, we have built up a statistical database from the Trustee Reports which we believe continues to be a useful resource for people interested in registered superannuation scheme trends in New Zealand. It is the source of the statistical appendices given in the annual report to the Minister, and we also use it to provide update statistics from time to time. Tables 1 and 2 attached provide an update of appendices 3 and 4 in the annual Report to the Minister.

Comparing the figures in the attached Tables with the relative figures in the appendices to the 30 June 2000 Report:

- Table 1 shows that the number of registered superannuation schemes continues to fall (from 1,033 down to 846). The fall can in part be attributed to the movement of employer schemes to Multi Employer schemes to reduce compliance costs, and in part to a continuing trend of terminations.
- Table 2 identifies that there is also a continuing decline in membership within private sector employer sponsored schemes. Membership now stands at 246,381, compared with 252,336 in the 2000 report, and 310,741 in 1990.
- Figures in Table 2 for Employer (1) include data from the Multi Employer superannuation schemes operated by various institutions.

2. New fee levels

The fees charged under the current Regulations have been reviewed in the light of decreasing numbers of schemes, cost-savings being made in administration of the Unit, and a desire to allocate costs more closely to activities being carried out. ASFONZ and ISI were each consulted about the proposed changes, and given the opportunity to comment. A recommendation is now before the Minister for new Regulations to take effect later this year. While we can not guarantee there will be no further alteration to the proposal as it now stands, we think it will be helpful to give advance notice of intended changes.

The principal change is a simplification of the fee for filing an annual report. Where the net assets of the scheme do not exceed \$3,000,000, and the scheme is not required to file a report under section 15(3) of the Act (unallocated funding), the fee will be \$100. Where net assets do exceed \$3,000,000, and the scheme is not required to file a report under section 15(3), the fee will be \$350. The late filing fee is increased from \$20 per complete month to \$50 per complete month.

In the event a scheme is required to file a report under section 15(3), the annual filing fee will be \$500 where net assets do not exceed \$3,000,000, and will be \$750 where net assets do exceed \$3,000,000. This structure is intended to reflect the greater supervision required where unallocated funding operates.

No fee will be payable for GD(8) applications by schemes required to file a report under section 15(3), but \$50 per half-hour will apply for any other schemes that find it necessary to make such an application. Previously all schemes were required to pay \$100 per half-hour for each application.

The fees for applications under section 19(2) for cancellation of registration and under section 21(1)(d) for filing final accounts on winding up have both been increased from \$100 to \$250. A charge of \$50 is also to be made for lodging an amendment to a trust deed. Other fees will remain as at present, namely \$100 to register a new scheme, and \$100 per half hour spent considering an application for reversion of assets to the employer.

3. Retirement: Alan Leahey

Alan Leahey, the Unit's Executive Officer, retired on 27 April after 15 years with the Government Actuary and 32 years of total public service. Many of you will have had dealings with Alan over the years, and – as we have - will have greatly appreciated his conscientious and thorough approach to his work, along with his in-depth knowledge of the current and previous superannuation regimes. Equally importantly we will also miss his contribution to the human balance of the Unit.

We all wish Alan well in retirement; and after he has carried out his immediate plans, including a visit back to England in a few months time, I am hoping he will be available to help us out from time to time as the situation arises.

No direct replacement as such for Alan has been made at this stage. If anybody has any queries in relation to matters Alan has been dealing with, please contact Gavin Quigan (direct dial (04) 495 1268).

TABLE 1

**REGISTERED SUPERANNUATION SCHEMES:
ACCOUNTS SUMMARY AND MEMBERSHIP ANALYSIS**

	In force on scheme balance dates in the		Included in (b):	
	to 31 Dec	12 months: to 31 March	Prior period	Terminating
	1990 (a)	2001 (b)	reports (c)	schemes (d)
Number of Schemes	2,863	846	588	19
ACCOUNTS SUMMARY (\$millions)				
Opening Balance	11,044	17,326	11,758	312
<i>Add:</i> Contributions	908	2,747	1,924	34
Investment Accrual	578	1,583	1,132	16
Transfers In	0	634	520	0
Other Income	330	25	20	1
<i>Less:</i> Pension Payments	227	216	185	0
Retirement Lump Sums	481	773	601	1
Deaths/Disablements	49	93	67	0
Redundancies	0	184	139	0
Transfers Out	0	502	457	5
Other Exits	764	1,556	768	247
Administration Expenses	112	173	109	1
Insurance Premiums	106	31	22	0
Taxation	90	79	70	0
Closing Balance	11,032	18,707	12,934	108
CURRENT MEMBERS				
At start of year	511,940	686,560	455,601	22,764
<i>Add:</i> New members	62,406	76,351	55,515	22
Transfers In	6,765	4,346	2,664	0
<i>Less:</i> Retirements	13,684	17,333	13,347	23
Deaths/Disablements	2,132	2,407	1,677	6
Transfers Out	14,171	5,207	3,580	74
Redundancies	0	3,883	2,814	12
Other Exits	42,929	71,306	35,872	18,980
At end of year	508,195	667,121	456,490	3,691
OTHER MEMBERS with preserved benefits	3,411	1,976	1,818	0
CURRENT PENSIONERS	35,747	34,012	31,177	16
TOTAL MEMBERS AND PENSIONERS	547,353	703,109	489,485	3,707

Notes:

- The data in column (b) includes data for schemes which are presumed current but which have not forwarded their annual reports for the balance date falling in the 12 months ending 31/03/2001; refer column (c).
- The data in column (b) includes the latest data for schemes which we have been informed will terminate after the balance date falling in the 12 months ending 31/03/2001; refer column (d), which may include some cases in column (c).
- The data has been obtained from annual reports made by the trustees of superannuation schemes "registered" under the Superannuation Schemes Act 1989 to the members and pensioners of those schemes. Data in respect of the Government Superannuation Fund is not included.
- Some registered superannuation schemes are "master" schemes, whose members are trustees of other registered superannuation schemes. To avoid double counting, master schemes are excluded from this data.
- Some registered superannuation schemes are "multiple class" schemes, whose members may be trustees of other registered superannuation schemes. Some double counting may therefore exist.
- ACCOUNTS SUMMARY**
The figures for Investment Accrual, Administration Expenses and Taxation are understated: for many schemes the investment figure has been reported net of some expense charge and/or taxation.
Beginning in November 1994, amounts transferred in or out from other superannuation schemes, and amounts paid out on redundancy, have been recorded by the Office separately from the amounts paid on resignation, to the extent that reporting by scheme trustees makes the distinction. The figure of "Other Exits" comprises amounts paid on resignation, and in respect of reports filed before November 1994, amounts paid on redundancy and amounts transferred to other superannuation schemes. Similarly, the figure for "Other Income" includes amounts transferred in from other superannuation schemes in respect of reports filed before November 1994.
- MEMBERSHIP**
Some double counting may exist in the figures for numbers of members and pensioners: some persons may contribute to, and draw pensions from, different schemes.
"Transfers In" and "Transfers Out" refer to persons transferring membership between schemes. These figures do not seem to have been reported correctly. "Other Exits" includes resignation and, in respect of reports filed before November 1994, redundancy.

TABLE 2**REGISTERED SUPERANNUATION SCHEMES
ANALYSIS BY NATURE OF SCHEME**

Nature of scheme	Number of Schemes		Total Assets		Total Membership	
	<u>2001</u>	<u>1990</u>	<u>2001</u> \$m	<u>1990</u> \$m	<u>2001</u>	<u>1990</u>
Private	58	508	29	58	83	550
Employer (1)	654	2,242	10,593	9,508	246,381	310,741
Employer (2)	8	0	328	0	15,171	0
Retail	<u>126</u>	<u>113</u>	<u>7,757</u>	<u>1,466</u>	<u>441,474</u>	<u>236,062</u>
TOTAL	846	2,863	18,707	11,032	703,109	547,353
Investment Only Schemes	28	2	10,008	55	644	100

Notes:

- “Private” schemes are schemes set up by individuals for themselves and their immediate family.

“Employer (1)” schemes are schemes sponsored by private sector employers and all NPF employer sponsored schemes.

“Employer (2)” schemes provide superannuation arrangements as alternatives to the Government Superannuation Fund, which are sponsored by public sector employers and approved under section 84C of the State Sector Act 1988.

“Retail” schemes are schemes where membership is made available to the general public.

“Investment Only schemes” (referred to as Master Schemes in previous years) are schemes whose members are trustees of other registered superannuation schemes.
- The data has been obtained from annual reports made by the trustees of superannuation schemes “registered” under the Superannuation Schemes Act 1989 to the members and beneficiaries of those schemes.
- Some totals may not add exactly, due to rounding.