

NEWSLETTER NO. 54 : MARCH 2002

This Newsletter contains:

1. **STATISTICS FOR REGISTERED SUPERANNUATION SCHEMES**
2. **TRUSTEE ANNUAL REPORT LODGEMENT**
3. **INSURANCE AND SUPERANNUATION WEBSITE**
4. **INLAND REVENUE WIND-UP REQUIREMENTS**

1. **Statistics for Registered Superannuation Schemes**

Tables 1 and 2 attached provide an update of appendices 3 and 5 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 2001 Report:

- Table 1 shows that the number of registered superannuation schemes continues to fall (from 889 down to 809). The fall can in part be attributed to the continuing 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 244,123, compared with 247,715 in the 2001 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.

In the 30 June 2000 Report of the Government Actuary we reported on the data received from the most recent trustee annual reports of 33 Master Scheme products (multi employer superannuation schemes) surveyed at that time. Based on the most recent trustee reports lodged by those same 33 schemes, the updated figures now show:

Period	Total Net Assets \$m	Annual Member Contributions \$m	Annual Employer Contributions \$m	Total Balance date Membership	Annual Contributions in excess of \$1 million	Annual Contributions in excess of \$10 million
Period to 31/1/02	1,466.5	206.3	126.8	42,858	13 schemes	6 schemes
Annual Report 30/6/00	1,024.6	144.3	50.7	35,311	13 schemes	4 schemes

With respect to the above Master Scheme figures it should be noted that some of these schemes contain sections which allow individuals to be personal members and or for spouses to join the scheme but not receive employer subsidies. Some Master Schemes now also allow Trustees of other registered superannuation schemes to be members of an investment management section. The contribution statistics provided may also be distorted by monies transferred in from other schemes and not being separately identified in the financial statements. The result is that from the information provided to the Government Actuary it is not possible to isolate the “Employer Sponsored” statistics and the above need to be read with this in mind. Some double counting will also exist with respect to the assets under management.

2. Trustee Annual Reports

Section 14(3) of the Superannuation Schemes Act 1989 was amended in May 2001 to require Trustees to send a copy of their trustees annual report including a set of the fully audited accounts to the Government Actuary within 28 days of completing that report. Prior to that amendment there was no specific time period for forwarding of that report to the Government Actuary.

It has in the past been apparent that some Trustees distribute copies of their annual report to the members, and have then waited several months before sending a copy of that report to the Government Actuary. Please note that is a prosecutable offence in terms of section 25 of the Act.

3. Website Launch

A reminder that the Insurance and Superannuation Unit has launched a website at www.isu.govt.nz which contains pdf versions of Government Actuary Newsletters and Annual Reports. Any feedback on the content and layout of the site would be appreciated.

4. Inland Revenue Wind-up Requirements

Insurance and Superannuation Unit staff recently met with Inland Revenue staff after receiving some enquires regarding the Inland Revenue’s requirements for superannuation schemes which are winding up. I agreed that I would publish a statement from the Inland Revenue which clarifies their position.

“It appears that there is some confusion over the taxation obligations of trustees on the wind-up of a superannuation fund, which is resulting in a number of enquires being made with our office.

While the Government Actuary requires audited accounts showing the financial position of the scheme at the date on which the winding up takes effect, for taxation purposes the fund is obliged to file a final income tax return to date of final distribution including a set of accounts showing the distribution of all assets.

If the fund is an Investor Fund (i.e. all of it's funds are invested into another superannuation fund) and the fund did not derive any other income prior to the final distribution, then a 'nil' return is still required.

In all other cases, the final return should include all income derived by the fund up to the time of final distribution of the assets held.

Any queries on the taxation obligations of superannuation funds should be directed to the Investment Industry Desk, Banking and Insurance Sectors, Corporate Segment, Inland Revenue at P O Box 2871 Christchurch or telephone 0800 443-773.”

A handwritten signature in black ink, appearing to read 'J B Melville', is positioned to the left of a vertical red line.

J B Melville
Government Actuary

TABLE 1

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

	In force on scheme balance dates in the		Included in (b):	
	to 31 Dec 1990 (a)	12 months: to 31 Jan 2002 (b)	Prior period reports (c)	Terminating schemes (d)
Number of Schemes	2,863	809	226	27
ACCOUNTS SUMMARY (\$millions)				
Opening Balance	11,044	18,435	4,217	104
<i>Add:</i> Contributions	908	2,708	982	12
Investment Accrual	578	144	179	2
Transfers In	0	339	45	0
Other Income	330	1	1	0
<i>Less:</i> Pension Payments	227	195	17	1
Retirement Lump Sums	481	797	157	2
Deaths/Disabilities	49	86	18	0
Redundancies	0	154	26	3
Transfers Out	0	319	5	17
Other Exits	764	1,330	514	41
Administration Expenses	112	178	64	1
Insurance Premiums	106	50	4	0
Taxation	90	-1	-3	0
Closing Balance	11,032	18,519	4,622	52
CURRENT MEMBERS				
At start of year	511,940	665,315	201,143	3,122
<i>Add:</i> New members	62,406	72,417	31,092	334
Transfers In	6,765	6,390	186	0
<i>Less:</i> Retirements	13,684	16,161	3,534	15
Deaths/Disabilities	2,132	2,210	415	9
Transfers Out	14,171	5,504	329	354
Redundancies	0	3,076	607	138
Other Exits	42,929	49,462	16,240	1,047
At end of year	508,195	667,709	211,296	1,893
OTHER MEMBERS with preserved benefits	3,411	1,919	131	3
CURRENT PENSIONERS	35,747	29,929	1,846	90
TOTAL MEMBERS AND PENSIONERS	547,353	699,557	213,273	1,986

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 31/01/2002; 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 31/01/2002; 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>2002</u>	<u>1990</u>	<u>2002</u> \$m	<u>1990</u> \$m	<u>2002</u>	<u>1990</u>
Private	56	508	28	58	76	550
Employer (1)	619	2,242	10,145	9,508	244,123	310,741
Employer (2)	7	0	335	0	16,016	0
Retail	<u>127</u>	<u>113</u>	<u>8,009</u>	<u>1,466</u>	<u>439,342</u>	<u>236,062</u>
TOTAL	809	2,863	18,519	11,032	699,557	547,353
Investment Only Schemes	30	2	10,194	55	672	100

- “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.