

# Beneficiary Fund Wind-up Newsletter

(The wind-up only relates to the Defined Benefit section)

Number 1: January 2017

Key contact: Kos van Lier

Email: [fundfeedback@presbyterian.org.nz](mailto:fundfeedback@presbyterian.org.nz) or phone 0800 773 779

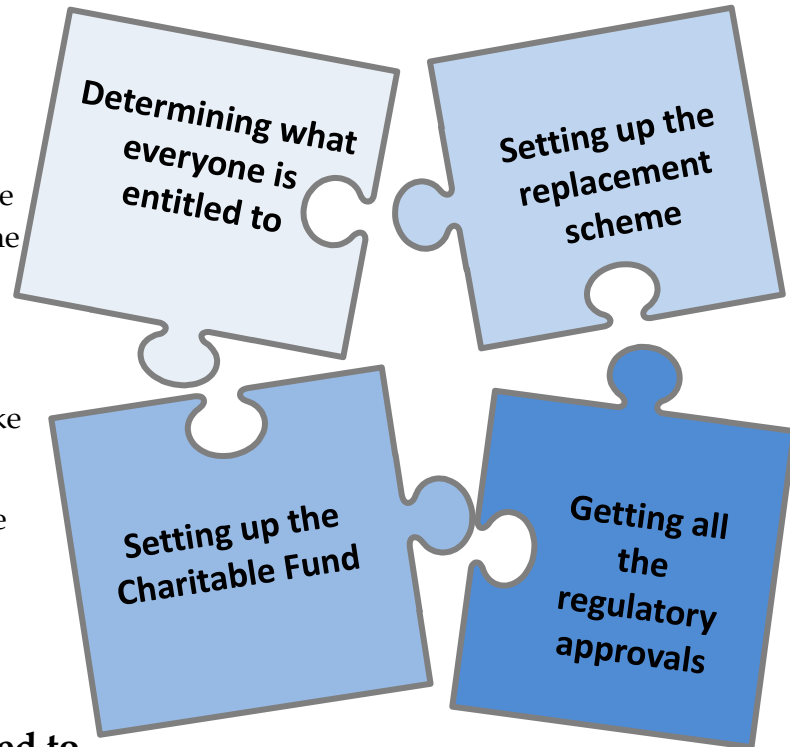
Welcome to the first of the Beneficiary Fund wind-up newsletters from your Trustees. We want to keep you informed of what is happening, and between now and the wind-up we will use the newsletters to let you know when things are likely to happen as time lines become clearer.

## What is happening ...

Winding up a superannuation scheme is not a quick process. Our wind-up is like a puzzle with four different pieces, where each has to be in place before we can actually pay out the money from the old scheme and start up the new scheme.

We are trying to do it all as rapidly as possible, with different teams working on each of the four parts, but each piece is complicated and it will take time.

You may wonder why we didn't do all this before the General Assembly vote. Well, winding up a scheme is also expensive. It involves lawyers, accountants and actuaries. Naturally we did not want to spend money until we had GA approval.



### 1. Determining what everyone is entitled to ...

Step one of this process has already happened with the letter we sent you with your indicative payment. We also provided you with the basis on which this was calculated and asked you to confirm that your details were correct.

**If you have not returned your Personal Information form confirming your details, can you please do so as soon as possible. We need to have confirmation from every member even if the details are correct.**

The most common problem is that we did not include a spouse when you had one. This is easy to fix. But some of you have indicated that you have other, more complicated issues, so we want to explain how these are being handled.

Each of these issues is being considered by the Beneficiary Fund Committee, the group which in the past has dealt with numerous issues such as entry into the scheme and disability or special needs grants. This Committee, which has both ministers and laypeople on it, will be gathering the necessary information and then make a recommendation to the Trustees who have the responsibility for the wind-up, including deciding how the entitlement of each

#### **Why did we lose so many spouses?**



The most common mistake in the indicative payouts was that we said you did not have a spouse when you did. We had never collected this information for ministers who are still working, so we had to decide what to do when calculating the indicative payouts: did we give you the lower figure (without a spouse) or the higher figure (with one)? We thought it better to under rather than over estimate.

Once you have returned your personal details confirming you have a spouse, we will be able to do the calculation correctly.

member and annuitant under the Trust Deed (which sets out how the fund must be run). This will all take time, and those who are in this process will have received a letter about this.

**If you have issues with your calculation (*other than a missing spouse*) you should have received a letter telling you it is under consideration. If you have not received a letter and you have issues, please contact us urgently, preferably by email so we have a written record of your concerns.**

## **2. Setting up the new defined contribution scheme ...**

This is underway but we are not yet able give you much detail. As you know, this will mean there are two defined contribution sections within the fund: the existing complying section and the new section. The new section will be open to all members including those over the age of 65, and it will be set up so that you can choose the types of investment most suited to your circumstances. You will have the opportunity to elect to invest your defined benefit wind-up proceeds in the new section.

**Professional investment advice:** As part of the wind-up process, we have set aside \$1,000 for each member and annuitant to get professional investment advice. You can use whoever you wish for this, but we do recommend you look for someone who is a registered financial advisor. We have contracted with Milestone Direct to be available should you choose to use them. Further details of how to contact them and the services they offer are available on the Church website here:

[www.presbyterian.org.nz/sites/public\\_files/cpt/2016/18\\_Oct\\_Accessing\\_Financial\\_Advice\\_Factsheet\\_final.pdf](http://www.presbyterian.org.nz/sites/public_files/cpt/2016/18_Oct_Accessing_Financial_Advice_Factsheet_final.pdf)

**Why did we contract with Milestone Direct?** We were looking for a reputable firm that did not take commissions from the products they recommended, and that had advisors across most of the country. When we looked at the options, Milestone Direct met best our criteria.

## **3. Getting all the regulatory approvals ...**

These days, financial markets are very tightly regulated and so there are a raft of regulatory approvals we need to get to both wind up the old defined benefit part of the scheme and to open the new defined contribution fund as part of the scheme. While we won't bore you with the details, this will be a significant reason why things go slowly.

**The first regulatory requirements we must tell you are that:**

- The old defined benefit scheme has now been registered with the Financial Markets Authority as a closed scheme. This means we can continue operate the old scheme while we create the new one, but that we cannot let new people enter the scheme until the new section is registered.
- The fund administrator, AON, has been sold to Link Market Services. Link is widely known as a New Zealand share registry company, and it will continue managing the old fund under the same contract as AON.

## **4. Setting up the Charitable Fund ...**

This final piece of the puzzle is being led by the Council of Assembly, with assistance from the Trustees. Shortly, they will be embarking on a consultation process around the terms of the new Charitable fund.

**We expect to send the next newsletter in late February/early March**

If you have any queries or feedback, please contact Kos van Lier

Email [fundfeedback@presbyterian.org.nz](mailto:fundfeedback@presbyterian.org.nz) or phone 0800 773 779