FREQUENTLY ASKED QUESTIONS
FOR ANNUITANTS

How much will my lump sum be?

You will receive a letter in October with an indication of your lump sum cash distribution. It is important to note that will be based on your current circumstances as recorded by Aon, but if these are not correct, or they change before 30 June 2017, your lump sum will be adjusted accordingly.

For example, if you or your spouse passes away before the proposed wind-up of the defined benefits section of the scheme, this will materially impact the indicative wind-up distribution amount you are entitled to, as this changes the benefits you (and any surviving spouse) are eligible to receive under the current scheme.

Will my funds be "locked-in" if I choose to invest in the new defined contribution scheme?

If you choose to transfer all or part of your lump sum to the new section of the Beneficiary Fund, for those aged 65 or over, the transferred amount is not locked in and you will be able to withdraw funds as needed. (The Trustees advise that while the intention is to allow reasonably frequent changes to drawdown amounts, that for reasons of administrative efficiency, it is likely a maximum number of changes per annum will be established.)

In fact, you will be able to nominate receiving exactly the same amount each month from your lump sum as you currently receive in annuity, if this is your preference. How long the lump sum lasts will depend on which type of investment option you choose and the returns on that particular fund. It will also depend on how long you live.

What will be my ongoing "annuity" from the new DC Scheme?

You will no longer have an "annuity" because you will have been paid out in cash your total future entitlements, which includes what would have been your future annuity (at today's value).

However, where you choose to place some or all of your cash distribution back into the new defined contribution scheme you can take a drawdown from the fund as if it were an annuity – that is, you can take the same amount out as you are currently receiving (or more or less as you see fit), at regular intervals.

Some annuitants may want a "set and forget" income, and may prefer to instruct the Trustees to give them a fixed sum each month and carry on as usual.

How long will the option to transfer into the new defined contribution section of the scheme be available for?

This is a one-off option. Annuitants will need to make a decision about whether or not to transfer funds to the new Defined Contribution section of the scheme before their wind-up payments are made in 2017.

It is recommended that annuitants take advantage of the independent financial advice being made available to understand their options, and develop a financial plan that best suits their personal circumstances.

Can regular payments from the new defined contribution scheme be changed to keep up with inflation?

You will be able to instruct the trustees to change your chosen amount of "drawdown" as required, noting that while the intention is to allow reasonably frequent changes to drawdown amounts, that for reasons of administrative efficiency, it is likely that a maximum number of changes per annum will be established.

Why is a new defined contribution section needed? Isn't there one already?

As the existing Defined Contributions section of the scheme is a KiwiSaver compliant superannuation vehicle, only individuals aged under 65 are eligible to join. To ensure that those annuitants who wish to retain all or part of their lump sum in the Beneficiary Fund can be accommodated, a new section that enables those over 65 to join is required.

Additionally, funds held in the new Defined Contribution section are not "locked-in", but they are in the existing KiwiSaver compliant Defined Contribution section of the Fund.

Will I still get paid my annuity while this is all up in the air?

Yes. Winding up the Fund will take several months, and will start on 30 June 2017 with cash distributions made several months after that. Annuitants will continue to receive a monthly payment during this process, and the amount of the wind-up benefit (which is calculated as at 30 June 2017) will be reduced accordingly.

If I die and there are funds left in the new DC scheme in my name, how does my spouse/family receive this?

Any funds left in your name in the Defined Contribution scheme will go to your estate and be distributed in accordance with your will. You do not have to specify the funds in the DC scheme in your Will (that is, you do not have to update your Will for this reason only). The trustees will need to be aware that you have passed on and be given instructions (by the executors of your Will) before they will pay out the balance (in the same way as a bank would require proof and instructions).

What would me or my surviving spouse get if I have put my cash entitlement back into the new defined contribution scheme and it has run out (or in other investments and they have run out)?

One of the proposed purposes that monies held within the Charitable Fund will be applied to, is for ministers, annuitants and their surviving spouses that are adversely affected by the wind-up of the Defined Benefit section of the scheme.

If, through no fault of their own, a minister, annuitant or their spouse was not able to meet reasonable living expenses, they could make an application to the Charitable Fund.

Applicants will need to establish to the Trustees' satisfaction that a distribution from the Charitable Fund is appropriate.

Clear guidelines for the uses of monies held within the Charitable Fund will be developed, should General Assembly give its approval to the proposed changes.

If the Church proceeds with group medical/life/income replacement scheme, will annuitants be able to join?

We are continuing to investigate group medical/life/income replacement schemes. These would be optional and funded by the individual member or employee. As we are at the early stage of investigating options, we can not make any firm statements at this point. What we can say, is that we understand the importance of this, and will take into account the desirability for retired members to be able to join when we consider the suppliers' offers and conditions.

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