

# INTERIM CREDITING RATE POLICY

## 7. ANNUAL REVIEW OF RESERVING MANAGEMENT POLICY

7.1 The Trustee Board will review the Reserving Management Policy on a regular basis and at least annually.

## Interim Crediting Rate Policy

### 1. PURPOSE OF THIS POLICY

The purpose of this policy is to provide a framework for the Trustee Directors when determining the Interim Crediting Rate.

### 2. LEGISLATIVE REQUIREMENTS

The primary legislative document governing the superannuation industry is the Superannuation (General Provisions) Act 2000 (as amended).

ii. The Trustee Board is also required to adhere to various Prudential Standards and in relation to Interim Crediting Rates, the Superannuation Prudential Standard 1/2014 Authorised Superannuation Fund Investments (PS 1/2014) refers. Paragraph 17 (a – d) refers in detail.

a. PS 1/2014 Paragraph 17 (a) states that “Trustee Board must develop and document an Interim Crediting Rate Policy, in consultation with the Licensed Investment Manager, for the members who exit the ASF before the final crediting rate has been approved, must be included in the Investment Framework.”

b. PS 1/2014 Paragraph 17 (b) states that “The Interim Crediting Rate must be fair and equitable for all the members of the ASF, including the exiting, current and prospective members.”

c. PS 1/2014 Paragraph 17 (c) states that “The Interim Crediting Rate must be reviewed on a regular basis (at least annually).”

d. PS 1/2014 Paragraph 17 (d) states that “The Interim Crediting Rate Policy must be published in the Annual Report to members and the public section of each ASF’s web site.”

### 3. TARGET ASSETS COVERED BY THIS POLICY

At Nasfund, members’ superannuation investment return is determined by a crediting rate.

ii. The crediting rate (expressed as a percentage) is equal to the investment earnings of the Fund less tax and costs after allowing for any reserves. (Reserves are funded by small reductions in the Annual Crediting Rate. See the Fund’s Reserving Management Policy for

details).

iii. The Fund applies an Annual Crediting Rate, based on the audited financial accounts for the year. This usually occurs in Quarter 1 of the following year.

iv. The Annual Crediting Rate applies to all members who were members of the fund for the past financial year and remain members when the Annual Crediting Rate is declared.

### 4. WHAT IS AN INTERIM CREDITING RATE?

i. The Trustee Board recognizes that some members leave the Fund during the year and that earnings accrue at varying rates through the year due to investment market moves.

ii. Accordingly, the Trustee Board estimates an Interim Crediting Rate throughout the year at each Investment Committee Meeting. The Interim Crediting Rate is a notional return that can be applied to member accounts during the current financial year period.

a. This Interim Crediting Rate is applied and paid only to member accounts of those members leaving the Fund.

b. While this can be applied at any time, should market moves be of sufficient magnitude to require it, the Fund may restate its Interim Crediting Rate.

c. The Trustee Board formally requires the Investment Committee at each of its scheduled meetings throughout the year to consider whether to change the Interim Crediting Rate and has delegated authority to the Investment Committee to implement such changes as soon as practicable.

### 5. HOW IS THE INTERIM CREDITING RATE DETERMINED?

i.

The Trustee Board seeks to value the assets of the Fund as often as practical, in order to reflect fair values to member balances. However, the nature of unlisted assets means that valuation changes are usually only reflected in asset values once a year.

ii. In determining the Interim Crediting Rate, the trustee considers the potential estimates of how returns are performing for the year and the Investment Committee considers the COO and GMI’s forecast Annual Crediting Rate. . The trustee is conscious that exiting members might be unfairly advantaged if the Interim Crediting Rate applied to the exiting member’s account turns out to be substantially higher than the Annual Crediting Rate applied for the full year. Accordingly, the Interim Crediting Rate will be estimated slightly conservatively to avoid exiting members gaining an unfair advantage.

iii. If the trustee Investment Committee determines there