

THE FUNERAL TRUST (the Fund) - SUMMARY OF TRUST DEED PROVISIONS

Establishment of Funeral Trust

The Funeral Trust Plan you are seeking to establish is governed by the Fund's trust deed dated 24 June 2010, as amended on 28 January 2016. The Trustee of the Fund is The Trustee of the Funeral Trust Limited (the Trustee).

A Funeral Trust Plan is designed to enable you to contribute towards the cost of:

- Your own funeral expenses (in which case you will be the Applicant and Participant under the Funeral Trust); or
- The funeral expenses of a person you nominate (called the Participant).

(Collectively referred to as "Your Funeral")

Contributions

Once you have decided how much you want to prepay towards Your Funeral, you can make one single payment, pay in automatic payment instalments or make ad hoc payments.

The Trustee may accept transfers from other prepaid funeral plans or trusts into your Funeral Trust Plan on such terms as the Trustee determines.

Trust

The Trustee holds all payments received on trust for Your Funeral in accordance with the Trust Deed.

On receipt of proof of death of the person(s) Your Funeral has been arranged for, and a valid invoice for the costs of the funeral, the Trustee will pay this invoice from your Funeral Trust Plan to the Funeral Director. Any money remaining after the cost of the funeral has been met will be returned to the estate of the deceased. If the prepayment made to your Plan does not cover the cost of Your Funeral the Funeral Director will make arrangements with the family or estate of the deceased for payment of the balance.

Funds held

The Trustee may invest all or part of the funds held on trust on interest bearing deposit on call, or for any term with any New Zealand registered bank, or other suitable investment. The Trustee has no duty to diversify the investment of funds held.

While the Trustee will invest funds prudently, the Trustee has no responsibility for the capital growth or maintenance of the real value of funds received and will not be liable for any loss of money held or invested or any loss of the purchasing power of such funds.

The Trustee may credit a distribution to your Funeral Trust Plan from the Trust's retained earnings to account for increasing funeral costs over time. Any distribution is at the complete discretion of the Trustee and no distribution is promised or guaranteed.

No withdrawal

You may not request a withdrawal from your Funeral Trust Plan unless the Trustee, in its sole discretion is satisfied that a Participant in your Funeral Trust Plan:

- has permanently emigrated from New Zealand; or
- is suffering, or likely to suffer, from significant financial hardship; and
- all information required by the Trustee in support of the withdrawal request has been provided.

Fees and charges

While under the Trust Deed the Trustee may charge your Funeral Trust Plan a reasonable fee for its services in respect of the management and administration of the Fund, no fee is charged.

The Trustee will deduct from the earnings on funds held in trust, such amounts as are reasonably required to meet the costs, charges, and expenses of administration of the Fund, including taxation. Administration expenses are not fixed as they are dependent on the activity within the Fund.

Trustee duties

The Trustee has various duties, functions and powers under the Trust Deed and the Trusts Act 2019. The Trustee may adopt rules from time to time to give effect to its responsibilities and powers including in respect of fees, amounts payable on withdrawal, together with the allocation of any distribution. Please contact the Trustee for more detail.

The Fund is audited annually by an independent auditor, including an independent actuarial report.

Indemnity

The Trustee is not liable for any loss by the Fund other than loss attributed to its own dishonesty, wilful breach of trust, gross negligence, or dishonesty. The Trustee is indemnified by the Trust against all reasonable costs incurred in successfully defending any proceeding or claims as Trustee.

Alterations to the Trust Deed

The Trustee may amend the Trust Deed as long as the amendment will not alter the purpose of the Fund, or reduce, postpone or adversely affect available benefits, unless written consent is obtained from every person who has prepaid towards their funeral.

Termination of the Fund

The Trustee may determine a date for the Fund to be wound up at which time funds held in your Funeral Trust Plan will be paid to you, or as you otherwise directed. The Trustee may also resettle the Trust fund on a further trust, subject to compliance with the terms of the Trust Deed, including that this is in the best interests of Participants.

THE FUNERAL TRUST CHANGES

We are developing an updated version of this product which will better meet modern customer expectations and make it more efficient for us to sustain into the future. The changes to the Funeral Trust won't affect the funeral arrangements you make, and your current plan balance will remain in the plan. However, there will be changes to the overall structure together with some terms and conditions, which will differ from that which you sign up for.

As the current funeral plan is a trust, amending the plan requires the approval of the High Court. If the Court approves transfer of customers to the new plan, your account will be moved across to the new plan. As the terms of the existing plan restricts withdrawals to significant financial hardship and permanent emigration, any other withdrawals from the plan must be approved by the Court.

A table setting out a summary of the key differences between the current and new plan is attached.

The key changes to the current Funeral Trust plan are:

- The Funeral Trust will be offered under a Charitable Trust structure with charitable support to be offered to the community, for example supporting fellow New Zealanders with their funerals and working through grief.
- Any top-ups to maintain the purchasing power of a participant's funeral (which continue to be entirely discretionary) will only be paid at the time of death rather than being credited to your account from time to time.

You will be kept informed of the Court process. You will also have the opportunity to say whether you wish to stay in the new plan or wish to withdraw your money instead. As withdrawal of your funds is not permitted except in the case of hardship or permanent emigration of the participant, withdrawal from the plan instead of transferring to the new plan is at the discretion of the Court. The views of all plan holders will be taken into consideration by the Court before it makes a decision.

To help with this the Court has appointed lawyers who will be checking the changes we're planning are in your best interests. You are also entitled to receive the documents we've sent to the Court so please let your funeral director know if you'd like these.

Please note that until these changes are confirmed the terms and conditions outlined in this application continue to apply.

FUNERAL TRUST CHANGES: A COMPARISON OVERVIEW

CURRENT FUNERAL TRUST		PROPOSED FEATURES OF NEW FUNERAL TRUST	
Contributions	You can make one single payment, pay in regular instalments or make ad hoc payments.		You can make one single payment, pay in regular instalments or make ad hoc payments
Joint Accounts	Joint participation (e.g. with a spouse/ partner or family member) was permitted until December 2024. At the discretion of the remaining participants, any remaining funds after paying for the funeral of the first participant can either be left in the plan for a surviving participant(s) or returned to the estate of the deceased participant at that time.		Joint participation (e.g. with a spouse/ partner or family member) is not permitted. Instead, each participant requires their own plan.
Structure	Payments received are held on trust for your funeral in accordance with the 'Funeral Directors Association Prepaid Funerals Trust Deed 2010'. This trust will end in 2090.		Payments received will be held in a charitable structure (being a charitable company owned by a charitable trust). It will meet modern charitable requirements. The structure does not have an end date.
Funds held	The trustee may invest all or part of the funds held in accordance with the terms of the trust deed and investment mandate (which may be altered from time to time by the trustee as required). This is not an investment product. The Trust invests funds with trading banks and fund managers (currently JB Were).		All or part of the funds held may be invested by the trustee in accordance with the terms of the charitable structure and investment mandate (which may be altered from time to time by the trustee as required). This is not an investment product. The Trust invests funds with trading banks and fund managers (currently JB Were).
Distributions	The trustee can credit your plan from time to time with a share of tax paid income earned from investment of the fund less costs. An independent actuary provides advice to the trustee on whether sufficient money is held in the plan to allow a		At the time of your funeral if the money you have contributed isn't enough to cover the cost of your funeral due to inflation, the trustee can consider whether an additional top up distribution should be made to contribute to the difference.

	<p>crediting adjustment each year. Such a credit is intended to reduce the effect of inflation on the purchasing power of your funeral contributions.</p> <p><i>(Note the plan is not an investment product and no form of return or distribution is promised or guaranteed)</i></p>	<p>An independent actuary provides advice to the trustee on whether sufficient money is held in the plan to allow any top up distribution, which is paid at the time of your death to your funeral home.</p> <p>For example, if you have \$10,000 in the plan and your funeral costs \$12,000, you would be eligible to be considered for a top-up to cover the difference. How much of the difference is paid would be based on whether sufficient funds are held, based on actuarial advice, i.e. you may not receive the full \$2,000 difference in this example.</p> <p>If your funeral only cost \$7,000 you would not be eligible (with the balance of \$3,000 paid to your estate).</p> <p><i>(Note the plan is not an investment product and no form of return or top up distribution is promised or guaranteed)</i></p>
<p>Fees, tax and charges</p>	<p>While tax and administration costs can be charged to your plan, currently the trustee deducts the costs, charges and expenses of administration (including taxation) from the income earned from investment of the funds.</p>	<p>While administration costs can be charged to your plan, the current intention of the trustee is that all costs, charges and expenses of administration will be paid from the income earned from investment of the fund. No tax is payable as the plan structure has charitable status.</p>
<p>No withdrawal</p>	<p>You may not withdraw funds unless:</p> <ul style="list-style-type: none"> - You are permanently emigrating from New Zealand - You are suffering or likely to suffer significant financial hardship 	<p>You may not withdraw funds unless:</p> <ul style="list-style-type: none"> - You are permanently emigrating from New Zealand - You are suffering or likely to suffer significant financial hardship

<p>Payment</p>	<p>On receipt of proof of death and a funeral invoice from a Funeral Directors Association member firm the Trustee will pay your plan balance towards the funeral home invoice. Any money remaining will be paid to your estate. If the funds (including credits) contributed don't cover the cost the funeral home will make arrangements for your family or estate to pay the balance.</p> <p><i>Note if you decide to use a non-Funeral Directors Association member, your plan balance on your death will be paid directly to your estate and not the funeral home.</i></p>	<p>On receipt of proof of death and a funeral invoice from a Funeral Directors Association member firm your plan balance will be paid towards the funeral home invoice. Any money remaining will be paid to your estate. If the funds contributed (with or without a top up) don't cover the cost, the funeral home will make arrangements for your family or estate to pay the balance.</p> <p><i>Note if you decide to use a non-Funeral Directors Association member, your plan balance on your death will be paid directly to your estate and not the funeral home.</i></p>
<p>Charitable support</p>	<p>None</p>	<p>The general charitable purposes of the charitable structure are to:</p> <ul style="list-style-type: none"> a) Provide relief against poverty; b) Promote education; and c) Benefit the community; <p>For example, supporting families who can't afford a funeral and who may not be eligible for government grants or are relying on grief support organisations and charities.</p> <p>The amount of money available to be contributed towards general charitable purposes will vary each year. An independent actuary will provide the trustee with advice each year as to whether sufficient money is held to enable such contributions to be made (taking into account factors such as the obligation of the trustee to pay amounts for planholders funerals and the exercise of the trustee's discretion to pay top up amounts).</p>

<p>\$10K asset testing exemption</p>	<p>Contributions up to \$10,000 per funeral are exempt from asset testing when assessing eligibility for a subsidy for long-term residential care. <i>Note this could change if Government changed legislation.</i></p> <p>If you do not wish to transfer to the new plan and the Court approves withdrawal of your plan balance, this refund could impact any residential care subsidy arrangements you may have. This is due to the fact that the value of the pre-paid funeral refunded will no longer meet the definition of 'exempt asset' under the rest home subsidy requirements, with funds refunded classified as a cash asset. Please seek specialist advice if this may apply to you.</p> <p>The Citizen's Advice Bureau is also available to discuss this with you.</p>	<p>Contributions up to \$10,000 per funeral are exempt from asset testing when assessing eligibility for a subsidy for long-term residential care. <i>Note this could change if Government changed legislation.</i></p> <p>If you do not wish to transfer to the new plan and the Court approves withdrawal of your plan balance, this refund could impact any residential care subsidy arrangements you may have. This is due to the fact that the value of the pre-paid funeral refunded will no longer meet the definition of 'exempt asset' under the rest home subsidy requirements, with funds refunded classified as a cash asset. Please seek specialist advice if this may apply to you.</p> <p>The Citizen's Advice Bureau is also available to discuss this with you.</p>
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