

Employer choice

- ▶ Choosing Fidelity KiwiSaver Scheme as your ‘Employer Choice’ provider
- ▶ Appointing an independent financial adviser

Many employers are aware that they can use the benefits available through KiwiSaver to enhance their relationship with their employees. Choosing Fidelity KiwiSaver Scheme as your “employer choice” KiwiSaver provider is one way employers can give employees access to valuable benefits.

Employees are encouraged to seek independent financial advice before making decisions about KiwiSaver because decisions made about KiwiSaver will affect them for their working life and in retirement. Employers and their administrative staff should not give financial advice. Providing access to an independent financial adviser enables employees to have access to financial advice.

Part 1

Choose Fidelity KiwiSaver Scheme as your “Employer Choice” KiwiSaver provider

- ▶ This means that any new employee who is automatically enrolled into KiwiSaver and who does not choose a provider, will have their KiwiSaver account established with the Fidelity KiwiSaver Scheme.
- ▶ Contributions will be invested in the employee's Fidelity KiwiSaver account, in the default fund chosen by the employer. If no default fund is chosen by the employer, contributions will be invested in the Balanced Kiwi Fund.
- ▶ Employees are not bound by their employer's decision. They can change their scheme provider or the fund in which their contributions are invested.
- ▶ Choosing Fidelity KiwiSaver Scheme as your “employer choice” does not create any additional legal obligation on the part of the employer.

Two unique benefits from choosing the Fidelity KiwiSaver Scheme

In addition to a range of other benefits (see over), there are two unique benefits:

1 Access to the Capital Guaranteed Kiwi Fund

This Fund aims to reduce the risk of capital loss arising from a decline in the value of investments. This Fund has a guarantee* from Fidelity Life Assurance Company Limited (Fidelity Life) that the unit price on 31 March each year, in respect of investors in the Fund at this date, will not be lower than the unit price calculated as of 31 March the previous year. If the calculated unit price on 31 March in any year is lower than on 31 March the previous year, Fidelity Life will transfer enough assets to the Fund to ensure the unit price is the same as the unit price calculated as of 31 March the previous year.



The guarantee* applies only to the unit price, not to a particular account value. In addition, if a member transfers funds out during the year, the member will not get the benefit of the unit price guarantee as this only applies on 31 March each year. The guarantee is subject to terms and conditions. (For further detail of the guarantee provided please refer to the Fidelity KiwiSaver Scheme Investment Statement.)

2 Free “top-up” life insurance

Basic cover:

Free top-up to \$10,000, death by accident life insurance cover

If a member dies and their death was the result of an accident and the value of their account was less than \$10,000, Fidelity Life will “top up” the payment to \$10,000. This “top-up” is available only if, at the date of death, the member was making regular contributions and was under the age of eligibility for NZ Superannuation.

Please note, if they are under the age of 10 years, Fidelity Life will top up any payment to \$2,000 in accordance with the provisions of the Life Insurance Act 1908.

Enhanced cover:

Free top-up to \$15,000, death by any cause life insurance cover

This enhanced life insurance cover, an alternative to the free \$10,000 death by accident top-up, is available as a special benefit for Fidelity KiwiSaver members whose employer has chosen the Fidelity KiwiSaver Scheme as their “employer choice” provider.

After six months' membership of the Fidelity KiwiSaver Scheme, if a member should die from any cause and the value of their account was less than \$15,000, Fidelity Life will “top up” the payment to \$15,000. This “top-up” is available only if, at the date of death:

- ▶ the member was making regular contributions, and
- ▶ the member was under the age of eligibility for NZ Superannuation, and
- ▶ the employer had chosen Fidelity KiwiSaver Scheme as their “employer choice” provider, and
- ▶ the employer was employing ten or more people.

* The Guarantee is provided by Fidelity Life to the Trustee of the Fidelity KiwiSaver Scheme. The guarantee is given by Fidelity Life in its capacity as the administration and investment manager of the Scheme and is conditional upon this appointment continuing. Fidelity Life's obligations under the guarantee are unsecured and will rank behind all secured and preferential creditors of Fidelity Life, together with all life insurance policy holder liabilities and will rank equally with all other unsecured creditors. For further detail as to the terms and conditions of the guarantee please refer to the Fidelity KiwiSaver Scheme Investment Statement.

This enhanced benefit ceases if:

- ▶ the employer cancels their selection of Fidelity KiwiSaver as their “employer choice” provider, or
- ▶ the employer ceases to employ ten or more people, or
- ▶ the member is no longer employed by an employer who has chosen Fidelity KiwiSaver Scheme as their “employer choice” provider.

If the member ceases to be eligible for the enhanced life insurance cover, the member’s cover will revert to the death by accident top up to \$10,000 life insurance cover detailed on page 1, subject to meeting the conditions required to qualify for that cover.

The top up \$15,000 enhanced cover is not additional to the top up \$10,000 death by accident life insurance cover.

How to choose the Fidelity KiwiSaver Scheme as your “employer choice” provider

- Employer:** Complete and sign the “Nomination of Employer-Chosen Scheme”. Keep a copy for your records and return the signed original to your adviser.
- Adviser:** Keep a copy of the signed form. Mail the completed original to Fidelity Life, Attention: Yvonne Williams.

Part 2 Choosing an Independent Financial Adviser

Selecting an independent financial adviser ensures employees have access to independent financial advice. There is no obligation on employees to seek or follow this advice. The independent financial adviser will work with you to formulate a process for providing KiwiSaver information and advice to your staff. The adviser will be available to answer questions from staff about their KiwiSaver account and their financial needs.

How to choose an Independent Financial Adviser

- Employer:** Complete and sign the “Appointment of Financial Adviser” form. Keep a copy for your records and return the signed original to your adviser.
- Adviser:** Keep the completed original of the form.

WHY CHOOSE FIDELITY LIFE AS YOUR KIWISAVER PROVIDER?

Kiwi focus, Kiwi responsive

- ▶ New Zealand-managed – decisions are made in New Zealand, for New Zealanders
- ▶ New Zealand-owned – profits stay in New Zealand, growing our economy.
- ▶ No “tied agents” – your adviser is independent and works for you.
- ▶ Committed to our community – raising or donating over \$100,000 annually for the Leukaemia & Blood Foundation, the Multiple Sclerosis Society and the Conservation Foundation.
- ▶ Ethical investment – with our Ethical Kiwi Fund, Fidelity Life is one of the first companies in New Zealand to offer a diversified ethical fund.

Solid track record

- ▶ Over 34 years in the business of savings, investment and insurance.
- ▶ Currently, over \$500 million of funds under management, on behalf of over 30,000 New Zealanders (including KiwiSaver investors).
- ▶ Currently the 5th largest life insurer in New Zealand for new life premium income (source: ISI December 2007).
- ▶ Nationally and internationally-proven fund managers, including ING, Tyndall and AMP. We’re free to choose from a wide range of fund managers. We call it “Best of Breed”.

Proven expertise, proven performance

- ▶ Rated A- (Excellent) by A M Best** – the world’s largest and oldest specialist insurance ratings agency.
 - ▶ Proven investment approach and performance***. In the 5 years to 31/3/08 our following funds ranked:
 - Conservative Portfolio ranked 1st out of 7 funds in its Morningstar research category
 - Balanced Portfolio ranked 18th out of 53 funds.
 - Growth Portfolio ranked 1st out of 18 funds.
 - Aggressive Portfolio ranked 12th out of 33 funds.
 - Options Portfolio a unique investment fund average return 9.7% per annum after tax since launch in August 2004 to 31 March 2008.
- Past performance is not necessarily indicative of future performance.

** The A.M. Best rating relates to Fidelity Life’s insurance business, not money invested in any Fidelity Life investment funds or the Fidelity KiwiSaver Scheme. This rating should not be read as a recommendation.

*** While Fidelity KiwiSaver Scheme Funds differ from our existing funds, the same investment approach applies.

Investment Options

The Fidelity KiwiSaver Scheme has seven investment funds, each with a different "risk profile":

If you choose Fidelity Life as your "employer choice" provider, you can nominate one of these Funds as the "default" fund. This is the fund into which employee members will be allocated unless they choose otherwise.

The seven Funds are:

- ▶ Capital Guaranteed Kiwi Fund
- ▶ Conservative Kiwi Fund
- ▶ Balanced Kiwi Fund
- ▶ Ethical Kiwi Fund
- ▶ Growth Kiwi Fund
- ▶ Aggressive Kiwi Fund
- ▶ Options Kiwi Fund

More details on each are shown overleaf.

If you do not elect a default fund your employee member contributions will be invested in the Balanced Kiwi Fund.

In addition to the Capital Guaranteed Kiwi Fund, described on the first page, we provide further detail on two other Funds: the Ethical Kiwi Fund and the Options Kiwi Fund.

More details on these and other Funds and on the Scheme in general can be found in the Investment Statement for the Fidelity KiwiSaver Scheme. You can obtain a copy of this free of charge from your adviser or from Fidelity Life, PO Box 37275, Parnell, Auckland 1151.

Ethical Kiwi Fund

The Ethical Kiwi Fund provides the opportunity to avoid certain types of companies and investments. It supports investments that embrace the principles of ethical business practices. Currently, the Ethical Kiwi Fund uses best endeavours to avoid securities issued by organisations earning a substantial share of their earnings from the production of:

- tobacco
- gambling
- alcohol
- armament production.

Unlike most ethical investment funds, which focus only on one part of the investment spectrum, the Ethical Kiwi Fund is a true diversified fund, with investments in cash, fixed interest, and New Zealand, Australia and overseas shares. It is managed for the Fidelity KiwiSaver Scheme by Tyndall Investment Management New Zealand Limited, which has to date been successfully managing a Trans-Tasman equity ethical fund for over six years.

Options Kiwi Fund

The Options Kiwi Fund is an alternative investment that invests in cash deposits, bills and other short-term financial instruments. It is managed for the Scheme by Tyndall Investment Management New Zealand Limited, which to date has been managing an identical fund for Fidelity Life for over three years.

Much like a property investor can use their own house as security to leverage and buy more houses, the money is then used as security by Tyndall to sell option contracts to various major banks. Tyndall earns a premium for selling these options contracts.

These option contracts are based on movements in the Australian and US 10-year government bond rates, generally over a 30-day period. They provide the bank counterparty with a payout if interest rates move by more than a prescribed margin in that time.

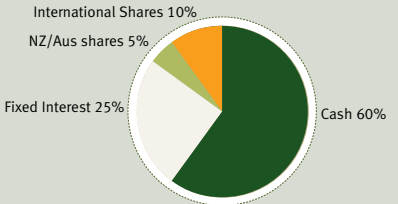
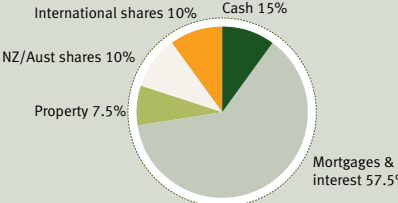
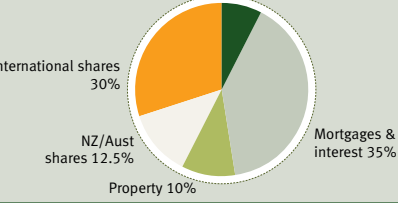
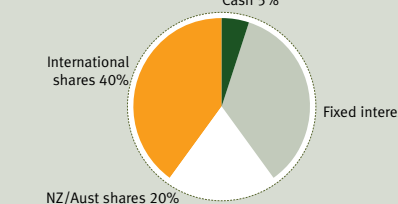
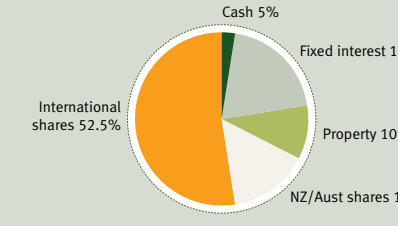
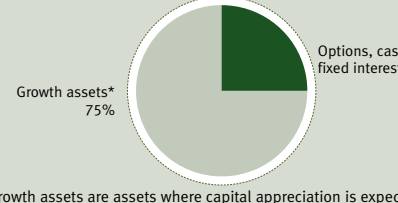
- ▶ If the 10-year rate moves up or down less than the margin, Tyndall does not have to make any payment on maturity of the option.
- ▶ If the 10-year rate moves more than the margin, then Tyndall must pay out on the contract.

It is very similar to an insurance contract, where the insurer receives premium income but must pay out if a particular event occurs.

The Fund's return is then a combination of:

- ▶ Interest earned on the short-term cash deposits; plus
- ▶ The options premiums paid to the Fund by the banks; less any payout.

WHERE IT INVESTS (target benchmark)

<p>Capital Guaranteed Kiwi Fund (see notes)</p> <p>Where it invests A mix of cash, fixed interest, NZ/Australian & international shares.</p> <p>Who it suits Investors with a shorter-term time frame (5-10 years) and needing capital stability.</p> <p>Risk profile Low</p>	 <p>International Shares 10% NZ/Aus shares 5% Fixed Interest 25% Cash 60%</p>
<p>Conservative Kiwi Fund</p> <p>Where it invests A mix of cash, fixed interest, property and NZ, Australian & international shares, with a bias to cash and fixed interest.</p> <p>Who it suits Investors with a shorter-term time frame (5-10 years) and needing capital stability.</p> <p>Risk profile Low</p>	 <p>International shares 10% Cash 15% NZ/Aust shares 10% Property 7.5% Mortgages & fixed interest 57.5%</p>
<p>Balanced Kiwi Fund</p> <p>Where it invests A balanced mix of cash, fixed interest, property and NZ, Australian & international shares.</p> <p>Who it suits Investors with a 5-15 year time frame.</p> <p>Risk profile Medium</p>	 <p>Cash 12.5% International shares 30% NZ/Aust shares 12.5% Property 10% Mortgages & fixed interest 35%</p>
<p>Ethical Kiwi Fund</p> <p>Where it invests A mix of cash, fixed interest, NZ, Australian and international shares selected by Tyndall Investment Management in accordance with their ethical investment guidelines.</p> <p>Who it suits Investors with a 5-15 year time frame</p> <p>Risk profile Medium</p>	 <p>Cash 5% International shares 40% NZ/Aust shares 20% Fixed interest 35%</p>
<p>Growth Kiwi Fund</p> <p>Where it invests A mix of cash, fixed interest, NZ, Australian and international shares with a bias to growth investments, particularly international shares.</p> <p>Who it suits Investors with a longer time frame (10-45 years) wanting good growth and able to tolerate short-term ups and downs.</p> <p>Risk profile Medium to high</p>	 <p>Cash 5% Fixed interest 17.5% International shares 52.5% Property 10% NZ/Aust shares 15%</p>
<p>Aggressive Kiwi Fund</p> <p>Where it invests International shares, NZ & Australian shares, derivatives, fixed interest and cash.</p> <p>Who it suits Investors looking for above-average performance over the long-term and who can tolerate the ups and downs associated with global investing.</p> <p>Risk profile High</p>	 <p>Options, cash & fixed interest 25% Growth assets* 75%</p> <p>*Growth assets are assets where capital appreciation is expected such as shares, property and hedge funds</p>
<p>Options Kiwi Fund</p> <p>Where it invests Short-term fixed interest investments, used as security for derivatives (selling put and call options contracts)</p> <p>Who it suits Investors with a medium term time frame (5 years and over)</p> <p>Risk profile High</p>	<ul style="list-style-type: none"> ▶ Cash ▶ Options Contracts ▶ Fixed Interest

* The Guarantee is provided by Fidelity Life to the Trustee of the Fidelity KiwiSaver Scheme. The guarantee is given by Fidelity Life in its capacity as the administration and investment manager of the Scheme and is conditional upon this appointment continuing. Fidelity Life's obligations under the guarantee are unsecured and will rank behind all secured and preferential creditors of Fidelity Life, together with all life insurance policy holder liabilities and will rank equally with all other unsecured creditors. For further detail as to the terms and conditions of the guarantee please refer to the Fidelity KiwiSaver Scheme Investment Statement.

Notes: 1. Both the Options KiwiFund and Aggressive Kiwi Fund invest in options contracts in a leveraged manner. 2. The actual holding of each Investment Fund will range around the benchmark – refer to the table showing the asset allocation ranges under the heading "What sort of investment is this?" in the KiwiSaver Investment Statement. 3. For details of the guarantee provided to the Scheme by Fidelity Life in respect of the Unit Value of the units in the Capital Guaranteed Kiwi Fund as at 31 March each year – see the KiwiSaver Investment Statement.

Nomination of Employer -chosen Scheme

We, the 'Employer' named below, have chosen the Fidelity KiwiSaver Scheme as our preferred KiwiSaver Scheme for our employees.

We understand this means that new employees who are not currently a member of a KiwiSaver Scheme and who join KiwiSaver will be enrolled automatically in the Fidelity KiwiSaver Scheme unless they choose another scheme.

Employer details

Full name of employer _____

Postal address _____

IRD number _____

Number of employees _____

Contact details (person at the Employer who will be the main point of contact)

Contact name _____

Position _____

Telephone _____

Email address _____

Chosen KiwiSaver scheme detail

Scheme name Fidelity KiwiSaver Scheme

Scheme address Guardian Trust Superannuation Trustees Ltd, Level 7, Vero Centre, 48 Shortland Street, Auckland

Sponsor and provider details

Name Fidelity Life Assurance Company limited

Sreet address 81 Carlton Gore Road, Newmarket, Auckland

Postal address PO Box 37-275, Parnell, Auckland

IRD number 14 - 125 - 094

Default Investment Fund (if not the Balanced Fund) _____

I/We acknowledge that...

The Employer has chosen the Fidelity KiwiSaver Scheme ("Scheme") to be its employer-chosen scheme pursuant to section 46 (1) of the KiwiSaver Act 2006.

Fidelity Life Assurance Company Limited (Fidelity Life) as promoter of the Scheme accepts this election, and will provide Investment Statements and all other material required in terms of the KiwiSaver Act.

The Employer agrees to verify the identity of all employees becoming a member of the scheme, in accordance with the Financial Transactions Reporting Act 1996.

Fidelity Life is not under any obligation to accept an employee as a member of the Fidelity KiwiSaver Scheme where the employee is not eligible under the KiwiSaver Act 2006 to be a member of a KiwiSaver scheme.

The Employer authorises Fidelity Life to give notice to the Commissioner of Inland Revenue that the Employer has chosen the Fidelity KiwiSaver Scheme pursuant to sections 46 and 47 of the KiwiSaver Act 2006 (Notice). As soon as practicable after executing this agreement the Employer agrees to supply all necessary information to Fidelity Life, so that Fidelity Life can give the Notice to the Commissioner of Inland Revenue. The Employer certifies that all information it provides to Fidelity Life for the purpose of this agreement is true and correct.

Fidelity Life accepts no responsibility for the accuracy of information provided by the Employer.

The Employer agrees to provide updated verification of identification of members to Fidelity Life, upon request.

The Employer will give all information required by the KiwiSaver Act 2006 to its employees and will comply with all relevant requirements under the KiwiSaver Act 2006.

Signed on behalf of the Employer:

Name _____

Position _____

Signature _____ Date _____

Signed on behalf of Fidelity Life Assurance Company Limited

Name _____

Signature _____ Date _____

When complete, please return to...

Fidelity Life Assurance Company Limited
PO Box 37-275, Parnell, Auckland, 1151
Attention: Yvonne Williams

Adviser details

Adviser's name _____

Adviser company/firm name _____

Address _____

Telephone _____

Email address _____

Adviser number _____

A/fee (%) _____

Appointment of Financial Adviser

We confirm the appointment of your firm to provide information and guidance to our business and our employees in relation to KiwiSaver and any other related matters as may be agreed.

The specific details of the services to be provided and level and nature of fees payable will be detailed in a separate letter of agreement.

Employer details

Full name of employer _____

Postal address _____

Telephone _____

Contact details (person at the Employer who will be main point of contact)

Contact name _____

Position _____

Telephone _____

Email address _____

Adviser details

Adviser's name _____

Adviser company/firm name _____

Address _____

Telephone _____

Email address _____

Adviser number _____

Signed on behalf of the Employer:

Name _____

Position _____

Signature _____

Signed on behalf of the Adviser:

Signature _____
