

PPS Mutual Profit Share Benefit Information Sheet

This document provides a summary of key information for members of PPS Mutual regarding the Profit Share Benefit offered by PPS Mutual Limited ("PPS Mutual"). You should read the Multiple Life Policy for full details of how the Profit Share Benefit works. A copy of the policy is available on PPS Mutual's website.



What is the Profit Share Benefit?

PPS Mutual is a mutual insurer owned by members of the Professional Provident Society Trust ("PPS Trust"). The PPS Trust was established for the benefit of members.

The Profit Share Benefit is a means by which members of PPS Mutual can share in the financial success of PPS Mutual's business.

The Profit Share Benefit is delivered to members through the Multiple Life Policy. You will become a life insured under the Multiple Life Policy when you become a member of PPS Mutual. You will be entitled to receive a Profit Share Benefit payment should one of the payment events specified in the Multiple Life Policy occur.

Those specified events are death, diagnosis of a terminal illness, or reaching age 65.

Each year, the board of PPS Mutual may exercise its discretion to make a Profit Share Benefit allocation to members and these allocations will determine your Profit Share Benefit value and the payment you will receive if one of the specified events occurs during that year.

Allocations are discretionary and expected to change over time. They may be positive, nil or negative, which means that your Profit Share Benefit value is subject to change after each allocation is made.



What do I need to do to be eligible to receive a Profit Share Benefit?

You will need to be a life insured under the Multiple Life Policy. This happens when you meet the eligibility criteria for membership set by PPS Mutual and become a member of PPS Mutual.

To become a member you must meet the eligibility criteria applied by PPS Mutual from time to time. This requires that you are a life insured under a PPS Mutual Professionals' Choice policy.

You will cease to be a life insured under the Multiple Life Policy and you will no longer be eligible to receive a Profit Share Benefit when you cease to be a life insured under a Professionals' Choice policy – except in some specific circumstances (refer "In what circumstances will I no longer be eligible to receive a Profit Share Benefit?" below).



Do I need to pay any money to receive the Profit Share Benefit?

Premiums must be paid on your Professionals' Choice policy, but no separate payment is required to receive the Profit Share Benefit.



How will PPS Mutual decide on Profit Share Benefit allocations?

Allocations will depend on factors assessed by the board of PPS Mutual based on its view of the financial performance and capital needs of PPS Mutual's business. Allocations are decided at the discretion of PPS Mutual and may be positive, nil or negative. Profit Share Benefit values are not guaranteed (even once nominally allocated) and they may change over time.

The board is not restricted as to the factors it may consider when making Profit Share Benefit allocations. However, the following factors have been identified in the Profit Share Benefit Allocation and Dividend Policy as relevant for determining allocations:

- Profit Share Benefit margins on the company's Professionals' Choice policies (for both members and other insured persons);
- actuarial experience adjustments;
- investment returns;
- re-allocation of Profit Share Benefit values of former members; and
- PPS Mutual's capital needs from time to time.

The basis for calculating allocations will be applied consistently to all members within a defined group (a group of members considered to be similar for actuarial purposes by PPS Mutual's Appointed Actuary).

Individual allocations to your Profit Share Benefit will be determined by the board based on the following factors:

- premiums paid in respect of your cover as a life insured under your Professionals' Choice policies for the applicable membership period; and
- your Profit Share Benefit value before the allocation is made.

Your personal claims history under your Professionals' Choice policies will not affect your individual Profit Share Benefit allocation.



Does PPS Mutual need to make a profit for me to receive a Profit Share Benefit?

To ensure equity among members, the board of PPS Mutual has decided that allocations to the Profit Share Benefit will not initially require PPS Mutual to make profits or to generate surplus capital.

The board of PPS Mutual will, however, review the capital position and cash flow needs of the business when considering allocations to the Profit Share Benefit.



When will Profit Share Benefit allocations be made?

The timing of allocations will be determined by the board of PPS Mutual. The current intention is for allocations to be made in March each year, commencing from March 2027, in respect of the membership period ending on 31 December in the previous calendar year.

To ensure fairness among members, Profit Share Benefit payments to be made after the end of a membership period but before an allocation has been made, may be adjusted by means of an interim allocation for that membership period.



When will I be entitled to receive a Profit Share Benefit payment?

You will be entitled to receive a Profit Share Benefit when one of the payment events specified in the Multiple Life Policy occurs. These events are:

- death;
- diagnosis of a terminal illness (as defined in the policy); and
- reaching age 65.

You must request payment in order to receive your Profit Share Benefit value once you reach age 65 or are diagnosed with a terminal illness. Your Profit Share Benefit will continue to receive allocations until you make a request and payment is made to you. This is not the case upon death. We will make payment of your Profit Share Benefit value to you if you die while insured under the Multiple Life Policy.



How much will I receive?

If a payment event occurs, you will be entitled to receive the greater of:

- \$100; or
- your Profit Share Benefit value (plus (or minus) any interim allocation for you) as at the time of payment.

There is no guarantee as to the amount of your Profit Share Benefit or allocations. Profit Share Benefit values can reduce to nil, but they may not become negative. They may not exceed total premiums paid for you as a life insured under your Professionals' Choice policies.

If PPS Mutual runs into financial difficulties and is wound up, your claim to receive a Profit Share Benefit payment you are due would be as a creditor of the company in the same way as any claims by policyholders under the Professionals' Choice policy.



Do I have to pay any fees to receive payment of my Profit Share Benefit?

No.



How do I know what my Profit Share Benefit value is?

Each year after the board of PPS Mutual has determined the Profit Share Benefit allocations, PPS Mutual will send you a statement showing your current Profit Share Benefit value and the amount of any allocation made to you for the most recent membership period.



In what circumstances will I no longer be eligible to receive a Profit Share Benefit?

You will lose your entitlement to receive a Profit Share Benefit should you no longer be a life insured under the Multiple Life Policy.

This occurs automatically if one of the events set out in the Multiple Life Policy occurs. This includes where you stop being covered as a life insured under any PPS Mutual Professionals' Choice insurance policy – unless:

- you had been a member of PPS Mutual for at least five consecutive years without interruption; and
- your Profit Share Benefit value at the time was at least \$1,000.

We will notify you when you cease to be a life insured under the Multiple Life Policy.



Are Profit Share Benefits invested?

Assets supporting Profit Share Benefits and PPS Mutual's other insurance liabilities are held collectively in the PPS Mutual statutory fund and invested in line with PPS Mutual's investment strategy.

Currently, PPS Mutual's strategy is to invest its assets in cash and fixed income assets.

The investment strategy is reviewed annually and may change.



Can I withdraw my Profit Share Benefit value?

Only when a payment event specified in the Multiple Life Policy occurs (refer to "When will I be entitled to receive a Profit Share Benefit payment?" above).



Can I voluntarily transfer my interest in the Profit Share Benefit?

No, it is personal to you.



Does the Profit Share Benefit affect my Professionals' Choice Policy that I have with PPS Mutual?

No, your Profit Share Benefit is separate.

Your Professionals' Choice policy is governed by the terms of the policy. Your rights or benefits under that policy are not affected by the terms of the Multiple Life Policy or the amount of your Profit Share Benefit.



Can the terms of the Multiple Life Policy be changed?

Yes, PPS Mutual can change the terms of the Multiple Life Policy. When changes can be made is set out in the Multiple Life Policy.

PPS Mutual will provide you with at least 60 days' notice of any proposed change to the terms of the Multiple Life Policy.



What do I do if I need more information?

If you need more information in relation to the Profit Share Benefit, a copy of the Multiple Life Policy and other information in relation to the Profit Share Benefit is on PPS Mutual's website (www.ppsmutual.co.nz).

If you have any remaining questions, it is recommended that you speak to the adviser who assisted you when you became a member of PPS Mutual.

Disclaimer

PPS Mutual has been granted an exemption by the Financial Markets Authority from, amongst other things, the disclosure requirements for a managed investment product under the Financial Markets Conduct Act 2013 and the Financial Markets Conduct Regulations 2014. Accordingly, PPS Mutual is not required to issue a product disclosure statement for the Profit Share Benefit.

This document is not intended to be advice or provide any recommendation or opinion regarding the Profit Share Benefit. Professional independent advice from a financial adviser should be sought in respect of the Profit Share Benefit.

If there is any inconsistency between this summary and the terms of the Multiple Life Policy, the terms of the Multiple Life Policy will prevail.