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Classic Personal Retirement Plan Fact Sheet

Profile

Investment type	Market valued (but not unitised) savings and investment insurance policy. It was formerly a superannuation scheme until 30 September 2016.
Product Commencement	March 1990 (Metropolitan Life)
Product Closure	No longer sold from 1997. From 1 July 2010 closed for contribution increases or lump sums.
Product Disclosure Statement	A PDS is not required for products which are no longer on sale. Refer to the last issued Policy Wordings at the end of this document.

Tax

Tax	28% tax paid at investment fund level and deducted during interest crediting process
PIE status	Not a PIE compliant product. This product only has 'quasi-PIE' status – that is, no tax on capital gains on Australasian equities

Fees and charges

Contribution fee	0% – 6% of all contributions paid depending on the servicing commission at commencement
Investment management fee	Prior to May 2021, a fee of up to 1% applied and was deducted during the interest crediting process. Now only the cost of investing (the FUM fees) apply, which range from 0.25% to 1.72% depending on the investment fund. Prior to 1 December 2022, underlying investment manager fees also applied to specialist investment funds.
Administration fee	\$4.30 per month
Partial withdrawal fee	\$25 per withdrawal
Collection Fee	2.5% of the contribution amount if paid by credit card
Switch fee	One free switch each policy year. A fee of \$25 for subsequent switches in the same year

Commission

Contribution Commission	Up to 7.5% of actual contributions paid (contributions paid x 7.5% x service commission basis %)
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Features

Investment Funds	Choice of 11 funds – Foundation, Balanced, Market, Dynamic, Fixed Interest, Equities, Global Equity, Global Emerging Markets, New Zealand Equity, Income and Property Funds
Optional Contribution Protection	Insured benefit payable on death or TPD and the benefit payable is based on future contributions to the end of the nominated term. Benefit will cease if contributions cease to be paid.
Withdrawals	Fully accessible. Full fund value is payable since the Termination Fee was removed from 1 May 2021

Investment strategy

Investment Style	Passive
Hedging	50% on exposure to the SuperLife Overseas Shares Fund, 100% on exposure to the SuperLife Overseas Bond Fund
Fund Manager	AIA
Underlying Funds	Varies by asset class. For details see SuperLife Funds for each Asset Class in the Document Library
Asset Allocation	For information on the asset allocation of available Funds and FUM fees, see Unit Linked Product Asset Allocations in the Document Library

Date: February 2023

CLASSIC PERSONAL RETIREMENT FUND

POLICY DOCUMENT

This document is the policy document. It explains what your policy covers. It should be read in conjunction with all the documents that form part of your policy.

1. Introduction

- 1.1. Your policy is a contract between Sovereign Assurance Company Limited (“Sovereign”) and the *policy owner* named in the *schedule* (“you” or “your”) and governs the provision of *retirement benefits* and optional insurance benefits for the *life assured* named in the *schedule*.
- 1.2. The terms of your policy are set out and contained in the following documents:
 - > this policy document and any alterations made to it; and
 - > the *schedule* which states who the *policy owner(s)* and *life assured* are, as well as setting out other important information that applies to your policy.
- 1.3. Some words in this document are italicised indicating they are key terms that are defined in section 12 ‘Definitions’.

2. Your contributions

- 2.1. Your contributions to the policy can be made in regular monthly, half-yearly or annual instalments. You can change the frequency of contributions by contacting Sovereign. There is no charge for changing the frequency of contributions. Your policy may also be initiated with a single contribution at entry.
- 2.2. Your contributions can be made by direct debit, direct credit, in cash or by automatic payment.
- 2.3. The frequency and methods for payment of contributions are those currently allowed for and are subject to change at Sovereign’s discretion.
- 2.4. You cannot make lump sum contributions.
- 2.5. Increases in the level of contributions can only be made by way of indexation. If you have selected indexation to apply (as shown in the *schedule*) then each year on the anniversary of the *policy commencement date* you will be asked whether you want the indexation increase to be applied to your contributions. If the indexation increase is accepted then your contributions will be increased by the increase in annual *CPI*. If you decline the indexation increase for two consecutive years it will no longer be offered as an automatic increase.

3. Your plan account

- 3.1 Your contributions are credited to your *plan account*

and the account balance is invested in the investment fund of your choice (see clauses 5.7-5.19 for a description of the available investment funds).

- 3.2 Declared interest is credited or debited to your *plan account* monthly.
- 3.3 All partial withdrawals, fees as noted in section 6 and clause 7.6 and *contribution protection insurance benefit* premiums (if applicable – see section 9) are deducted from your *plan account*.
- 3.4 You will be sent a *plan account* statement each year.

4. Nominated term

- 4.1 At the *policy commencement date* you select a *nominated term* to apply to the policy (as noted in the *schedule*) on the expiry of which your *retirement benefits* will be payable. The minimum *nominated term* for regular contributions is 10 years, unless the *life assured* is aged 50 years or older in which case the minimum *nominated term* is 5 years. If a policy is initiated with a single contribution and no regular contributions are to be paid, the minimum *nominated term* is 5 years. There is no maximum *nominated term*.

5. Investment funds

Management of the investment funds

- 5.1 There are a number of different investment funds that your contributions can be invested in (see clauses 5.7 – 5.19). Each investment fund has its own investment strategy which determines the types and mix of investments which are held in that fund. Sovereign does not provide any guarantee in respect of any investment fund.
- 5.2 You may invest in only one investment fund at any point in time. For further information about the investment funds available please refer to Sovereign. You may apply to switch from one investment fund to another at any time. Exercising a switch may be subject to a fee (see clause 6.6).
- 5.3 The return on each investment fund is in the form of a declared interest rate. The deductions for the cost of investing and taxation are taken into account before the interest rate for each investment fund is declared.
- 5.4 The declared interest rate may be positive or negative depending on the investment return of the investment fund, the tax, costs and fees deducted when calculating the declared interest rate.

- 5.5 Interest is calculated daily by applying the declared interest rate to your *plan account* balance, compounded monthly and credited to the your *plan account* monthly.
- 5.6 Your *retirement benefit*, when paid to you, may be less than the contributions paid into the policy if losses are incurred by the investment fund(s) chosen or if investment returns are less than the fees, costs of investing and *contribution protection insurance benefit* premiums deducted. A *retirement benefit* might reduce over time for the same reasons, particularly if it is a policy initiated with a single contribution at entry.

Available investment funds

- 5.7. **The Foundation Fund:** aims to achieve medium to long term growth while maintaining a low risk profile by investing predominantly in income assets and a moderate exposure to growth assets including local and international equities.
- 5.8. **The Balanced Fund:** aims to achieve medium to long term growth by maintaining a slightly higher risk profile by investing predominantly in growth assets such as local and international equities and a lesser amount of income assets.
- 5.9. **The Market Fund:** aims to achieve medium to long term growth by maintaining a moderate to aggressive risk profile by investing predominantly in growth assets such as local and international equities and a modest exposure to income assets. The returns from this fund are likely to be volatile over shorter periods.
- 5.10. **The Dynamic Fund:** aims to achieve medium to long term growth with a heavy (high) risk profile by investing predominantly in growth assets such as local and international equities and a small exposure to income assets. The returns from this fund are likely to be volatile over shorter periods.
- 5.11. **The International Fund:** aims to achieve medium to long term growth by investing in international assets. The fund invests predominantly in growth assets which may include high risk sectors such as global small companies and emerging markets. Returns from this fund are likely to be volatile over shorter periods.
- 5.12. **The Fixed Interest Fund:** invests in a diversified portfolio of New Zealand and international fixed interest assets that may include government stock, corporate bonds, local authority stock, global credit funds and bank bills. This fund is expected to have a moderate level of volatility.
- 5.13. **The Equities Fund:** aims to achieve long term returns through an exposure to a diversified portfolio of listed Australasian and international companies including a small allocation to emerging market businesses. The returns from this fund are likely to be volatile over shorter periods.
- 5.14. **The New Zealand Equities Fund:** aims to achieve long term growth through an exposure to a diversified portfolio of listed New Zealand companies. Returns from this fund are likely to be volatile over shorter periods.
- 5.15. **The Global Equities Fund:** aims to achieve long term growth through an exposure to international equities that may include an allocation to emerging markets. The fund will have no exposure to Australasian equities. Returns from this fund are likely to be volatile over shorter periods.
- 5.16. **The Global Small Companies Fund:** aims to achieve long term growth by providing investors with the opportunity to access a broad portfolio of global small companies. The returns from this fund are likely to be highly volatile over shorter periods.
- 5.17. **The Global Emerging Fund:** aims to achieve long term returns through exposure to growth assets in emerging markets by using specialist equity fund managers. This is a high risk fund and the returns from the fund are likely to be highly volatile over shorter periods.
- 5.18. **The Income Fund:** aims to achieve stable and predictable returns through investment in deposits with New Zealand registered banks.
- 5.19. **The Property Fund:** aims to achieve long term returns through an exposure to listed New Zealand property trusts and investment companies. Property assets generate income and capital growth but can be volatile over shorter periods.

6. Fees

- 6.1. An administration fee is deducted monthly from your *plan account*. This fee is currently \$4.30 per month.
- 6.2. A contribution fee of up to 6% applies to all contributions you pay into the *plan account*. This fee will be deducted from each contribution prior to investment in your chosen investment fund.
- 6.3. If contributions are paid by automatic payment, a collection fee of 2.5% of the contribution paid is deducted from the contribution prior to investment in your chosen investment fund. No collection fee is payable for contributions paid by other methods.
- 6.4. An investment management charge (currently 1% per annum) is charged in addition to the investment costs noted in clause 5.3. This charge is deducted from each investment fund prior to the interest rate being declared.
- 6.5. Initial expenses of the policy are recovered by way of a management fee of up to 1% per annum of your *plan account* balance, deducted monthly from your *plan account*.
- 6.6. You can make one free switch from one investment fund to another each policy year. After the first switch, a switching fee (currently \$25.00) will apply.

Termination fee

- 6.7. A termination fee is charged if the policy is terminated and the actual contributions paid (including any single or casual lump sums and after deducting partial withdrawals) are less than the *target total contributions*.
- 6.8. The *target total contributions* for the policy are the regular contributions chosen at entry multiplied by the lower of the *nominated term* you selected at the *policy commencement date* and 25 years, plus any increases in regular contributions multiplied by the lower of the remainder of the *nominated term* at the time of the increase and 25 years.
- 6.9. Any reduction in regular contributions or partial withdrawal from the policy may also result in the application of a termination fee. You can contact Sovereign to obtain details of the termination fee that will apply.
- 6.10. Termination fees do not apply to the policy if a single contribution was made at commencement.
- 6.11. The fees detailed in this section and in clause 7.6 are the maximum fees currently charged and are subject to change. Sovereign has the authority to alter any of these fees described which will only be exercised reasonably.

7. Benefits

- 7.1. Your *retirement benefit* is the balance held in your *plan account* and is the sum of all contributions paid plus declared interest less any fees and premiums for the *contribution protection insurance benefit* (if applicable) and any partial withdrawals you make.
- 7.2. In the event of death or *total permanent disablement* of the *life assured*, the proceeds of the *contribution protection insurance benefit* (if you elected to take out that cover) will form part of your *retirement benefit*.
- 7.3. Prior to the *life assured* reaching 81 years of age, you may opt to continue making contributions into your policy or leave your *retirement benefit* in the *plan account* after the expiry of your *nominated term*. Sovereign will pay you the *retirement benefit* upon the *life assured* reaching 81 years of age.

Partial withdrawals

- 7.4. Partial withdrawals of your *retirement benefit* are permitted. The minimum partial withdrawal is \$500.
- 7.5. The maximum partial withdrawal that can be made at any time is 90% of the cash value of your policy which is the balance held in your *plan account* less any termination fee as calculated in clause 6.7.
- 7.6. A withdrawal fee (currently \$25) will be charged for each partial withdrawal you make. A termination fee may also apply (refer to clause 6.7).

Payment on death or total permanent disablement

- 7.7. In the event of death or *total permanent disablement* of the *life assured* prior to expiry of the *nominated term*, or in the case of *total permanent disablement* prior to the *life assured* attaining the age of 65 (whichever is earlier), the full value of your *plan account* is payable and no termination fee will apply.

8. Termination of the policy

- 8.1. Your policy will terminate on the first to occur of any of the following events:
- > the payment of the balance held in your *plan account*; or
 - > you cancel the policy; or
 - > where you have ceased to make regular contributions to the policy and as a result there is insufficient money in the your *plan account* to sustain the fees and premiums for the *contribution protection insurance benefit* (if applicable) payable in respect of the policy.

9. Optional contribution protection insurance benefit

- 9.1. For a *life assured* aged less than 60 at the *policy commencement date* you may elect to take out insurance cover that protects future contributions in the event of the *life assured's* death or *total permanent disablement* by completing the appropriate proposal. The amount of cover provided by the insurance is called the *sum assured*. The *sum assured* is an amount equal to the regular annual contributions payable at the date of the *life assured's* death or *total permanent disablement* for the then current policy year, multiplied by the remaining *nominated term* of the policy, and therefore reduces over the *nominated term*.

Duty of disclosure

- 9.2. When you apply for cover under the *contribution protection insurance benefit* you and the *life assured* are under a duty to give Sovereign complete, true and correct information.
- 9.3. If you or the *life assured* breach this duty of disclosure to Sovereign by failing to provide material information or by providing information that is substantially incorrect, Sovereign may, at its complete discretion choose one of the following two remedies:
- a) avoid from inception your entire *contribution protection insurance benefit* (this means the benefit is deemed never to have existed), or

- b) alter the terms upon which cover is provided under the *contribution protection insurance benefit*. If Sovereign chooses to alter the terms of the benefit it may do so effective from the commencement date of the *contribution protection insurance benefit*.

9.4. If cover under any *contribution protection insurance benefit* is avoided or any terms of cover are altered, Sovereign is entitled to retain all premiums paid in respect of the *contribution protection insurance benefit*.

9.5. Information is material if it would have influenced the judgment of a prudent insurer in determining whether to cover a life assured or on what terms to have issued or continued with cover under the cover or in fixing the premium for the cover.

9.6. A statement is substantially incorrect if the difference between what was stated and what is actually correct would have been considered material by a prudent insurer.

Premiums

9.7. Premiums for the *contribution protection insurance benefit* will be deducted monthly from your *plan account*. Premiums are calculated according to the *life assured's* age nearest birthday at the commencement of each policy year and the amount of *sum assured* provided in that year. Details of the *sum assured* and annual premium paid in respect of the insurance is shown in the annual statement issued to you.

9.8. Premium rates are not guaranteed and may be changed by Sovereign from time to time and without notice.

9.9. In the event that you cease to make regular contributions to the policy, the insurance cover (if any) in respect of the *life assured* will be cancelled at the commencement of the next policy year. A *life assured* whose insurance cover has been cancelled under this clause will have to complete a new insurance proposal should you subsequently require such insurance.

Payment on death or total permanent disablement

9.10. In the event of the death or *total permanent disablement* of the *life assured* prior to expiry of the *nominated term* of the policy, or in the case of *total permanent disablement* prior to the life assured attaining the age of 65 (whichever is earlier) the *sum assured* under the policy at the date of death or *total permanent disablement* will be paid in to your *plan account*. The full value of your *plan account* will then be payable to you in accordance with clause 7.7.

Definition of total permanent disablement

9.11. *Total permanent disablement* means in respect of the *life assured*, total and permanent disablement caused by illness or injury where it is proved to the satisfaction of Sovereign, that as a result of such illness or injury the *life assured*:

- (i) a) has been prevented from engaging in his or her own occupation for a period of not less than six months; and
- b) has not, during that six month period, engaged in any income earning occupation; and
- c) is unlikely to ever resume his or her occupation or engage in any other occupation for which he is she is fitted by his or her education, training or experience;

Or

- (ii) If the *life assured* is a *home care worker* only,
 - a) has been prevented from engaging in any home duties for a period of not less than six months; and
 - b) has not during that six month period engaged in any income earning occupation; and
 - c) is unlikely ever to resume home duties or engage in or work for reward in any occupation or work for which he or she is fitted by his or her education, training or experience;

Or

- (iii) Has suffered the loss of:
 - a) two limbs ("limb" meaning a whole hand or foot); or
 - b) the sight of both eyes; or
 - c) one limb and the sight of one eye.

9.12. For the purposes of this policy the date of a *life assured's total permanent disablement* shall be deemed to be:

- a) the date on which the *life assured* ceased working in his or her occupation as a result of such disablement; or
 - b) the date (if the *life assured* was a *home care worker*) on which the *life assured* becomes incapable in the opinion of Sovereign of performing his or her home duties; or
 - c) the date on which the *life assured* suffered the loss of limbs and/or eyes resulting in such disablement,
- whichever occurs first.

9.13. *Home care worker* means a person who is wholly engaged in full-time unpaid home duties, which duties must include the active personal care and maintenance of a dependent child or children of the *life assured* where "dependent" means aged 16 years or less or in full time secondary education.

Exclusions

9.14. The following exclusions apply to the *contribution protection insurance benefit*:

- a) should a *life assured* commit suicide (whether

sane or insane) within thirteen months of cover for the *contribution protection insurance benefit* commencing, or any increase in such cover (other than an annual inflation adjustment increase), no *sum assured* or increased portion of the *sum assured* (as applicable) shall be payable.

- b) where the *life assured* suffers *total permanent disablement*, no *sum assured* is payable if the *total permanent disablement* arises directly or indirectly from any of the following causes:
- > the consequences of intentional self-injury, whether the *life assured* is sane or insane;
 - > the consequences of war, invasion, act of foreign enemy, hostilities (whether war be declared or not), civil war, rebellion, revolution, insurrection, military or usurped power, or the active participation in riot or civil commotion;
 - > the failure of the *life assured* to follow medical advice;
 - > the influence of drugs other than when taken under the direction of a registered medical practitioner;
 - > the commission of any crime by the *life assured*.

10. Termination of contribution protection insurance benefit

10.1. Insurance cover provided under the optional *contribution protection insurance benefit* in respect of a *life assured* will cease on the expiry of the *nominated term* or on the first of the following events to occur (if earlier):

- a) payment of the *sum assured* to the *plan account* following the death or *total permanent disablement* of the *life assured* in accordance with clause 9.10; or
- b) the *life assured* attaining the age of 81 or for *total permanent disablement* cover only, the *life assured* attaining the age of 65; or
- c) you cancelling the insurance; or
- d) Sovereign cancelling the insurance benefit in accordance with clause 9.9 or avoiding the insurance benefit under clause 9.3
- e) the termination of your policy under which the insurance is provided.

11. Miscellaneous

11.1. This policy is part of the 'Sovereign Statutory Fund Number 1', effective 1 July 2013. This is a requirement under the Insurance (Prudential Supervision) Act 2010, for policy holder protection.

11.2. This policy does not participate in the profits of Sovereign.

11.3. The laws of New Zealand govern this contract, which has been issued in New Zealand.

11.4. If changes in the law or its interpretation occur after the *policy commencement date* and Sovereign believes on reasonable grounds that those changes will affect its liability for tax or the way in which this agreement operates, Sovereign can change the provisions of this agreement or the benefits as it considers appropriate.

Notices

11.5. Sovereign's physical and postal addresses are:

Private Bag Sovereign
Victoria Street West
Auckland 1142

Sovereign House
74 Taharoto Road
Takapuna
Auckland 0622

11.6. When Sovereign writes to you, the letter or notice will be sent to the address shown on the *schedule*, or to a substitute address notified by you.

12. Definitions

Defined Term	Definition
<i>contribution protection insurance benefit</i>	Means the optional insurance benefit which provides for the protection of future contributions in the event of the <i>life assured's</i> death or <i>total permanent disablement</i> as set out in clause 9.1.
<i>CPI</i>	The Consumer Price Index.
<i>home care worker</i>	Has the meaning set out in clause 9.13.
<i>life assured</i>	The person covered under section 9 and listed in the <i>schedule</i> as the <i>life assured</i> .
<i>nominated term</i>	The period from the <i>policy commencement date</i> to the date you elect on <i>policy commencement date</i> for <i>retirement benefits</i> to become payable. Refer to clause 4.1.
<i>plan account</i>	The account set up by Sovereign in your name to hold your investment.

<i>policy commencement date</i>	The policy commencement date stated in the <i>schedule</i> .
<i>policy owner</i>	The person listed on the <i>schedule</i> as the owner of this policy.
<i>retirement benefit</i>	The benefit payable to you on the expiry of your <i>nominated term</i> (or earlier if you withdraw the benefit earlier), as stated in clause 7.1.
<i>schedule</i>	The latest schedule issued by Sovereign to you which confirms the <i>policy owner</i> , the <i>life assured</i> , and other important policy details.
<i>sum assured</i>	Has the meaning set out in clause 9.1.
<i>target total contributions</i>	Has the meaning set out in clause 6.8.
<i>total permanent disablement</i>	Has the meaning set out in clause 9.11.