



# Investment Statement



**MU**  
Manchester Unity  
Friendly Society

for the Education Support Plan

**save2learn**  
INVESTING IN YOUR CHILD'S FUTURE



*Proud to be New Zealand's oldest traditional Friendly Society.*

*We've been helping New Zealanders since 1842.*

The original idea behind a Friendly Society came about in the United Kingdom over 400 years ago. A simple idea, but highly innovative for its time. People who knew and trusted each other pooled their funds together, so that in the event of sickness or hardship, individual members could draw upon funds from the pool.

Of course we have diversified and expanded since those early days, but our philosophy hasn't changed. We will always take pride in our principle of **People Helping People**.

Using the principle of people helping people, Manchester Unity Friendly Society is proud to offer the Education Support Plan. This is an endowment life assurance policy that allows you to put money aside specifically for your child or grandchild's education. There are two types of policy available for secondary and tertiary education.

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## Important information

*(The information in this section is required under the Securities Act 1978)*

Investment decisions are very important. They often have long-term consequences. Read all documents carefully. Ask questions. Seek advice before committing yourself.

### Choosing an investment

When deciding whether to invest, consider carefully the answers to the following questions that can be found on the pages noted below:

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In addition to the information in this document, important information can be found in the current registered prospectus for the investment. You are entitled to a copy of that prospectus on request.

### Choosing an investment adviser

You have the right to request from any investment adviser a written disclosure statement stating his or her experience and qualifications to give advice.

That document will tell you:

- whether the adviser gives advice only about particular types of investments
- whether the advice is limited to the investments offered by one or more particular Financial organisations
- whether the adviser will receive a commission or other benefit from advising you.

You are strongly encouraged to request that statement. An investment adviser commits an offence if he or she does not provide you with a written disclosure statement within five working days of your request. You must make the request at the time the advice is given or within one month of receiving the advice.

In addition:

- if an investment adviser has any conviction for dishonesty, or has been adjudged bankrupt, he or she must tell you this in writing
- if an investment adviser receives any money or assets on your behalf, he or she must tell you in writing the methods employed for this purpose.

Tell the adviser what the purpose of your investment is. This is important because different investments are suitable for different purposes.

This investment statement is prepared as at December 2008.

## What sort of investment is this?

The Education Support Plan has been in operation since 2005. It is a pooled investment fund that permits subscribers to make provision for their children or grandchildren's education costs at secondary or tertiary level. Tertiary means university, college of education, polytechnic providers, or tertiary course approved by the New Zealand Ministry of Education.

With the Education Support Plan parents or grandparent's may start investing for their children or grandchildren, making contributions based on their child or grandchild's age at the commencement of the policy.

The secondary policy makes payment upon production of the appropriate evidence of the nominated student's commencement of secondary schooling. Twenty percent (20%) of the total benefit is paid in the first year of study, 25% of the remainder in the second year, 33% of the remainder in the third year, 50% of the remainder in the fourth year and the full remaining policy is paid out in the fifth year.

The tertiary policy makes payment upon the production of the appropriate evidence of the nominated student's enrolment in a recognised tertiary education course. The period that the benefits are paid varies and is dependent upon the length of the course.

There are provisions for a payment in the case of death of the nominated student, and waiver of contributions in the event of the death or disablement of the principal contributor. Full details are set out in the regulations of the fund.

## Who is involved in providing it for me?

### The issuer

The issuer of this security is Manchester Unity Friendly Society ('Manchester Unity'), 142 Lambton Quay, Wellington.

### Activities

Manchester Unity is a Friendly Society registered under the Friendly Societies and Credit Unions Act 1982. Established more than 160 years ago, Manchester Unity is a mutual organisation, which has provided its members with a wide range of investment and risk management products and services since 1842.

In addition to the Education Support Plan described in this investment statement, Manchester Unity offers other financial services and benefits:

- Credit Unions
- Funeral Assistance Benefit
- Increasing Assurance Benefit
- Affordable healthcare
- Holiday accommodation throughout New Zealand
- Mortgages
- Discounted General Insurance
- Discounted Travel Insurance
- Fraternity

## How much do I pay?

Your level of contributions to the Education Support Plan are determined by an actuarial table based on the age of the child covered by the policy and the benefit type that you choose. The cost per \$1,000 increases the older the child is at the commencement of the plan. The amount of benefit you can take out begins at \$1,000 and increases to a maximum of \$60,000.

In addition a fee for membership to Manchester Unity is payable. Visit our website, [www.save2learn.co.nz](http://www.save2learn.co.nz), for more information.

Upon receipt of your application, Manchester Unity will confirm the amount of your contribution. At acceptance, contributions are payable in advance.

Any policy where the contributions are in arrears by 39 weeks may be closed and the membership terminated without repayment of the contributions made.

## Free look arrangement

A free look arrangement period of 14 days exists from the date the confirmation of policy is received by the principal contributor, during which time the policy may be cancelled by the principal contributor in exchange for a full refund of all amounts paid for the policy.

## What are the charges?

Management expenses of 5% of annual contributions are paid to the management fund of Manchester Unity each year. A commission of up to 3% of the guaranteed policy amount is payable to authorised representatives of Manchester Unity. The commission is paid directly from Manchester Unity and not deducted from the fund.

The Board of Directors may charge interest on arrears of contributions at an interest rate to be determined from time to time by the Board of Directors. You can obtain details of the current rate by contacting Manchester Unity.

If at any valuation, it is found that the fund is in deficit, the Board of Directors may make good that deficiency by an increase in contributions, a reduction in benefits, or by some other means recommended by the Actuary and approved by the Registrar of Friendly Societies.

There are no other charges.

## What returns will I get?

### Secondary Support Plan

Upon production of the appropriate evidence for the nominated student's commencement of secondary schooling, 20% of the Secondary Plan benefit will be paid out for the nominated student commencing from Year 9, or their 13th birthday, (whichever is later). The following year 25% of the remaining policy amount will be paid. The following year 33% of the remaining policy will be paid out, with 50% of the remaining policy paid for the fourth year. The remainder of the policy will be paid at commencement of the fifth year.

### Tertiary Support Plan

Upon production of the appropriate evidence of the nominated student's commencement of a recognised tertiary education course, the Tertiary Plan benefit will be paid annually to the nominated student while they continue in their approved full-time course, commencing from the start of the course, or their 18th birthday, (whichever is later). The term of the payment of benefit will be up to a maximum of four years and a minimum of two years, depending on the duration of the approved course.

The key factors determining the level of benefits and bonuses members may receive in addition to the benefits set out in the plan, will be the level of returns earned by Manchester Unity on the investment of the fund. These will be influenced by the general and financial economic conditions, inflation, interest rates and other factors that affect investments during the term of the fund.

Manchester Unity is the body legally liable to pay the returns to you.

The return for the Education Support Plan is the sum assured as specified and bonuses, if applicable. Manchester Unity will pay to you the amount of the selected Education Support Plan providing all contributions owing have been paid and appropriate evidence received by Manchester Unity.

Taxes or duties are unlikely to affect the return as Manchester Unity is not currently subject to direct taxation.

The Board of Directors may apportion reserves to be retained in the fund before bonuses have been declared which is likely to affect the returns.

In both secondary and tertiary policy types any bonuses or additions declared on the benefit will be paid. Unpaid contributions will be deducted from the benefits prior to payment. Bonuses are determined by the Board of Directors based on an actuarial valuation of the fund. The amount is paid at the end of the policy term. No bonuses or level of bonus is promised or assured.

In the event of the death of the nominated student, the policy amount and accumulated bonuses shall be paid as a life assurance benefit in accordance with the Life Insurance Act 1908, except that on the death of the nominated student under the age of 10 years, the benefit shall be limited to 100% of contributions paid

along with interest at a rate determined by the Board of Directors. The nominated student's death certificate must be produced to Manchester Unity before payment of this type can be made. In the event of the death of the principal contributor, future contributions will be waived. Cover for waiver of contribution on the death of the contributor ceases on the contributor's 65th birthday. In the event of the death of the contributor after the age of 65 the plan shall be paid out at 100% of the contributions paid, along with interest at a rate determined by the Board of Directors. Alternatively the plan can be continued by a nominated relative or guardian who becomes a member of Manchester Unity.

Where the principal contributor becomes disabled, as defined below, the contributions can be waived for the period of the disablement to a maximum of 12 months.

Disablement is defined as:

- the inability of the principal contributor by reason of illness or injury to carry out his or her usual occupation for a continuous period of 90 days or longer
- the principal contributor will not be disabled if, in Manchester Unity's reasonable opinion, he or she is engaged or would be able to be engaged, for 20 hours or more per week, in any occupation for which he or she would be reasonably fitted by his or her knowledge, training or previous work experience.

No benefit will be paid if the disablement results (directly or indirectly) from:

- an injury or illness arising from an act which was intentionally self-inflicted
- participation in war (whether war is declared or not), warlike operations, insurrection or civil commotion
- alcohol or drug abuse by the principal contributor
- the principal contributor's involvement in an unlawful act whether or not the principal contributor is charged or convicted of an offence in respect of that act.

## No guarantee of bonus

No bonus payments or level of bonus are guaranteed or promised by any person.

## What are my risks?

Contributions to the fund are not free from risk. If the investment of the contribution results in a loss, you will bear these losses by way of reduction or loss of benefits, or reduction or loss of entitlement due. Losses can result from poor investment returns, failure of investments and reduction in value of investments.

If Manchester Unity becomes insolvent it is foreseeable that you may not receive some or all of the returns due to you.

You are only liable for payment of the contributions prescribed by Manchester Unity's rules. You are liable only to the extent of your contributions and will not otherwise become liable for the debts or liabilities of Manchester Unity unless such debts are expressly or implicitly approved by the members of Manchester Unity. However, the ultimate liability in relation to contributions is a matter that will be determined by the Courts.

Should Manchester Unity be put into liquidation, your claim on the assets of Manchester Unity, as the holder of an Education Support Plan, will rank equally with other members of Manchester Unity, but behind the claims of any secured and unsecured creditors of Manchester Unity.

Should your contributions remain outstanding for a period of 39 weeks, the policy can be cancelled by Manchester Unity and all contributions paid to that date will be forfeited.

## Can the investment be altered?

Manchester Unity may increase contributions, in accordance with its rules, to meet any shortfall in the fund. Other terms of the benefits can be varied by ordinary resolution of the Board of Directors of Manchester Unity.

Where the nominated student starts school/university earlier than expected, the principal contributor can have the benefit paid a year earlier. The benefit would be the sum assured less a fixed discount figure as defined in the Regulations.

Where the nominated student starts school/university later than expected, the principal contributor can stop paying the contributions and have the benefit paid one or more years later. The benefit would be the sum assured plus interest at a rate to be determined by the Board of Directors.

In all other cases the sum assured on an Education Support Plan may not be altered.

## How do I cash in my investment?

### Early termination

You may cancel your Education Support Plan. Upon cancellation you will receive a percentage of the contributions paid along with interest at a rate determined by the Board of Directors, based on actuarial advice, less any unpaid contributions.

In the event of the death of the covered child prior to age 10, you will be entitled to receive, in accordance with the Life Insurance Act 1908, 100% of the contributions you have paid along with interest at a rate determined by the Board of Directors. In the event of the death of the covered child aged 10 or over the full policy amount and accumulated bonus shall become payable as a Life Insurance Benefit. The child's death certificate must be produced to Manchester Unity before payment of this type can be made.

In the event that the nominated student of a Tertiary Support Plan opts not to enrol in a recognised tertiary education course, 100% of the contributions made, plus interest at a rate determined by the Board of Directors, will be reimbursed. All requests must be made in writing to Manchester Unity.

You may not otherwise obtain payment of the Education Support Plan except upon maturity. Should your contributions remain outstanding for a period of 39 weeks, the policy can be cancelled by Manchester Unity and all contributions paid to date will be forfeited.

### Right to sell

There is no right to sell or transfer an Education Support Plan. In Manchester Unity's opinion, there is not an established market for such sales.

## Who do I contact with enquiries about my investment?

If you have any enquiries about your investment you can contact Member Services, Manchester Unity, weekdays 8.00am to 4.30pm on freephone 0508 728 325, or write to Manchester Unity, PO Box 5083, Wellington (Level 6, 142 Lambton Quay, Wellington).

## Is there anyone I can complain to if I have problems with the investment?

First you may wish to raise your concern with your initial investment adviser. He or she should be able to resolve the majority of problems.

If the issue remains unresolved, you should refer your complaint to:

Member Services, Manchester Unity, Level 6, 142 Lambton Quay, Wellington, Telephone 0800 101 842

If, after raising the matter with Manchester Unity, you are still not satisfied, you can contact:

The Insurance and Savings Ombudsman  
Level 7, HBO House, 95-105 Customhouse Quay, Wellington, Telephone 04 499 7612

## What other information can I obtain about this investment?

Further information about Manchester Unity and the securities is contained in the prospectus (which contains an offer in respect of the Education Support Plan along with the Increasing Assurance Benefit and the Funeral Benefit mentioned in a separate investment statement) and Manchester Unity's financial statements. A copy of the prospectus and Manchester Unity's most recent financial statements can be obtained, free of charge from Manchester Unity at 142 Lambton Quay, Wellington.

Detailed terms of the securities are contained in the Rules of Manchester Unity, a copy of which can be obtained from Manchester Unity for \$5.00.

The prospectus, financial statements and other documents relating to Manchester Unity are filed on the public register at the Companies Office of the Ministry of Economic Development and are available for public inspection.

### Annual information

Manchester Unity will provide an Annual Statement showing the amount of the policy together with any bonuses that have been allocated.

### On request information

At any time, free of charge, you can receive from Manchester Unity office copies of:

- Manchester Unity's last annual return and a copy of the financial statements contained in the annual return
- the most recent Manchester Unity prospectus, and related documents
- the Rules and Regulations of the Education Support Plan
- Manchester Unity's most recent investment statement
- a comparison of actual results against prospective financial information, if any prospective financial information has been provided in respect of Manchester Unity or the scheme.

To obtain on-request information contact:

**Manchester Unity,  
142 Lambton Quay, PO Box 5083, Wellington**

**Or freephone 0508 728 325, weekdays 8.00am to 4.30pm.**

## Education Support Plan Regulations

Regulations as at 1st August 2007

### 1. Definitions where used in these regulations:

- 1.1 'Principal contributor' means a member of Manchester Unity who contributes to the Education Support Plan and is nominated on the application form. Unless otherwise agreed in writing with Manchester Unity this is the parent, grandparent, relative, or guardian of the nominated student.
- 1.2 'Nominated student' means the child nominated on the application form and receiving benefits from the Educational Support Plan.
- 1.3 'Tertiary' means university, college of education, polytechnic providers, or tertiary course approved by the New Zealand Ministry of Education.

### 2. Membership:

- 2.1 Contributions and membership fees can be paid either weekly, monthly, quarterly or on a single contribution basis.

All non-single contribution payments are payable by direct debit.

Single contributions are payable directly to Manchester Unity, with membership fees payable quarterly.

Membership fees are collected in advance, with the first payment collected with the initial contribution.

*\*Note for existing members, existing payment arrangements will remain in place if requested.*

2.2 If a member's contributions are in arrears for a period of 39 weeks or more the membership can be terminated and the contributions will be forfeited.

2.3 A principal contributor wishing to cancel a policy shall do so in writing to Manchester Unity.

**3. The Board of Directors shall have the power to:**

3.1 Accept or reject applications.

3.2 Decline or terminate membership of the fund at anytime without giving reason.

3.3 Set interest rates and bonus levels.

3.4 Establish new tables of contributions and benefits.

**4. Date of acceptance:**

4.1 Membership of the fund shall commence from the date of acceptance by Manchester Unity.

**5. Age limit:**

5.1 The principal contributor to the Education Support Plan must be 15 years of age or older.

5.2 The nominated student must not be older than 12 years 1 month at the date of acceptance to be eligible for a Secondary Plan and 16 years 1 month at the date of acceptance to be eligible for a Tertiary Plan.

**6. Payment of benefit:**

6.1 Payment of benefit will commence upon production of appropriate evidence of the nominated students enrolment in a recognised secondary or tertiary course. Manchester Unity may at any time request further information to support the claim for payment.

6.2 All evidence should be submitted to Manchester Unity with the form provided. In all instances original documents or certified copies are required.

6.3 To be valid claims must be submitted within the calendar year in which they occurred. Copies will be returned if a written request to do so accompanies the claim.

6.4 In the unfortunate case of membership ceasing by death, claims must be submitted within 12 months of the date of death.

**7. Premium insurance:**

7.1 The benefits of the Educational Support Plan shall include a premium insurance with the following provisions:

7.1.1 Payment of contributions for the period of disablement to a maximum of 12 months where the principal contributor experiences disablement for a period of 90 days or more. This cover will cease on the contributor's 65th birthday and is not available for contributors under the single payment option.

7.1.2 Payment of all future contributions to the fund where the principal contributor dies while the policy is still active. This cover will cease on the contributor's 65th birthday and is not available for contributors under the single payment option.

In the event of the death of the contributor after the age of 65 the plan shall be paid out at 100% of the contributions paid, along with interest at a rate determined by the Board of Directors. Alternatively the plan can be continued by a nominated relative or guardian who would need to become a member of Manchester Unity.

7.2 Disablement is defined as:

7.2.1 The inability of the principal contributor by reason of illness or injury to carry out his or her usual occupation for a continuous period of 90 days or longer.

7.2.2 The principal contributor will not be disabled if, in Manchester Unity's reasonable opinion, he or she is engaged or would be able to be engaged, for 20 hours or more per week, in any occupation for which he or she would be reasonably fitted by his or her knowledge, training or previous work experience.

7.3 Premium insurance will not be available where the disablement results (directly or indirectly) from:

7.3.1 An injury or illness arising from an act which was intentionally self-inflicted.

7.3.2 Participation in war (whether war is declared or not), warlike operations, insurrection or civil commotion.

7.3.3 Alcohol or drug abuse by the insured.

7.3.4 The Principal Contributor's involvement in an unlawful act, whether or not the contributor is charged or convicted of an offence in respect of that act.

## 8. Early payment or deferment:

8.1 Where the nominated student starts school/tertiary education earlier than expected, the benefit can be paid a year earlier. The benefit would be the sum assured less the fixed discount as defined in the following table:

8.1.1 Discount factors for early payment:

### Discount factors for benefit being paid a year earlier than expected, per \$1,000 policy amount

Age	Secondary \$	Tertiary \$
0	95	76
1	102	78
2	110	81
3	118	85
4	130	90
5	143	96
6	160	102
7	183	109
8	216	118
9	265	129
10	347	143
11	510	160
12		183
13		216
14		265
15		347

8.2 Where the nominated student starts school/tertiary education later than expected, the principal contributor can stop paying the contributions and have the benefit paid one or more years late and interest shall be accrued on the plan at 3.5% p.a.

**9. Interest on overdue contributions:**

9.1 Where contributions are overdue interest shall be charged at the rate of 14% p.a. (Rate applicable as at 1st August 2007).

**10. How the policy is paid:**

10.1 Secondary

Upon production of the appropriate evidence of the nominated student's commencement of secondary schooling, 20% of the secondary benefit will be paid out for the nominated student commencing from Year 9, or their 13th birthday, (whichever is later). The remainder of the policy will be paid as follows:

2nd year - 25% of remaining policy amount

3rd year - 33% of remaining policy amount

4th year - 50% of remaining policy amount

5th year - 100% of remaining policy amount.

10.2 Tertiary

Upon production of the appropriate evidence of the nominated student's commencement of a recognised tertiary education course, a percentage of the benefit will be paid annually in equal amounts to the nominated student while they continue in their approved full-time course. For example, for a two-year course, the benefit would be paid as 50% in year one and 50% in year two. Payment of benefit will commence from the start of the course, or the nominated student's 18th birthday, (whichever is later). The term of the payment of benefit will be up to a maximum of four years and a minimum of two years, depending on the duration of the approved course.

**11. Payment of the plan other than at maturity:**

11.1 On the death of the nominated student. On production of the death certificate of the nominated student the policy amount and accumulated bonuses shall be paid as a Life Assurance Benefit in accordance with the Life Insurance Act 1908. Except that on the death of the nominated student under the age of 10 years, the benefit shall be limited to 100% of contributions paid plus interest at 2.5% p.a.

11.2 Where the plan is cancelled. On receiving a written request, 85% of the contributions and interest thereon at a rate of 2.5% p.a. will be reimbursed.

11.3 In the event that the nominated student of a Tertiary Support Plan opts not to enrol in a recognised tertiary education course, 100% of the contributions made plus interest at a rate determined by the Board of Directors will be reimbursed. All requests must be made in writing to Manchester Unity.

**12. Contributions:**

As from 1st August 2007 contributions shall be paid in accordance with the tables overleaf.

12.1 Secondary table (cost of policy per \$1,000)

Age	Weekly	Monthly	Quarterly	Single sum
0	\$1.13	\$4.88	\$14.59	\$566.81
1	\$1.25	\$5.40	\$16.14	\$589.48
2	\$1.39	\$6.01	\$17.98	\$613.06
3	\$1.56	\$6.76	\$20.20	\$637.58
4	\$1.77	\$7.66	\$22.92	\$663.08
5	\$2.03	\$8.80	\$26.32	\$689.61
6	\$2.37	\$10.27	\$30.71	\$717.19
7	\$2.83	\$12.23	\$36.56	\$745.88
8	\$3.46	\$14.97	\$44.78	\$775.72
9	\$4.41	\$19.10	\$57.11	
10	\$6.00	\$25.98	\$77.69	
11	\$9.19	\$39.76	\$118.88	
12	\$18.74	\$81.10	\$242.52	

12.2 Tertiary table (cost of policy per \$1,000)

Age	Weekly	Monthly	Quarterly	Single sum
0	\$0.74	\$3.22	\$9.64	\$474.83
1	\$0.81	\$3.49	\$10.43	\$493.82
2	\$0.88	\$3.79	\$11.33	\$513.57
3	\$0.95	\$4.13	\$12.34	\$534.12
4	\$1.04	\$4.52	\$13.51	\$555.48
5	\$1.15	\$4.97	\$14.87	\$577.70
6	\$1.27	\$5.50	\$16.45	\$600.81
7	\$1.42	\$6.13	\$18.33	\$624.84
8	\$1.59	\$6.89	\$20.59	\$649.83
9	\$1.80	\$7.81	\$23.36	\$675.83
10	\$2.07	\$8.97	\$26.83	\$702.86
11	\$2.42	\$10.47	\$31.30	\$730.97
12	\$2.88	\$12.46	\$37.27	\$760.21
13	\$3.53	\$15.26	\$45.64	\$790.62
14	\$4.50	\$19.47	\$58.21	
15	\$6.12	\$26.48	\$79.18	
16	\$9.36	\$40.52	\$121.17	



*Application Forms*



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Manchester Unity Friendly Society, 142 Lambton Quay, PO Box 5083 Wellington Freephone 0508 728 325