27 JUNE 2024

baptist union
Superannuation Scheme

Other Material Information

This document replaces the Other Material Information document dated 18 October 2023

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Section 1 – General

This document sets out important information about your investment in the Baptist Union Superannuation Scheme (*Scheme*) and should be read together with the Product Disclosure Statement (*PDS*), the Statement of Investment Policy and Objectives (*SIPO*) and any other documents held on the register at www.disclose-register.companiesoffice.govt.nz (*Disclose*) in relation to the Scheme (select *Search Offers* and search *Baptist Union*). Copies of these documents are also available on buss.org.nz/resources/.

The PDS and this document relate only to the two classes of membership in the Scheme which are open to new joiners – Class A and Class D. The two other membership classes (Class B and Class C) are closed to new members.

In this document:

- *Trustee*, *we* or *us* means Baptist Retirement Trustee Limited
- *current* or *currently*, in relation to legislation, a policy or a practice, refers to that legislation, policy or practice as at the date of this document.

We have prepared this document to meet the requirements of section 57(1)(b)(ii) of the Financial Markets Conduct Act 2013 (*FMCA*) and clause 52 of Schedule 4 of the Financial Markets Conduct Regulations 2014 (*FMCR*).

Capitalised terms used in this document have the same meaning as in the Scheme's Trust Deed (available on buss.org.nz/resources/ or on Disclose: select *Search Schemes* and search *Baptist Union*) unless otherwise defined in this document.

Section 2 – Scheme, Trustee and its directors

Scheme

In 1899 the Baptist Union established the Annuity Fund to provide annuities to its members and their widows and orphans. In 1990 its name was changed to the Baptist Union Superannuation Scheme and at the same time it was changed from a defined benefit pension scheme to a defined contribution lump sum scheme.

In 2008 the Scheme applied for and was granted charitable status. From 1 July 2008 lay employees could no longer join the Scheme. Currently there are two classes of member to whom the Scheme is on offer:

- Class A Members - Ministers within the Baptist Church and ACTS Churches NZ (and any other church or organisation recognised by the Trustee for Scheme purposes), missionaries and pastoral workers.
- Class D Members - Pastoral leadership students studying theology full-time or part-time at Carey Baptist College, Auckland City Training School (Equippers College) or Activate Training Centre Limited (Vision College) and approved by the Baptist Union or ACTS Churches NZ.

The Scheme is a restricted workplace savings scheme governed by its Trust Deed (a copy of which is held on buss.org.nz/resources/ and on Disclose) and invested in accordance with its SIPO.

Trustee

The Trustee of the Scheme is Baptist Retirement Trustee Limited. It is wholly owned by the Union and its sole purpose is to act as the trustee of the Scheme.

The Trustee's constitution provides that the Trustee's board can have up to 7 directors, of whom:

- the Union appoints up to 3 directors, at least one of whom must be appointed on the recommendation of the ACTS Churches NZ; and
- up to another 3 are appointed by the Union after having been elected by Scheme members who are not members of the ACTS Churches NZ;
- one must be a licensed independent trustee for the purposes of the FMCA whose licence covers the Scheme (and who is appointed by the other directors).

Trustee's directors

The Trustee's current directors are:

Matt Gregory	(Appointed by Union)
Michael Reddell	(Appointed by Union)
Wayne Schache	(Appointed by Union)
Brian Cochran	(Elected by Members)
Grant Harris (Chair)	(Elected by Members)
Cameron Jones	(Elected by Members)
Bryan Connor	(Licensed Independent Trustee director, appointed by the other directors of the Trustee).

The directors of the Trustee, and the Trustee's contact address, may change from time to time. After those changes have been notified to the Companies Registrar, updated details can be viewed on the website companies-register.companiesoffice.govt.nz/.

Section 3 – More about the Scheme

CLASS A MEMBERS

Investment earnings applied to accounts

We calculate the Scheme's investment earning rate periodically but at least annually. We currently calculate the earning rate as at 30 June each year. This can be positive, negative or zero.

Before determining the investment earning rate applying to the Scheme from time to time, we determine the net market value of the assets of the Scheme using a methodology determined by us in accordance with generally accepted accounting practice.

We then calculate the Scheme's investment earning rate for the relevant period using a methodology determined by us from time to time which takes into account (without limitation):

- the nature of the investments and the investment performance of the Scheme and the extent to which gains are realised or unrealised;
- the investment earnings of the Scheme;
- taxation liabilities and provisions (if any);
- the liquidity of investments; and
- such other matters as we may consider relevant;

and after deducting any amounts that we think appropriate:

- to hold in the General Account maintained under the Trust Deed; and
- to provide for expenses, fees, charges or costs associated with the administration and management of the Scheme.

After the end of each financial year for the Scheme we decide the earning rate with respect to that financial year after taking into account not only the matters listed above but also the Scheme's audited financial statements for that year. The Scheme's financial year currently runs from 1 July to 30 June.

The current methodology used for determining the declared annual earning rate to be allocated to members' accounts as at (and for the 12 months ended on) each 30 June, expressed as a percentage, is:

Annual earning rate = (A – B) ÷ C

Where

A = Investment income
PLUS interest from bank account
PLUS other income (if any, usually nil)
LESS investment expenses
LESS non-investment expenses
(A is "SURPLUS BEFORE MEMBERSHIP ACTIVITIES" in the financial statements)

B = Earnings already allocated on withdrawals and transfers for this period.

C = The daily weighted average account balances of all members' accounts which are due to receive earnings.

When a member withdraws or transfers any amount from the Scheme, we will determine an interim earning rate in respect of the amount to be paid or transferred (using a methodology determined by us from time to time) for the period between:

- the last 30 June as at which accounts were credited or debited with an annual earning rate; and
- the withdrawal or transfer date.

The current methodology used for determining this interim earning rate (expressed as a percentage) is:

Interim earning rate = (A – B) ÷ C

Where

A = Actual investment income
PLUS actual interest from bank account
PLUS other actual income (if any, usually nil)
LESS actual and forecast investment expenses
LESS actual and forecast non-investment expenses
(Investment income may be forecast if there is a significant market change that is not reflected in the actual investment income)

B = Earnings already allocated on withdrawals and transfers during the relevant period.

C = The daily weighted average account balances of all members' accounts which are due to receive earnings.

We also have a compensation policy which we apply if an error is made in determining an earning rate, currently:

- we will as soon as reasonably practicable correct that error, so as to restore the impacted members and ex-members to the position they would have been in had the error not occurred; and

- we may, at our discretion, choose not to pay compensation to an exited member if the compensation amount would be less than $20.

Government contributions

Currently, while you:

- contribute to the Scheme; and
- live mainly in New Zealand; and
- are aged between 18 and the Lock-in Date (see below)

you will be eligible for annual Government contributions matching your own locked-in contributions to the Scheme at the rate of 50 cents per dollar up to a maximum Government contribution of $521.43 a year (which equals $10 a week). A year for this purpose is 1 July to 30 June.

The Government contribution entitlements will reduce in proportion to the part of any year during which you were not a member of this Scheme or a KiwiSaver scheme, or were contributing while you did not live mainly in New Zealand.

We will claim your Government contribution entitlements annually on your behalf, usually at the beginning of each July, though if you also contribute to a KiwiSaver scheme then your Government contributions (which cannot exceed $521.43 a year in total) will be paid to the scheme that first requests them.

When you fully withdraw from the Scheme (unless for permanent emigration other than to Australia, or to transfer to another KiwiSaver scheme), we will claim for your benefit the Government contributions for the period since the commencement of the relevant year.

When we receive each Government contribution payment, we will apply it to your locked-in balance (*CSF Balance*) or add it to your benefit where you are withdrawing or transferring all of your savings from the Scheme.

In some circumstances, after you have withdrawn from the Scheme Inland Revenue may pay your Government contributions direct to you.

You cannot withdraw any of your Government contributions:

- unless you (or if you have died, your personal representative) provide(s) a statutory declaration stating when you have lived mainly in New Zealand; or
- to the extent that we know your claim for that amount is wrong (because the periods during which you have met the residency requirement were wrongly advised).

Lock-in Date

Under current legislation, the **Lock-in Date** is the date when you reach the standard qualifying age for New Zealand Superannuation (this is currently 65).

First home purchase – withdrawal from CSF Balance

You may be eligible to withdraw some or all of your CSF Balance to help purchase your first home or land in New Zealand if:

- 3 or more years have passed since Inland Revenue received your first KiwiSaver contribution or since you first joined a KiwiSaver scheme or this Scheme; and
- you have never made a home purchase withdrawal; and
- you intend the property to be your main place of residence; and
- you have never owned a home or land either alone or jointly (limited exceptions apply).

If you have owned a house or land before and therefore you do not qualify to make a first home purchase withdrawal, you may still be eligible to make a withdrawal to purchase a home or land if:

- you meet the first three of the above criteria; and
- you give us written confirmation from Kāinga Ora (formerly Housing New Zealand) that it is satisfied your financial position (as to assets and liabilities) is what would be expected of a person who has never owned a home.

For more information or the necessary form telephone 0508 935 266 or visit www.kaingaora.govt.nz/home-ownership/kiwisaver-first-home-withdrawal/.

If you make an application for a first home purchase withdrawal from your CSF Balance, we will require the necessary documents and evidence to support your application (including a copy of a sale and purchase agreement listing you as purchaser) by at least 10 business days before either the settlement date or (if relevant – see below) the date when the deposit payment is due.

If your sale and purchase agreement is conditional then you can choose whether the amount withdrawn will be applied towards paying a deposit or applied at settlement. If the agreement is unconditional, the amount withdrawn can only be applied at settlement. If you make a withdrawal to pay a deposit, and not all funds are needed for the deposit, your solicitor or conveyancing practitioner must hold any residual funds for payment at settlement.

You can only make one withdrawal towards your home or land purchase, so if you wish to use your funds for both deposit and settlement you must apply before the deposit payment is due.

If we approve the withdrawal then we will pay the withdrawal amount directly to your solicitor or conveyancing practitioner. If the withdrawal is to be paid towards your deposit, he or she must pay the deposit amount to a stakeholder (such as the vendor's solicitor or real estate agent) to pay it under the sale and purchase agreement once the agreement goes unconditional.

If you use any amount withdrawn to help pay your deposit, and (for reasons other than any default on your part as purchaser) settlement does not proceed, the stakeholder must repay the money to your solicitor or conveyancing practitioner, who must then return the money to your CSF Balance in the Scheme. If you made the withdrawal for the purposes of settlement and settlement does not proceed, your solicitor or conveyancing practitioner (who will have held your funds in trust) must repay the money to your CSF Balance in the Scheme.

Serious illness

If we are reasonably satisfied you are suffering from a serious illness (as defined for KiwiSaver purposes) you may withdraw some or all of your CSF Balance.

A *serious illness* means an injury, illness or disability that:

- results in you being totally and permanently unable to engage in work for which you are suited by reason of experience, education or training (or any combination of those things); or
- poses a serious and imminent risk of death.

We will need evidence to support your request.

Significant financial hardship

If we are reasonably satisfied that you are suffering or likely to suffer from significant financial hardship and have explored and exhausted reasonable alternative sources of funding, you can make a withdrawal from your CSF Balance (excluding the Government contributions amount).

Significant financial hardship includes significant financial difficulties arising because of:

- your inability to meet minimum living expenses;
- your inability to meet mortgage repayments on your main family home, resulting in the mortgagee seeking to enforce the mortgage;
- the cost of modifying a home to meet special needs arising from your own or a dependant's disability;
- the cost of medical treatment for your own or a dependant's illness or injury;
- the cost of palliative care for you or a dependant; or
- funeral costs for a dependant.

You will need to give us a statutory declaration as to your assets and liabilities, and we can limit the withdrawal to the amount we think you need to alleviate the hardship you are suffering.

Permanent emigration

One year or more after you have permanently emigrated you can apply to withdraw your CSF Balance (excluding the Government contributions amount) from the Scheme. We must repay your Government contributions amount to the Government. We will need a completed statutory declaration and certain other evidence.

Life-shortening congenital condition

You can withdraw some or all of your CSF Balance before your Lock-in Date if we are reasonably satisfied that you have a *life-shortening congenital condition* as defined for KiwiSaver purposes. In summary terms, you must have a condition that is congenital (i.e. has existed since you were born) and is either:

- identified by regulation as a life-shortening congenital condition (the life-shortening congenital conditions currently identified in the KiwiSaver Regulations 2006 are Down syndrome, cerebral palsy, Huntington's disease and fetal alcohol spectrum disorder); or
- one for which you have medical evidence to verify that it is expected to reduce life expectancy to below age 65 (either for you or generally for persons with the condition).

If you make a withdrawal from your CSF Balance (or any KiwiSaver balance) on this basis, you will be treated for KiwiSaver purposes as having reached the Lock-in Date, which means you will be eligible to make further withdrawals but you will no longer be eligible for Government contributions or compulsory employer contributions.

Total and permanent disablement

The Scheme's death and total and permanent disablement benefits are currently insured with Resolution Life Services NZ Limited.

Currently, as noted in the PDS, total and permanent disablement means that:

- you are **unable to work**; or
- you suffer a **specific loss**; or
- you require assistance with your **future care**; or
- you become **terminally ill**.

The current definition of each of these bolded terms is set out in the Appendix to this document.

Other withdrawals

We must comply with any law or Court order requiring us to release some or all of your CSF Balance (for example when a relationship ends).

'Frozen membership' facility (ministers and missionaries)

As noted in the PDS, if you leave active service as a minister or missionary then you may remain in the Scheme as a 'frozen member' if we are reasonably satisfied that you either:

- are seeking a return to active service as a minister or missionary; or
- intend or reasonably expect to return to active service as a minister or missionary:
    - within two years of the date of leaving active service; or
    - if your reason for leaving active service is to immediately take up with another organisation, approved by the Trustee, a position involving Christian mission or ministry work substantially corresponding to the regular work of a minister or missionary, as soon as that appointment ends.

While you are a frozen member you may:

- retain your full Member's No.1 and Member's No.2 Account balances and your CSF Balance in the Scheme for up to two years (or for such other period as we determine at our discretion) during which those balances will continue to attract investment earnings;
- not make contributions to the Scheme;
- continue your insurance cover for death and total and permanent disablement provided you pay the premium costs for the cover we obtain from our insurer for you (and subject at all times to the terms and conditions of our insurance policy); and
- leave the Scheme at any time (though your CSF Balance must be transferred to a KiwiSaver scheme except to the extent, if any, that you are permitted under the complying fund rules to receive it as a lump sum).

We will terminate your frozen membership (and you will exit the Scheme) if we are no longer reasonably satisfied that you continue meeting the conditions upon which you were granted frozen membership.

ALL MEMBERS

Amending the Trust Deed and SIPO

We can amend or replace the Trust Deed for the Scheme with the consent of the Union and the Financial Markets Authority (and subject to other restrictions set out in the FMCA). However, we do not need the Union's consent if the amendment is required by law.

We can amend the SIPO for the Scheme, including benchmark asset allocations and ranges, at any time.

We will notify you of any material changes to the Trust Deed or the SIPO in the next Annual Report for the Scheme.

Winding up the Scheme

Either the Trustee or the Union can decide to wind up the Scheme.

The Financial Markets Authority may also require the Scheme to be wound up in certain circumstances set out in the FMCA.

If the Scheme is wound up, your claim on its assets will rank behind outstanding fees and expenses, any taxation liabilities, any other claims preferred at law and the Scheme wind-up costs. This means that after a wind-up a Class A Member may not recover the full amount paid to the Scheme by that Class A Member or for that Class A Member's benefit.

On a wind-up:

- Class A Members' No.1 and No.2 Account balances will be paid to them as lump sums; and
- Class A Member's CSF Balances:
    - will be paid as lump sums where those members have reached their Lock-in Date; and
    - will be transferred to KiwiSaver schemes in other cases.

Class D Members will not receive any amount from the Scheme (as they do not have account balances and are insurance-only members).

Indemnities

Unless the Trustee fails to meet the 'proper performance' standard of care required by the FMCA, both the Trustee and its directors are indemnified from the assets of the Scheme for and in respect of any claims, actions, demands, proceedings, costs, losses, expenses and liabilities which they may sustain or incur by reason of the carrying out or omission of any function, duty or power of the Trustee under the Trust Deed.

Further information in relation to the Trustee's responsibilities and indemnities is set out in the Trust Deed.

Section 4 – Costs and expenses

Right to charge expenses to the Scheme

We recover from the assets of the Scheme all our costs and expenses incurred in relation to the trusteeship, management and administration of the Scheme.

Changes to costs and expenses

The actual costs and expenses charged to the Scheme, which affect the returns on your investment in the Scheme in proportion to your balances, will vary and will depend on the actual costs we incur in the operation of the Scheme.

There is no limit on the amount of expenses reimbursement to which we are entitled.

These expenses are included in the "fund charges", which are estimated in the PDS and disclosed in the fund updates. The expenses are also disclosed on the offers register entry for the Scheme on the Disclose website at www.disclose-register.companiesoffice.govt.nz (search *Baptist Union*).

As set out in the PDS there are no fees or charges payable by Class D Members.

Section 5 – Basis of fund charges estimates in PDS

The annual fund charges estimate in the PDS includes estimates for certain fees and expenses, including administration, investment and other professional services fees and expenses. We determine these items based on (as applicable) estimates we receive from our service providers and our experience with the Scheme and its investments. The PDS sets out our estimate as a percentage of the net asset value of the Scheme.

The estimate assumes:

- the continuation of our current target asset allocations for the Scheme;
- the continued appointment of the current underlying fund manager (Nikko); and
- the investment management fees and expenses charged or incurred by Nikko not significantly differing (in percentage terms) from those currently charged.

Section 6 – Additional information on risks

Some information on investment risks relating to the Scheme is set out in Section 4 of the PDS. The information below supplements and should be read together with the PDS.

All investments involve risk. The return on an investment carries a corresponding potential level of risk that you may lose some or all of the investment, receive negative returns or not receive a particular rate of return. The value of your investment in the Scheme is not guaranteed and can go up and down.

There are risks associated with investing in the Scheme because the value of your investment is linked to market performance. Investment returns will fluctuate from time to time according to market conditions (this is sometimes called 'volatility') and may in some years be negative.

Generally, investments in income assets (such as cash, cash equivalents and fixed interest) tend to be less volatile than investments in growth assets (such as equities). As we invest in a mix of income and growth assets the value of your investment in the Scheme can go up or down.

We will allocate investment earnings to your accounts at rates which we determine as described under *Investment earnings applied to accounts* in Section 3 of this document. If we declare a negative earnings rate and you have been a member for a very short time, it is possible that you may receive a benefit that is less than your own contributions to the Scheme.

Other general risks

Some of the other main events that can affect returns from the Scheme, and cause the value of your investment to go up and down, are (in addition to the *General investment risks* set out in the PDS):

- ***Credit risk:*** where we invest in fixed interest assets or cash and cash equivalents, there is always the risk that a borrower may default on payment of the interest or principal or otherwise be unable to meet its financial obligations (resulting in reduced returns or inability to recover the full amount invested) - we seek to reduce such risks as described in the SIPO;
- ***Liquidity risk:*** certain investments becoming illiquid, meaning we cannot sell assets when we want to, or can only sell them at a discount;
- ***Operational risk:*** there could be an operational or systems failure, loss of key personnel, fraud or business disruption affecting the Scheme or financial markets generally;
- ***Derivative risk:*** a derivative is a financial arrangement the value of which depends on the future value of underlying assets and which is designed to provide exposure to an underlying asset without having to buy or sell the asset – the manager of the funds into which we directly invest may from time to time use derivatives as a risk management tool and the resulting risks include:
    - the fact that using derivatives as an alternative to investing in physical assets can magnify the effect of adverse asset price fluctuations (potential gains and losses from derivative transactions can be substantial and increase volatility); and
    - counterparty risk – this is the risk that counterparties to the derivative do not, or cannot, honour their obligations.

Asset class risks

There are also specific risks arising from investments in each asset class. The main risks associated with each asset class are:

- ***Cash and cash equivalents:*** inflation risk (the risk that inflation will erode value - i.e. that the return on the investment is less than inflation) and credit risk;
- ***Fixed interest:*** interest rate risk, inflation risk and credit risk;
- ***Equities***: market risk and currency risk; and
- ***Property:*** market risk and liquidity risk.

The relative significance of these risks will be affected by the Scheme's asset allocations from time to time.

Other risks

The value of your investment in the Scheme may also be affected by:

- ***Regulatory risk:*** future changes to charities, tax or other relevant legislation adversely affecting the operation of the Scheme or its investments;
- ***Administrative or operational risk:*** technological or other failures, a process failure, fraud, litigation, disruption to business by reason of industrial dispute, system failure, natural disaster or other unforeseen events affecting either the Scheme or markets generally;
- ***Counterparty risk:*** the risk of the other party to a contract not fulfilling or disputing its obligations, becoming insolvent or otherwise being unable to meet its financial obligations; and
- ***Service provider risk:*** any of the parties helping operate the Scheme or investing Scheme assets failing to perform their obligations.

Section 7 – Tax on contributions

Member contributions to the Scheme are made from after-tax income, so no more tax is payable on those contributions.

Employer contributions to the Scheme have employer's superannuation contribution tax (*ESCT*) deducted from them before they are paid to the Scheme. The ESCT rate is calculated based on:

- the before-tax earnings and superannuation contributions which you received from your employer during the last income year (1 April to 31 March); or
- if your employer did not employ you for all of that income year, its estimate of the before-tax earnings and employer superannuation contributions that it will pay for your benefit during the current income year.

You can find information on the current ESCT rates on the Inland Revenue website www.ird.govt.nz (search for *ESCT*).

Section 8 – Conflicts of interest

The Trustee's directors (other than the Licensed Independent Trustee director, who is appointed by the other directors) are appointed by the Union and are a mixture of the Union Nominees, the ACTS Churches NZ Nominees, and members who are not members of the ACTS Churches NZ.

Notwithstanding the interests of the parties which have appointed them, all of the Trustee's directors must act honestly, in good faith and in the members' best interests, treat members equitably and not use Scheme information either for improper advantage or to cause detriment to members. The Trustee must also, in exercising any power or performing any duty, exercise the care, diligence and skill that a prudent person of business would exercise in those circumstances.

Additionally the Trustee uses administration and investment managers who are independent of both the Union and the ACTS Churches NZ and all members.

Where the Trustee has entered, or enters, into any transaction providing for a related party benefit (as defined in the FMCA) to be given:

- that transaction must be in the members' best interest or on arm's length terms (or otherwise comply with the FMCA related party transactions provisions); and
- the Trustee, with the consent of the Licensed Independent Trustee director, must certify accordingly.

If any particular conflicts of interest do arise in relation to the Scheme, then the Trustee's directors will identify and record those conflicts and take steps to manage them (as appropriate) on a case by case basis. Those steps might include (for example):

- taking independent legal or other advice; and
- having a director who is conflicted due to having a direct personal interest in a matter under consideration withdraw from the discussions and decision-making process.

Section 9 – Material contracts

We have entered into the following contracts which are material information in respect of the Scheme.

Administration Services Agreement

Under the terms of an Administration Services Agreement with The New Zealand Anglican Church Pension Board now trading as Anglican Financial Care (*AFC*) dated 4 December 2015 which has been novated to the Trustee, we have delegated to AFC the performance of our administration functions with respect to the Scheme. The services provided by AFC include (among other things):

- maintaining and managing all member and Scheme-related data;
- attending to all new member admissions;
- receipt, reconciliation and banking of contributions and attending to creditor payments;
- managing the benefit claims process and all benefit payments;
- attending to interim and year-end earning rate determinations;
- ensuring compliance with all disclosure and year-end and event-driven reporting and registration requirements, and with the Trustee's Privacy Act 2020 obligations; and
- ensuring compliance with all accounting, tax and auditing (including assurance engagement) requirements for the Scheme.

AFC also provides secretarial services to us and acts as a point of contact between us and members.

Investment of Scheme assets

In accordance with an application for units submitted to Nikko dated 6 October 2014 and a Subscription Agreement dated 2 October 2017 as amended on 1 April 2019, 14 October 2020, 30 October 2020 and 26 May 2023, all the Scheme's assets are invested directly in investment funds managed by Nikko (those funds are referred to in the SIPO held on the Disclose website at www.disclose-register.companiesoffice.govt.nz - select *Search Schemes* and search *Baptist Union*).

Under the Subscription Agreement the Trustee is classed as a wholesale investor and Nikko does not act as an investment manager of the Scheme for the purposes of the FMCA.

We may terminate the Subscription Agreement with Nikko on notice or in certain other prescribed circumstances.

Insurance policy

Pursuant to an insurance policy issued by Resolution Life Services NZ Limited, the Trustee insures the Scheme with respect to the payment of death and total and permanent disablement benefits to the extent that those benefits exceed the relevant members' total account balances.

Section 10 – Market indices

The benchmark portfolio against which we compare the Scheme's performance is a composite index:

- comprising the benchmark indices used to measure the Scheme's performance by individual asset class; and
- weighted according to the Scheme's benchmark asset allocation as set out in the SIPO.

The actual market index annual return is set out in the annual fund update for the Scheme. A copy of the fund update is held on buss.org.nz/resources/ and on the Disclose website at www.disclose-register.companiesoffice.govt.nz (select *Search Offers* and search *Baptist Union*).

More information about the benchmark indices referred to in the SIPO (and in the fund update for the Scheme) can currently be found on the following websites:

- Bloomberg NZBond Bank Bill Index - https://www.bloomberg.com/quote/BNZBIL:IND
- Bloomberg NZBond Composite 0+ Yr Index - https://www.bloomberg.com/quote/BNZCM0:IND
- Bloomberg Global Aggregate Bond Index – https://www.bloomberg.com/quote/LEGATRUU:IND
- S&P/NZX 50 Gross Index – https://us.spindices.com/indices/equity/sp-nzx-50-index
- MSCI All Countries World Index – https://www.msci.com/acwi
- S&P/NZX All Real Estate Gross Index – https://us.spindices.com/indices/equity/sp-nzx-all-real-estate-sector.

The market indices and those web pages may change, or may be renamed or replaced, from time to time without notice to you.

APPENDIX
TOTAL AND PERMANENT DISABLEMENT (DEFINED TERMS)

You will be considered **unable to work** if:

- while you are a member of the Scheme, by reason solely of illness or disease (*sickness*) or accidental bodily injury (*injury*) you are wholly prevented from performing your full-time, casual or part-time duties (as applicable), whether paid or unpaid, for three consecutive months; and
- at the end of that three month period in our insurer's opinion, after consideration by our insurer of all medical and other evidence it considers necessary, you are so disabled as a result of that sickness or injury that you are unable ever again to perform full-time, casual or part-time duties (as applicable), whether paid or unpaid, for which you are reasonably qualified by education, training or experience.

If you have been diagnosed by a medical practitioner as suffering from one of the following medical conditions listed below, the "three consecutive months" and "three month period" requirements above will be waived. The medical conditions are:

- Alzheimer's disease or other dementia
- Cardiomyopathy
- Diplegia
- Hemiplegia
- Lung disease
- Major head injury
- Motor neurone disease
- Multiple sclerosis
- Muscular dystrophy
- Paraplegia
- Parkinson's disease
- Permanent blindness/deafness/loss of speech
- Primary pulmonary hypertension
- Quadriplegia.

You will be considered to have suffered a **specific loss** if you suffer an injury or sickness which first became apparent while you were a member of the Scheme and as a result of the injury or sickness you have suffered the total loss of (or total loss of the use of):

- both hands or feet;
- one hand and one foot;
- the sight of both eyes; or
- one hand or foot and the sight in one eye,

in circumstances where the loss will never be regained.

You will be considered to require assistance with your **future care** if:

- you suffer an injury or sickness which first occurs while you are a member of the Scheme; and
- because of that injury or sickness, in our insurer's opinion you are totally and permanently unable to perform at least two of the following "activities of daily living" without assistance from another person:
    - bathing/showering;
    - dressing/undressing;
    - eating/drinking;
    - using the toilet to maintain personal hygiene; or
    - getting in and out of a bed, a chair or a wheelchair, or moving from place to place by walking, using a wheelchair or using a walking aid.

You will be considered to be **terminally ill** if:

- you are diagnosed by a registered Medical Practitioner as being terminally ill; and
- that illness stops you from working; and
- in our insurer's opinion you are not expected to live more than 12 months.