

# **BNZ CASH PIE AND BNZ TERM PIE TERMS AND CONDITIONS**

**A tax-smart alternative to Bank Deposits.  
Application form enclosed.**

26 November 2018



# BNZ Investment Services Limited

## BNZ Cash PIE and BNZ Term PIE

### Terms and Conditions

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This document contains terms and conditions for the BNZ Cash PIE and BNZ Term PIE **(Product Terms)**. These Product Terms, the other terms and conditions referred to in clause 1.1 of these Product Terms, and the Governing Document are the terms and conditions of an agreement between us, BNZ Investment Services Limited as manager of the BNZ Cash PIE and BNZ Term PIE, Level 4, 80 Queen Street, Auckland, and you.

By applying for units in the BNZ Cash PIE or BNZ Term PIE, you agree to be bound by these Product Terms, the Governing Document, and any other terms and conditions applying to the BNZ Cash PIE and BNZ Term PIE.

**Please take the time to read this document carefully.**

# 1. Application

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**1.1 Terms and conditions applicable to the Funds:** As well as these Product Terms, the following terms and conditions apply to the Funds and should be read in conjunction with these Product Terms:

- (a) Part 1 of BNZ's Standard Terms;
- (b) the Eftpos, Telephone banking, Joint accounts, Partnership accounts and Estate and trust accounts sections in Part 2 of BNZ's Standard Terms; and
- (c) BNZ's Terms and Conditions for Internet Banking.

BNZ's Standard Terms are available at [bnz.co.nz](http://bnz.co.nz). These Product Terms are **Product Terms** as defined in BNZ's Standard Terms.

**1.2 Governing Document:** The Funds are also subject to the terms and conditions included in the Governing Document. You can ask us for a copy of the Governing Document.

**1.3 Conflicts between terms:** If there is any conflict between the terms and conditions applying to the Funds, the terms and conditions in the Governing Document and these Product Terms will prevail over BNZ's Standard Terms and BNZ's Terms and Conditions for Internet Banking.

**1.4 References in BNZ's Standard Terms:** References in BNZ's Standard Terms to Terms includes a reference to these Product Terms, where relevant. Any references to BNZ in BNZ's Standard Terms include us, as manager of the Funds, and any limitations of liability in BNZ's Standard Terms also apply to us. References in BNZ's Standard Terms to an Account Operating Authority include the authorities given by you in subscribing for units under these Product Terms.

**1.5 Offer in New Zealand:** Units in the Funds are only available to persons who are in New Zealand. The Funds are not offered in any jurisdiction other than New Zealand.

# 2. Definition and Interpretation

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**2.1 Definitions:** For the purposes of these Product Terms, the following expressions have the following meanings:

**Account** means an account representing a holding of units in a Fund;

**Account Balance** means the value of your Account;

**BNZ** means Bank of New Zealand;

**BNZ's Standard Terms** means BNZ's Standard Terms and Conditions, as amended from time to time;

**Business Day** means a day (other than Saturday, Sunday, or public holidays) on which BNZ is open for general banking business in Auckland and Wellington, New Zealand;

**Funds** means the BNZ Cash PIE, the BNZ Term PIE, and any other Fund established under the Governing Document, and Fund means any of them;

**Governing Document** means the governing document for the Funds between us and the Supervisor, as amended and/or restated from time to time;

**Hardship** means a sudden and unforeseen event that requires you to urgently access your Account Balance to pay for necessary expenses;

**Maturity Date** means the date on which your BNZ Term PIE Account expires;

**Minimum Account Balance** means the minimum amount that we determine from time to time which needs to be maintained in an Account;

**PIE** means a portfolio investment entity as defined in the Income Tax Act 2007;

**Return** means the return (before the deduction of tax and any fees) on an Account;

**Start Date** means the start date for your BNZ Term PIE Account as specified in the investment certificate that we issue to you for that Account;

**Supervisor** means The New Zealand Guardian Trust Company Limited;

**Term** means the fixed amount of time you elect to have funds invested in a BNZ Term PIE Account;

**we** or **us** means BNZ Investment Services Limited, and includes our successors and assigns. BNZ Investment Services Limited is a wholly owned subsidiary of BNZ;

**website** means BNZ's website at **bnz.co.nz**; and

**you** means each customer who subscribes or intends to subscribe for units in the Fund(s), and includes any personal representative or lawful successor.

**2.2 Interpretation:** Headings in these Product Terms do not affect the interpretation of these Product Terms. References to clauses and sections are references to clauses and sections of these Product Terms, unless otherwise specified.

## 3. The Funds

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- 3.1 Managed investment schemes:** The Funds are managed investment schemes under the Financial Markets Conduct Act 2013. By subscribing for a unit in a Fund, you receive a beneficial interest in the assets of the Fund as a whole. You do not have an interest in any particular property of the Fund.
- 3.2 Manager:** We are the issuer and manager of the Funds.
- 3.3 Supervisor:** The Supervisor holds the assets of the Funds on behalf of all Account holders (either directly or through a nominee).
- 3.4 Administration Manager and Registrar:** MMC Limited is the administration manager and registrar of the Funds. BNZ also provides customer management and certain administrative functions in relation to the Funds.
- 3.5 Accounts:** Your units in a Fund will be represented by an Account in your name. Where you apply for units in the BNZ Term PIE, you will have a separate Account for each holding of units in the BNZ Term PIE with a different Maturity Date and rate of Return. You can choose to have separate Accounts for holdings of units with the same Maturity Date and rate of Return by informing us when you apply for units in the BNZ Term PIE.
- 3.6 Joint applications:** In the case of joint applications, the units will be held jointly as joint tenants, and the terms and conditions in BNZ's Standard Terms and Governing Document relating to joint accounts and joint account holders will apply.
- 3.7 Units do not represent deposits:** Units in the Fund(s) do not represent deposits or other liabilities of BNZ or any other member of the National Australia Bank Limited group.
- 3.8 No guarantee:** Units are subject to investment risk, including possible delays in repayment and loss of income and principal invested. None of BNZ, any member of the National Australia Bank Limited group, the Supervisor, any of their directors or any other person guarantees (either partially or fully) the capital value or performance of the Fund(s).

## 4. Investment in the Funds

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- 4.1 Investment policy:** Each Fund invests solely in New Zealand dollar, interest bearing deposits with BNZ.
- 4.2 Units:** Every investment you make in a Fund buys units in the Fund. Each unit has a fixed unit price of \$1.
- 4.3 Applying for units:** You can apply for units in a Fund by completing the application form that we provide to you.
- 4.4 Our right to decline applications:** We can decline an application for units (in whole or in part) for any reason. If we decline an application, any money received will be refunded in full without interest.
- 4.5 Method of payment:** Payment can only be made in New Zealand dollars. You can invest in a Fund by cheque, cash, transferring money from a New Zealand bank account or any other method we decide. For the BNZ Cash PIE, you can also make regular investments by setting up an automatic payment. Payment can also be made at any BNZ branch or partners centre.
- 4.6 Nominee:** The Fund's assets are held by the Supervisor's nominee, BNZ Investment Services Nominees Limited.
- 4.7 Cheques:** All investments made by cheque should be made out to (as applicable): 'BNZ Investment Services Nominees Ltd – BNZ Cash PIE' or 'BNZ Investment Services Nominees Ltd – BNZ Term PIE'.
- 4.8 Payments not accepted or reversed:** If a payment is not accepted or reversed, no units will be issued in respect of such payment and any units issued based on that payment will be cancelled.
- 4.9 Sale or transfer of units:** Subject to our approval, you may sell or transfer all or any of your units in the Fund(s) by providing an instrument of transfer to us. We may decline to register a transfer and suspend transfers in accordance with the Governing Document.
- 4.10 Adjustments to Account:** We can adjust your Account(s) to reflect Returns, tax and the break fee described at clause 7.5 (if applicable) from time to time (including at the time of Account withdrawals).

### BNZ Cash PIE

- 4.11 Objective:** The BNZ Cash PIE's objective is to give you a potentially tax efficient alternative to a call deposit with BNZ. You will receive a proportionate share of the Fund's income from its deposits with BNZ based on the rate payable for BNZ Cash PIE units, the length of time you have held your units and the number of units you hold.
- 4.12 Minimum investment:** Your first investment must be at least \$1,000.
- 4.13 Further investment:** You can make further investments at any time of at least \$250, or a lower amount at our discretion.
- 4.14 Minimum Account Balance:** You must maintain a Minimum Account Balance of \$1,000 (or 1,000 units), or such other amount as we prescribe from time to time, in each BNZ Cash PIE Account you hold, unless you withdraw all of your Account Balance. We will monitor Account Balances from time to time. If your Account Balance is below \$1,000, we can withdraw your full Account Balance and repay the money to you. We will notify you before we make any withdrawal in accordance with this clause.

### BNZ Term PIE

- 4.15 Objective:** The BNZ Term PIE's objective is to give you a potentially tax efficient alternative to a term deposit with BNZ. Subject to any restrictions published on our website or advised at the time you invest, you will be able to choose the length of Term, the Maturity Date, the frequency of your Returns, and how your Account will be treated at the Maturity Date.
- 4.16 Minimum investment:** You must invest a minimum of \$5,000 (or 5,000 units), or such other amount as we decide from time to time, in each BNZ Term PIE Account you hold. Where rates of Return are advertised as 'specials', the minimum investment amount might differ.

- 4.17 Minimum Account Balance:** You must maintain a Minimum Account Balance equal to the minimum investment amount referred to at clause 4.16.
- 4.18 Altering a BNZ Term PIE Account:** You can alter certain terms relating to your BNZ Term PIE Account by telling us within seven days following the Start Date. Any alterations after the first seven days cannot be made without our consent.
- 4.19 Cancelling a BNZ Term PIE Account:** You can cancel your BNZ Term PIE Account within the first seven days following the Start Date, and you will get back the amount you have invested in that Account without interest.

## 5. Returns

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### Returns for BNZ Cash PIE

- 5.1 Rate payable:** The current rate payable for units in the BNZ Cash PIE is set out on the rates pages on our website at [bnz.co.nz/cashpie](https://bnz.co.nz/cashpie), and can change at any time, without you being told first.
- 5.2 Distributions:** You will receive monthly distributions for each month you are an Account holder in the BNZ Cash PIE. Distributions will be made by the issue of further units at a price of \$1, and will be based on your entitlement to the Fund's income based on the number of units you hold in the Fund on each day. Distributions will be made on or as soon as practicable after each distribution date.
- 5.3 Distribution date:** The distribution date is the second to last day of each month, or if that day is a Friday, Saturday, Sunday or public holiday, the distribution date will be a day determined by us which is no more than five days prior to the last day of the month. This is subject to change by us notifying you and the Supervisor 30 days before we make the change. If you do not agree with the new distribution date, you can withdraw your Account Balance in accordance with clause 6.9.

### Returns for BNZ Term PIE

- 5.4 Rate of Return payable:** The rate of Return payable for units in the BNZ Term PIE is the rate of Return we agree with you when you invest in the BNZ Term PIE. We cannot change this rate of Return once it is agreed. The current rates, investment periods and frequency of Returns for new investments in the BNZ Term PIE are published on the rates pages on our website at [bnz.co.nz/termpie](https://bnz.co.nz/termpie), and we can change any of these at any time, without telling you first.
- 5.5 Distributions:** Your BNZ Term PIE distributions will either be reinvested in your BNZ Term PIE Account or paid to your specified account in accordance with the instructions you give us when you set up your account.

**5.6 Distribution date:** Throughout the term of your Account, distribution dates will be calculated based on the frequency of Returns that you have selected. For frequencies that are expressed in multiples of months, the distribution date will initially be scheduled to fall on the same day of the month as the day of the month when you opened your Account. If any distribution date is initially scheduled to fall on a weekend or public holiday, that distribution date will be rescheduled to fall on the closest previous Business Day. This might mean that the amount of regular Returns varies, due to the differing number of days between scheduled distribution dates.

**5.7 Special distribution date:** On a date on or around 31 March in each year, a special distribution date will be scheduled for tax purposes. Where you hold an Account on that date, the amount of this Return and the subsequently scheduled Return (if applicable) might vary from other scheduled Returns, due to the differing number of days between distribution dates. We can schedule a special distribution date at any other time if we determine that is necessary or desirable for tax purposes.

## 6. Withdrawals and transfers

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- 6.1 Withdrawal enquiries:** To ask about withdrawing your Account Balance, or a portion of it, you can contact us or visit any BNZ branch or partners centre and complete such withdrawal process as we require.
- 6.2 Withdrawal request:** Any withdrawal request must specify the dollar amount you wish to withdraw. Subject to clause 6.12, we will usually process withdrawal requests within two Business Days after receiving your request.
- 6.3 Payment on withdrawal:** We can deem your withdrawal request to be a request to withdraw also the number of units (if any) required to be cancelled to reflect tax paid or payable by the Fund on all or a portion of your entitlement under the Fund. If you request withdrawal of your entire Account Balance, all your units will be redeemed by us (including any units issued for any Returns on your units since the last distribution date) and you will receive a cash payment of the withdrawal proceeds less tax and the break fee for the BNZ Term PIE (if applicable) described at clause 7.5.
- 6.4 Our ability to decline a withdrawal request:** A withdrawal request might not be processed if, following the withdrawal, your Account Balance would be less than the Minimum Account Balance, or the amount of the withdrawal exceeds your Account Balance. We can withdraw all your units in these circumstances. We can also decline a withdrawal request if we have not received payment for those units in cleared funds.
- 6.5 No revocation of withdrawal request:** You cannot revoke a withdrawal request once you have made it, except as set out in clause 6.14.
- 6.6 Withdrawal price:** On withdrawal you will receive for each unit withdrawn the lower of \$1 and the current unit value, minus any tax and the break fee for the BNZ Term PIE (if applicable) described at clause 7.5. The amount payable to you on withdrawal will be paid to the account that you nominate on your application form.

**6.7 Suspension or delay of payment of withdrawal amounts:** We can suspend or delay payment of withdrawal amounts if, for any good reason reasonably determined by us, we form the opinion that the withdrawal:

- (a) is not desirable;
- (b) would be prejudicial to the interests of unit holders in a Fund(s) as a whole; or
- (c) would or might cause the Fund(s) to become ineligible as a PIE.

We will notify you where payment of your withdrawal amount is suspended or delayed.

**6.8 Death or bankruptcy:** Any person who becomes entitled to units as a consequence of the death or bankruptcy of an Account holder can be registered as the holder of the relevant units.

#### Withdrawals from BNZ Cash PIE

**6.9 Your ability to withdraw your whole Account Balance:** You can withdraw your whole Account Balance at any time. No fees will apply to the withdrawal of your Account Balance in the BNZ Cash PIE.

**6.10 Your ability to withdraw part of your Account Balance:** You can withdraw part of your Account Balance provided you withdraw a minimum of \$500 from an Account and you maintain the Minimum Account Balance at all times. You can also set up a regular Account withdrawal for a fixed amount by contacting us.

#### Withdrawals from BNZ Term PIE

**6.11 Term and Maturity:** Your Account in the BNZ Term PIE is locked in for the relevant Term, unless you withdraw all or part of your Account Balance in the BNZ Term PIE in accordance with clause 6.12. On the Maturity Date, your Account will be treated in accordance with the instructions you have given us, if any. If you have not given us any instructions, the principal and your Returns will be paid to the account nominated on your application form. If the Maturity Date is scheduled to fall on a weekend or public holiday, the Maturity Date will be rescheduled to fall on the closest previous Business Day and the Term of your Account will be adjusted accordingly.

**6.12 Early withdrawal requests:** Withdrawal of all or part of your Account Balance in the BNZ Term PIE before the Maturity Date is not permitted except at our discretion. You can ask to withdraw all or part of your Account Balance prior to the Maturity Date:

- (a) by telling us 31 days before you want to withdraw; or
- (b) if you are experiencing Hardship (as reasonably determined by us).

If we agree to an early withdrawal for either of the above reasons, you will be required to pay the break fee (if applicable) described in clause 7.5. If the last day of the 31 day notice period in (a) falls on a non-Business Day, the amount being withdrawn will be disbursed on the next Business Day.

**6.13 Acceptance of early withdrawal request:** If we accept your early withdrawal request and you decide to proceed with the withdrawal, units in your Account will be redeemed to pay the break fee (if applicable) and tax on all (for a withdrawal of your entire Account Balance) or part (for a partial withdrawal of your Account Balance) of the Returns you earned to the date of the withdrawal.

**6.14 Revoking early withdrawal request:** If you do not want to proceed with the early withdrawal when you are advised of the approximate amount of your break fee (in accordance with clause 7.5), you can revoke your early withdrawal request.

**6.15 Partial withdrawal:** Where a partial withdrawal is made, all accrued Returns (less tax and applicable fees and expenses) will be credited to you on the earlier of the next distribution date (including on or around 31 March), or the Maturity Date, and not at the time of withdrawal.



## 7. Fees and charges

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- 7.1 Imposing and changing fees and charges:** We might, from time to time, impose fees and charges relating to your investment in a Fund, including entry and exit fees, management fees, switching fees, registry and accounting fees, and fees relating to the termination of a Fund. We can change our fees and charges relating to your investment at any time.
- 7.2 Notifying you of new or changed fees and charges:** We will notify you of any new fees or charges or any changes to the fees and charges relating to your investment in accordance with clause 8.2 of these Product Terms.
- 7.3 Fees and expenses payable to third parties:** We pay fees to the Supervisor, Administration Manager and Registrar, and expenses in relation to the ongoing administration and regulatory compliance of the Funds. These fees and expenses will be paid by the relevant Fund if we fail to pay them. In the unlikely event that these fees and expenses are paid out of the relevant Fund, the Returns payable to you from the relevant Fund will be reduced to reflect that payment.
- 7.4 Other charges:** A commission might be payable by BNZ to investment advisers for arranging investments in a Fund. Any such commission will be paid by BNZ, and is not payable by you or out of the relevant Fund.

### Break Fee for BNZ Term PIE

- 7.5 Break fees:** If an early withdrawal is permitted for a BNZ Term PIE, a break fee may apply. The break fee at the time of the early withdrawal will apply, not the break fee on the Start Date (or any other date). The break fee includes an interest adjustment (a percentage amount) which is reviewed periodically and is subject to change from time to time without prior notice to you.

The calculation and current interest adjustment is available at [bnz.co.nz/earlywithdrawal](https://bnz.co.nz/earlywithdrawal)

You will be advised of the approximate amount of the break fee (if any) when you ask about making an early withdrawal request.

If the break fee is calculated to be negative or zero, no break fee will be charged.

## 8. Amendments to your investment

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- 8.1 Telling us about changes** - You must tell us about changes to your:
- (a) details such as your contact details and the nominated account you want your Returns or withdrawals paid into;
  - (b) prescribed investor rate; or
  - (c) maturity instructions before your Account's Maturity Date, and we will give effect to your changes as soon as reasonably practicable.
- 8.2 Changes by us** - We can change these Product Terms and any other terms that apply to units in a Fund, including (without limitation):
- (a) changing BNZ's Standard Terms;
  - (b) changing the break fee for the BNZ Term PIE. The current break fee calculation and interest adjustment is available at [bnz.co.nz/earlywithdrawal](https://bnz.co.nz/earlywithdrawal);
  - (c) excluding the BNZ Term PIE break fee covered in 8.2(b), introducing new fees, expenses or charges to the Funds, or changing such fees, expenses or charges (subject to us notifying you at least 30 days before the change), in accordance with the Governing Document;
  - (d) changing the Minimum Account Balance requirements, any notice periods, a Fund's primary investments (subject to any tax requirements and investment policies), or a Fund's investment policies and objectives (subject to the Supervisor's written consent), in accordance with the Governing Document;
  - (e) changing the distribution date (subject to us notifying you at least 30 days before the change), or the distribution policy of the BNZ Cash PIE, in accordance with the Governing Document;
  - (f) amending the provisions of the Governing Document under the circumstances set out in, and subject to the requirements of, the Governing Document; and

(g) terminating or closing a Fund in accordance with the provisions of the Governing Document (in which case break fees will not be payable in relation to any Accounts held in the BNZ Term PIE at the termination date).

**8.3** We will not change the rate of Return or Term for any existing BNZ Term PIE if the change is adverse to you, except where the change is (in the opinion of the Manager and the Supervisor) necessary to comply with any law. We can change fees or introduce new fees as described in clauses 8.2(b) and 8.2(c).

**8.4** Any notice to you may be given by either:

- (a) issuing a new copy of these Terms & Conditions to you; or
- (b) writing to you,

and we may do so electronically or otherwise.

## 9. Taxation

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**9.1 Portfolio investment entity:** Each Fund is a portfolio investment entity. The Funds will pay tax on the Funds' income attributed to you at your prescribed investor rate (PIR).

**9.2 Prescribed investor rate:** To determine your PIR, go to [ird.govt.nz/toii/pir/workout/](https://ird.govt.nz/toii/pir/workout/) or [bnz.co.nz/pir](https://bnz.co.nz/pir). If you are unsure of your PIR, we recommend you seek professional advice or contact Inland Revenue on 0800 227 774. It is your responsibility to tell us your PIR when you invest or if your PIR changes. If you do not tell us your PIR the highest PIR will apply.

**9.3 Adjustments:** While a Fund is a portfolio investment entity, we can adjust (by cancelling or issuing new units) any Return or the number of units you hold (including on withdrawals or sales) to reflect any tax liability attributed to you. You will be told about any tax adjustments in your annual tax certificate.

**9.4 Maintaining portfolio investment entity status:** We can take all steps necessary to ensure that a Fund is eligible, or continues to be eligible, for portfolio investment entity status or otherwise complies with the requirements of tax legislation relating to portfolio investment entities (including rejecting applications and requests, and withdrawing your units, at our discretion).

**9.5 Custodian:** If you invest through a custodian, then the custodian may pay the tax on the Funds' income attributed to you. You should talk to your custodian about the tax consequences of your investment in the Funds.

## 10. Indemnity

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**10.1 Indemnity:** You indemnify us, BNZ and the Supervisor, to the maximum extent permitted by law, in all respects against all damage, costs, expenses, losses or liabilities which arise by reason of any of them accepting or acting on your instruction or an instruction on your behalf or from an authorised signatory in respect of your holding of units (including any instructions issued by telephone, facsimile, email or other electronic means and any instruction which is unauthorised, forged or fraudulent where we could not reasonably have detected that from the instruction).

## 11. Complaints

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**11.1 Complaints to Supervisor:** In addition to the complaints process set out in BNZ's Standard Terms, you can make complaints to the Supervisor at Level 14, 191 Queen Street, Auckland 1010 or +64 9 909 5100.

## 12. Further information

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- 12.1 Further information:** You can obtain copies of the Governing Document and other documents relating to the Funds is by contacting us by telephone or email.
- 12.2 Contact us:** You can inquire about your Account at any BNZ branch or with your BNZ partner. You can also inquire by contacting us:
- (a) by calling 0800 275 269;
  - (b) by emailing us at [bnz\\_investment\\_services@bnz.co.nz](mailto:bnz_investment_services@bnz.co.nz); or
  - (c) by writing to us at Level 9, 80 Queen Street, Private Bag 92208, Auckland 1142.
- 12.3 Statements:** You can ask us for a written statement of your units in a Fund at any time, and you will not be charged a fee for a written statement. We will send you notices about your Account (including annual tax statements).



