

# The Aon KiwiSaver Survey

as at 30 September 2011

# Aon Hewitt - Shaping the Workplace of the Future

## Who We Are

Aon Hewitt is the global leader in human capital consulting and outsourcing solutions. With more than 29,000 professionals in 90 countries, Aon Hewitt makes the world a better place to work for clients and their employees.

## What We Do

Aon Hewitt serves as a strategic partner to leading global organizations on significant issues impacting millions of employees worldwide. The evolution of the workforce and global economy have placed human capital issues at the forefront in the executive suite. In order to be successful, corporations need to engage in a fierce global talent search, work to build and manage multinational teams in developed and emerging markets, and implement succession planning programs, while at the same time, keeping costs on budget as rising expenses for health care and other benefits soar. Aon Hewitt, a division of Aon New Zealand, provides independent actuarial, financial and statistical advice. We provide administration services for superannuation and employee benefit schemes, and we provide advice on death, disablement and health insurances.



## Aon KiwiSaver Survey

For over 20 years we have been compiling surveys of investment performance in New Zealand. With the introduction of KiwiSaver in 2007 we decided to broaden our surveys, which had until now only covered wholesale funds, to also include KiwiSaver funds. We contacted all registered KiwiSaver providers and we believe we have put together one of the most comprehensive KiwiSaver surveys currently in the market. Our survey shows the returns for each fund over the last quarter, 12 months, 24 months and 36 months. We have also included the asset allocation details of each fund as at the survey date. This shows what proportion of each fund is invested in Shares, Property, Bonds and Cash.

## Disclaimer:

We asked each Provider to supply us with returns Gross of Tax and Net of Percentage-Based fees. This means that no allowance may have been made for other fees such as dollar-based administration, audit, legal and trustee fees. We have not verified the information supplied by each Provider. This publication provides general information only and should not be relied upon in making an investment decision. Investors should seek professional advice which takes into account their personal circumstances before making an investment decision. No liability will be accepted for loss resulting from reliance on information contained in this report which proves to be inaccurate and/or incomplete. Disclosure of interest: Aon Hewitt acts as the asset consultant for the Trustees of AonSaver and several Employer KiwiSaver Schemes.

**You should not use this survey to estimate your own return, which will be net of all fees, dependent on your PIR rate (10.5%, 17.5% or 28.0%) and affected by the timing and amounts of your contributions.**

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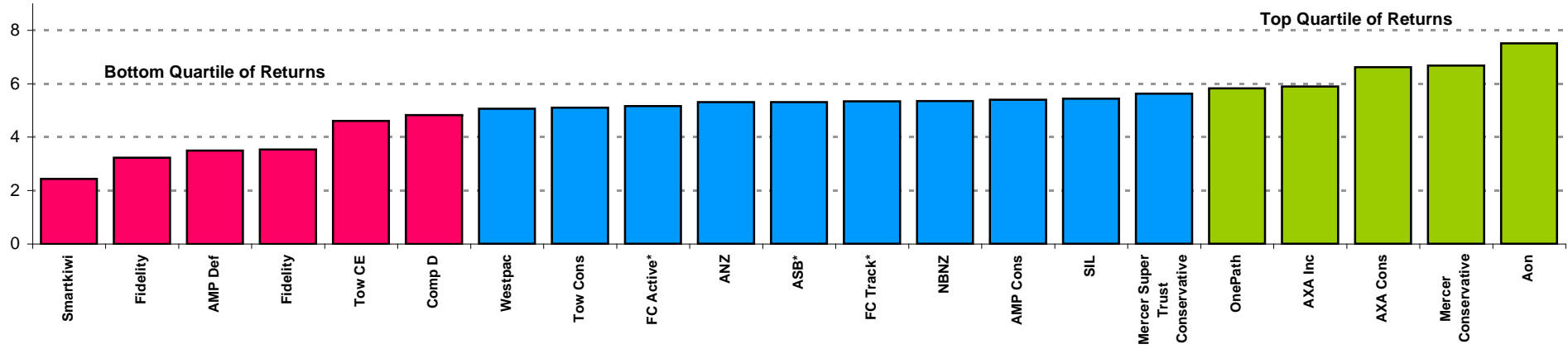
## Conservative Fund Results

Returns are Gross of Tax & Net of Percentage-Based Fees as at 30 Sep 2011

Manager	FUM (\$m)	Last Qtr (%)	Rk	Last Yr (%)	Rk	Last 2 Yrs (%pa)	Rk	Last 3 Yrs (%pa)	Rk	Asset Allocation for Fund Managers
AMP Conservative Fund	52	-0.3	12	3.9	6	5.4	8	5.4	8	
AMP Default Fund	393	-0.8	17	2.8	15	3.9	18	3.5	19	
ANZ Conservative Fund	65	0.2	8	4.0	4	5.6	6	5.3	12	
AonSaver Russell Conservative	32	-0.2	11	3.5	9	7.9	1	7.5	1	
ASB Conservative Fund*	1,079	0.2	3	3.5	11	4.9	12	5.3	11	
AXA Conservative	20	-0.5	13	3.5	10	5.7	3	6.6	3	
AXA Income Plus Fund	506	-0.5	15	2.6	16	4.8	15	5.9	4	
Company D	5	-0.1	9	3.7	7	5.2	11	4.8	16	
Fidelity Capital Guaranteed Kiwi	25	-0.2	10	2.4	17	2.9	20	3.2	20	
Fidelity Conservative Kiwi Fund	31	-1.6	21	1.9	20	3.6	19	3.5	18	
FirstChoice Active Conservative*	5	-1.4	20	2.1	19	4.0	17	5.2	13	
FirstChoice Tracker Conservative*	58	0.2	4	3.5	12	4.9	14	5.3	10	
Mercer Conservative	506	0.2	2	3.3	13	5.4	7	6.7	2	
Mercer Super Trust Conservative	2	-0.5	14	2.9	14	4.9	13	5.6	6	
National Bank Conservative Fund	95	0.2	6	4.0	5	5.6	5	5.4	9	
OnePath Conservative Fund	477	1.0	1	4.8	1	5.9	2	5.8	5	
SIL Conservative Fund	172	0.2	5	4.0	3	5.7	4	5.4	7	
Smartkiwi Conservative Fund	2	-1.1	19	1.7	21	2.2	21	2.4	21	
Tower KiwiSaver Cash Enhanced	360	0.2	7	3.6	8	4.6	16	4.6	17	
Tower KiwiSaver Conservative Fund	39	-0.7	16	2.3	18	5.2	9	5.1	14	
Westpac Conservative Fund	526	-0.9	18	4.2	2	5.2	10	5.1	15	
Minimum		-1.6		1.7		2.2		2.4		
Median		-0.2		3.5		5.2		5.3		
Maximum		1.0		4.8		7.9		7.5		

\* Returns are gross of tax and fees

Conservative Fund Returns (%pa) Gross of Tax and Net of Percentage-Based Fees over the Last Three Years\*

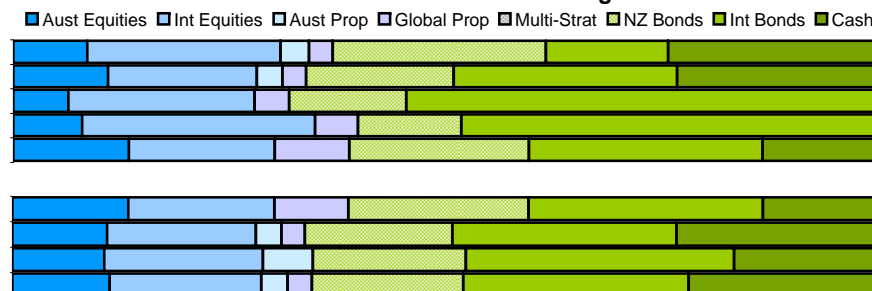


## Moderate Fund Results

Returns are Gross of Tax & Net of Percentage-Based Fees as at 30 Sep 2011

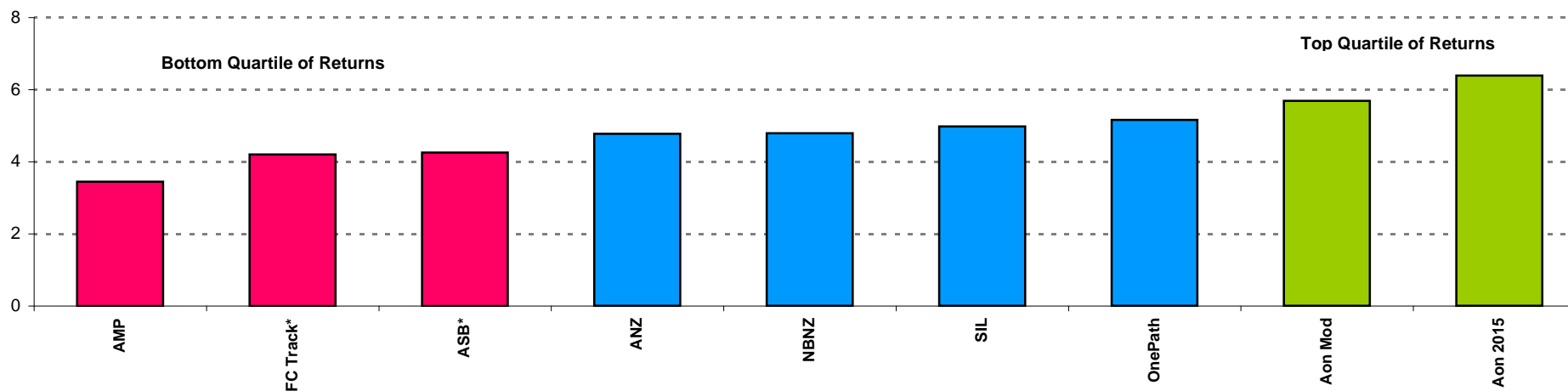
Manager	FUM (\$m)	Last Qtr (%)	Rk	Last Yr (%)	Rk	Last 2 Yrs (%pa)	Rk	Last 3 Yrs (%pa)	Rk
AMP Moderate Fund	96	-1.8	6	2.5	6	4.6	9	3.4	9
ANZ Conservative Balanced Fund	62	-1.7	4	3.4	4	5.4	6	4.8	6
AonSaver Russell Lifepoints® 2015	3	-1.6	2	2.7	5	7.3	1	6.4	1
AonSaver Russell Moderate Fund	6	-2.5	9	2.2	7	6.8	2	5.7	2
ASB Moderate Fund*	253	-2.3	7	2.0	8	4.8	7	4.3	7
FirstChoice Tracker Moderate Fund*	13	-2.4	8	2.0	9	4.8	8	4.2	8
National Bank Cons Balanced Fund	80	-1.7	3	3.4	3	5.4	4	4.8	5
OnePath Conservative Balanced Fund	2	-0.5	1	4.3	1	5.4	5	5.2	3
SIL Conservative Balanced Fund	56	-1.7	5	3.4	2	5.5	3	5.0	4
<b>Minimum</b>		-2.5		2.0		4.6		3.4	
<b>Median</b>		-1.7		2.7		5.4		4.8	
<b>Maximum</b>		-0.5		4.3		7.3		6.4	

### Asset Allocation for Fund Managers



\* Returns are gross of tax and fees

Moderate Fund Returns (%pa) Gross of Tax and Net of Percentage-Based Fees over the Last Three Years\*



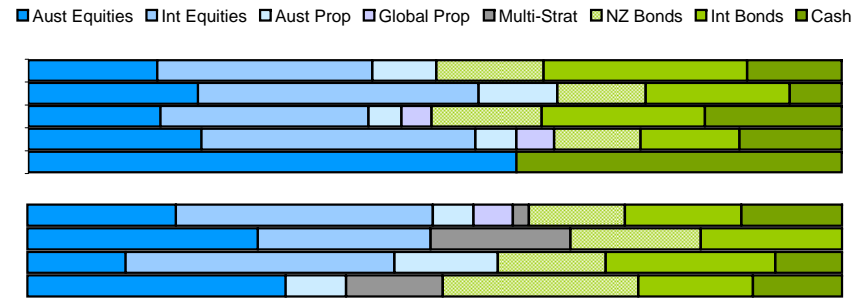
## Balanced Fund Results

Returns are Gross of Tax & Net of Percentage-Based Fees as at 30 Sep 2011

Manager	FUM (\$m)	Last Qtr (%)	Last Rk	Last Yr (%)	Last Rk	Last 2 Yrs (%pa)	Last Rk	Last 3 Yrs (%pa)	Last Rk	Asset Allocation for Fund Managers							
										Aust Equities	Int Equities	Aust Prop	Global Prop	Multi-Strat	NZ Bonds	Int Bonds	Cash
AMP Balanced Fund	142	-3.9	17	0.7	20	3.6	26	1.8	31								
AMP OnePath Balanced Fund	28	-3.7	13	2.8	2	5.9	2	3.2	20								
AMP Moderate Balanced Fund	135	-3.3	7	1.2	19	3.8	22	2.2	28								
AMP Tower Balanced Fund	8	-3.3	7	-0.2	26	4.2	15	3.0	22								
AMP Tyndall Balanced Fund	6	-4.9	22	-0.6	29	3.6	25	2.0	30								
ANZ Balanced Fund	96	-3.7	14	2.4	7	5.0	7	4.1	11								
ANZ Balanced Growth Fund	66	-5.7	31	1.5	15	4.5	13	3.4	17								
AonSaver OnePath Balanced	7	-4.5	19	1.6	12	5.5	4	5.3	2								
AonSaver Russell Lifepoints <sup>™</sup> 2025	4	-3.9	16	1.3	17	6.2	1	4.2	9								
AonSaver Russell Balanced	29	-5.0	24	0.6	21	5.6	3	3.5	16								
AonSaver Tyndall Balanced	2	-4.9	23	-1.4	32	3.3	28	1.6	33								
ASB Balanced Fund*	189	-5.0	26	0.3	22	3.9	20	2.8	24								
AXA Balanced Fund	90	-4.8	21	-0.1	25	3.7	23	4.8	3								
Brook Balanced Fund	1	-2.0	2	-0.1	24	1.0	33	2.2	29								
Company A	9	-2.8	5	2.0	10	3.5	27	3.5	15								
Company C	36	-1.8	1	2.2	8	4.0	19	3.9	12								
Company D	16	-5.1	27	-0.5	28	3.2	29	3.0	21								
Fidelity Balanced Kiwi Fund	68	-5.2	28	-2.4	34	0.5	34	1.8	32								
Fidelity Ethical Kiwi Fund	6	-3.3	6	-0.4	27	1.0	32	0.8	34								
FirstChoice Active Balanced Fund*	17	-5.9	34	-1.7	33	2.0	31	2.6	25								
FirstChoice Tracker Balanced Fund*	16	-5.0	25	0.3	23	3.9	21	2.9	23								
Mercer Balanced	26	-3.5	10	1.3	16	4.1	16	4.3	7								
Mercer Super Trust Moderate	13	-2.5	4	1.9	11	4.4	14	5.4	1								
Mercer Super Trust Active Balanced	36	-3.5	9	1.2	18	4.0	18	4.3	8								
National Bank Balanced Fund	144	-3.7	12	2.4	6	5.0	6	4.2	10								
National Bank Balanced Growth Fund	117	-5.7	32	1.5	14	4.5	12	3.4	18								

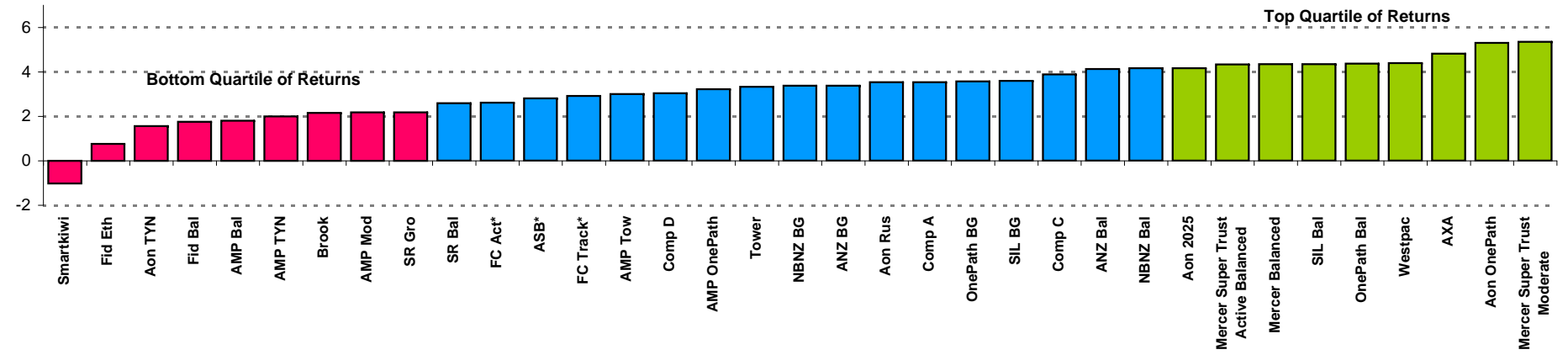
Manager	FUM (\$m)	Last Qtr	Last Rk	Last Yr	Last Rk	Last 2 Yrs	Last Rk	Last 3 Yrs	Last Rk
		(%)		(%)		(%pa)		(%pa)	
OnePath Balanced Fund	6	-2.1	3	3.5	1	4.8	8	4.4	5
OnePath Balanced Growth Fund	7	-3.7	11	2.8	3	4.1	17	3.6	14
SIL Balanced Fund	142	-3.7	15	2.4	5	5.0	5	4.4	6
SIL Balanced Growth Fund	130	-5.7	33	1.5	13	4.5	11	3.6	13
Smartkiwi Balanced Fund	5	-7.5	35	-5.7	35	-2.1	35	-1.0	35
Staples Rodway Balanced Fund	9	-5.6	30	2.2	9	4.7	9	2.6	26
Staples Rodway Growth Fund	5	-5.4	29	-1.1	31	2.5	30	2.2	27
Tower KiwiSaver Balanced	188	-4.1	18	-0.8	30	3.7	24	3.3	19
Westpac Balanced Fund	230	-4.7	20	2.5	4	4.6	10	4.4	4
Minimum		-7.5		-5.7		-2.1		-1.0	
Median		-4.1		1.2		4.0		3.4	
Maximum		-1.8		3.5		6.2		5.4	

Asset Allocation for Fund Managers



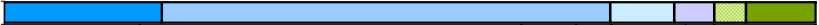
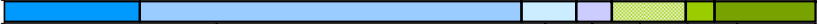
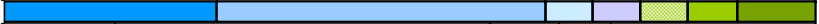
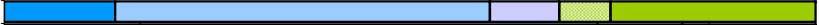


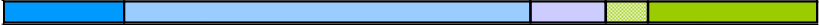




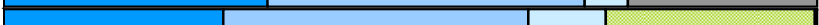
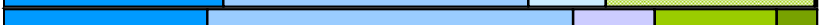






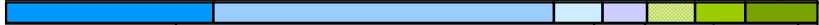
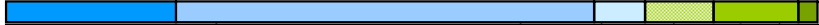

\* Returns are gross of tax and fees

Balanced Fund Returns (%pa) Gross of Tax and Net of Percentage-Based Fees over the Last Three Years\*



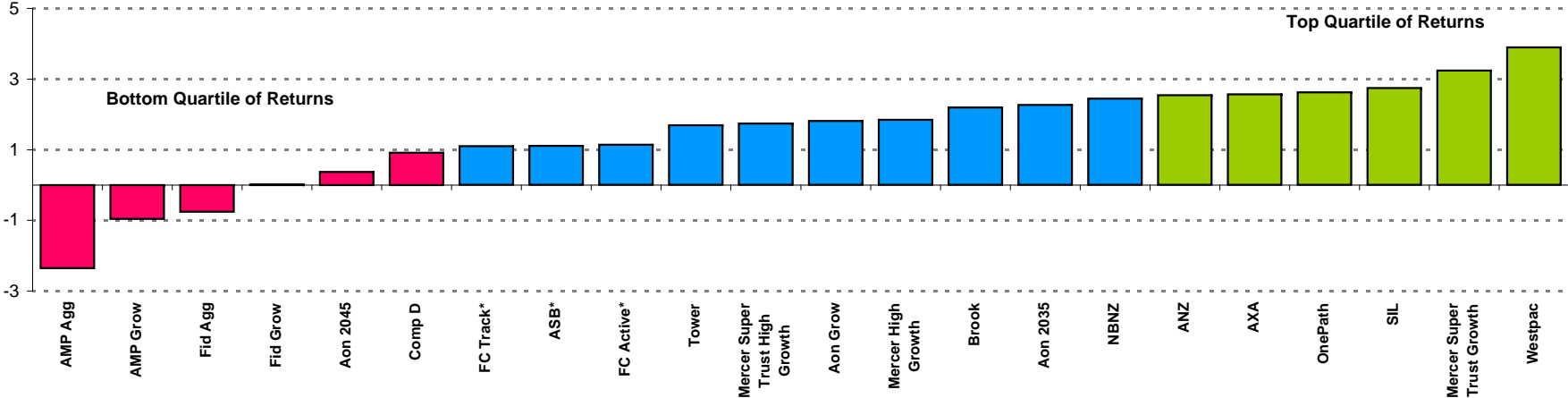
## Growth Fund Results

Returns are Gross of Tax & Net of Percentage-Based Fees as at 30 Sep 2011

Manager	FUM (\$m)	Last Qtr (%)	Last Rk	Last Yr (%)	Last Rk	Last 2 Yrs (%pa)	Last Rk	Last 3 Yrs (%pa)	Last Rk	Asset Allocation for Fund Managers
AMP Aggressive Fund	97	-7.7	14	-2.7	16	1.5	17	-2.4	22	
AMP Growth Fund	117	-6.2	6	-1.3	12	2.3	15	-1.0	21	
ANZ Growth Fund	141	-7.7	13	0.4	5	3.9	6	2.5	6	
AonSaver Russell Lifepoints <sup>SM</sup> 2035	4	-5.8	5	0.1	7	5.2	1	2.3	8	
AonSaver Russell Lifepoints <sup>SM</sup> 2045	4	-7.6	12	-1.0	11	4.3	3	0.4	18	
AonSaver Russell Growth Fund	7	-6.4	7	-0.3	8	4.8	2	1.8	11	
ASB Growth Fund*	174	-7.7	17	-1.6	13	2.6	11	1.1	15	
AXA High Growth Fund	67	-8.2	19	-2.8	17	1.7	16	2.6	5	
Brook Growth Fund	4	-3.6	1	-1.7	15	0.1	20	2.2	9	
Company D	4	-8.8	21	-3.8	19	1.0	18	0.9	17	
Fidelity Aggressive Kiwi Fund	11	-13.8	22	-8.6	22	-2.5	22	-0.8	20	
Fidelity Growth Kiwi Fund	30	-7.2	11	-4.3	20	-0.7	21	0.0	19	
FirstChoice Active Growth Fund*	16	-8.8	20	-4.3	21	0.2	19	1.1	14	
FirstChoice Tracker Growth Fund*	13	-7.7	18	-1.7	14	2.6	12	1.1	16	
Mercer High Growth	18	-6.7	9	-0.7	9	2.6	10	1.8	10	
Mercer Super Trust Growth	3	-4.6	2	0.6	3	3.3	9	3.2	2	
Mercer Super Trust High Growth	5	-6.6	8	-0.9	10	2.4	13	1.7	12	
National Bank Growth Fund	229	-7.7	15	0.4	6	3.9	7	2.4	7	
OnePath Growth Fund	7	-5.2	3	2.2	2	3.4	8	2.6	4	
SIL Growth Fund	91	-7.7	16	0.5	4	4.0	5	2.8	3	
Tower KiwiSaver Growth Fund	54	-7.0	10	-2.9	18	2.4	14	1.7	13	
Westpac Growth Fund	143	-5.6	4	2.3	1	4.2	4	3.9	1	
Minimum		-13.8		-8.6		-2.5		-2.4		
Median		-7.4		-1.2		2.6		1.8		
Maximum		-3.6		2.3		5.2		3.9		

\* Returns are gross of tax and fees

Growth Fund Returns (%pa) Gross of Tax and Net of Percentage-Based Fees over the Last Three Years\*



## Equities

Returns are Gross of Tax & Net of Percentage-Based Fees as at 30 Sep 2011

Fund	FUM (\$m)	Last Qtr (%)	Rk	Last Yr (%)	Rk	Last 2 Yrs (%pa)	Rk	Last 3 Yrs (%pa)	Rk
AonSaver AMT Milford Aggressive	27.9	-1.6	1	2.9	3	5.0	1	9.2	1
FirstChoice Active High Growth Fund*	1.6	-13.4	10	-9.1	9	-2.8	9	-4.7	10
FirstChoice Global Sustainability*	2.8	-10.9	6	-7.0	6	0.1	6	2.7	4
Mercer Super Trust Shares	0.9	-8.6	4	-2.5	4	1.1	4	0.8	5
Mercer Super Trust TransTasman	0.7	-3.7	3	4.4	2	2.4	3	2.7	3
Mercer Super Trust Global	1.0	-10.6	5	-5.2	5	0.4	5	-0.4	6
SIL Australasian Share Fund	9	-2.4	2	9.0	1	4.6	2	4.7	2
SIL International Share Fund	12.2	-12.6	8	-8.9	8	-0.9	8	-2.4	8
Smartkiwi Growth Fund	12.8	-12.6	7	-11.5	10	-5.9	10	-4.6	9
Tower KiwiSaver Equity Fund	17.2	-13.0	9	-8.2	7	-0.5	7	-1.6	7

## Fixed Interest

Returns are Gross of Tax & Net of Percentage-Based Fees as at 30 Sep 2011

Fund	FUM (\$m)	Last Qtr (%)	Rk	Last Yr (%)	Rk	Last 2 Yrs (%pa)	Rk	Last 3 Yrs (%pa)	Rk
Fidelity Options Kiwi Fund	41.5	-23.8	4	-10.4	4	-2.4	4	-0.9	4
Mercer Super Trust Fixed Interest	0.8	3.1	3	4.7	2	7.5	2	9.9	1
SIL NZ Fixed Interest Fund	4.1	3.5	2	8.2	1	9.5	1	6.7	3
SIL Int Fixed Interest Fund	1.4	3.7	1	4.2	3	6.1	3	7.2	2

Please remember that these sector funds may invest their money in very different ways and it is important when choosing an investment to understand exactly what you are investing in.

## Property

Returns are Gross of Tax & Net of Percentage-Based Fees as at 30 Sep 2011

Fund	FUM (\$m)	Last Qtr (%)	Rk	Last Yr (%)	Rk	Last 2 Yrs (%pa)	Rk	Last 3 Yrs (%pa)	Rk
Mercer Super Trust Real Assets	0.5	-3.4	2	5.5	2	6.0	3	-0.2	2
SIL Australasian Property Fund	5.2	-1.1	1	11.7	1	6.8	2	3.6	1
SIL International Property Fund	3.3	-17.0	3	-2.1	3	9.5	1	-3.8	3

Please remember that these sector funds may invest their money in very different ways and it is important when choosing an investment to understand exactly what you are investing in.

## Cash

Returns are Gross of Tax & Net of Percentage-Based Fees as at 30 Sep 2011

Fund	FUM (\$m)	Last Qtr (%)	Rk	Last Yr (%)	Rk	Last 2 Yrs (%pa)	Rk	Last 3 Yrs (%pa)	Rk
AMP Cash Fund	31.9	0.8	3	3.8	2	3.8	4	4.4	3
ANZ Cash Fund	31.6	0.8	5	3.3	9	2.7	13	3.1	15
AonSaver OnePath Cash Fund	2.4	0.7	14	3.0	13	2.9	9	3.1	14
AonSaver Tyndall Cash Fund	1.0	0.7	8	3.4	5	3.4	7	3.9	6
ASB - NZ Bank Deposit Fund*	178.5	0.7	12	2.9	15	2.7	14	3.2	11
AXA Cash Fund	17.8	0.7	11	3.3	7	3.5	6	3.9	5
Company B	0.3	-4.8	16	3.3	8	6.1	1	4.6	1
FirstChoice NZ Cash Fund*	8.3	0.7	12	2.8	16	2.6	15	3.2	12
Mercer Cash	9.3	0.9	1	3.9	1	4.1	2	4.4	2
Mercer Super Trust Cash	1.6	0.8	2	3.6	3	4.0	3	4.3	4
National Bank Cash Fund	52.0	0.8	6	3.3	10	2.7	12	3.1	13
OnePath Cash Fund	1.1	0.8	4	3.4	6	2.9	10	3.3	8
SIL Cash Plus Fund	14.5	0.8	7	3.1	12	2.5	16	2.9	16
Staples Rodway Conservative Fund	12.4	0.7	9	3.5	4	3.5	5	3.3	9
Tower KiwiSaver Preservation Fund	15.8	0.7	10	3.2	11	3.1	8	3.6	7
Westpac Cash Fund	127.8	0.6	15	2.9	14	2.9	11	3.3	10

\* Returns are gross of tax and fees

## Frequently Asked Questions

### My fund hasn't performed very well. What should I do?

Past performance is no guarantee of future performance.

It is important that you understand what you are actually investing in because while there are many different funds available they won't all be suitable for you.

We believe it is important to show you each fund's asset allocation, so that you know how much is invested in equities, property, bonds and cash.

The performance of your fund will depend critically on how much it invests in each of these asset classes.

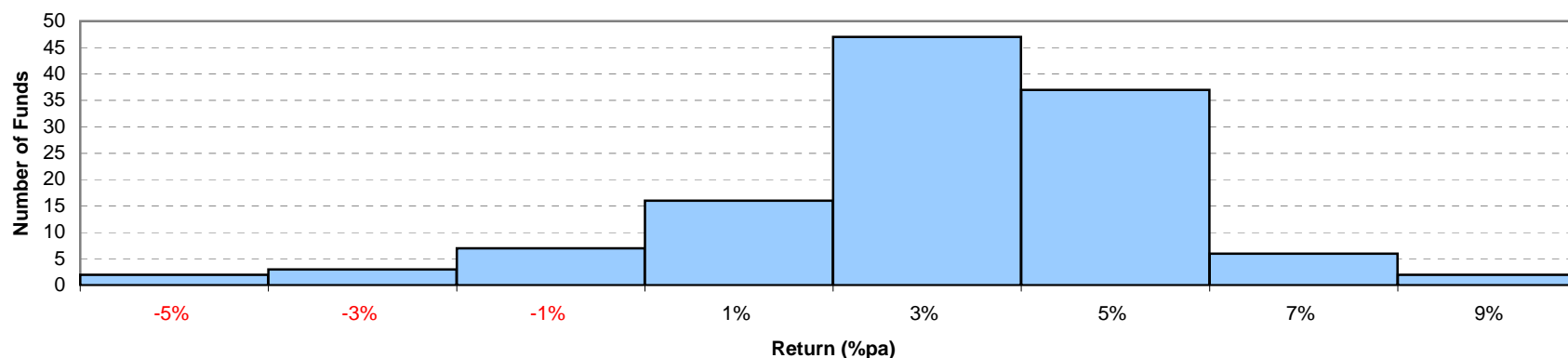
Some funds may be invested in only a few shares, some funds may be invested in hundreds of shares.

If you are concerned, then consult an independent investment advisor to help work out what is best for you.

The chart below shows the range of annualised returns over all the funds in our survey in the last 3 years. From the chart we can see that the majority of funds earned money over the previous 3 years.

Two funds earned between 8% pa and 10% pa whereas two funds lost between 4% pa and 6% pa.

Distribution of KiwiSaver Returns over the last 3 Years



### The returns in your survey are different than the returns my KiwiSaver Provider is reporting. What's going on?

We asked Providers to give us returns that are gross of tax and net of investment management fees. This means that fees such as audit and legal fees should have been excluded.

We did this to make as fair a comparison as possible between unitised schemes and non-unitised schemes (mainly company superannuation schemes).

**You should not use this survey to estimate your own return, which will be net of all fees, dependent on your PIR rate (10.5%, 17.5% or 28.0%) and affected by the timing and amounts of your contributions.**

### Why aren't my Provider's returns in the survey?

There are many reasons, not just poor performance, why a Provider may have chosen not to include their returns.

For example, several KiwiSaver schemes have only a few members and aren't open to the general public.

If your Provider isn't in the survey, then encourage them to submit their returns for future surveys.

### What do the coloured bands on the graphs represent?

The top quartile, or top 25% of funds surveyed, will be plotted in green on the graphs. The bottom quartile, or bottom 25% of funds surveyed, will be plotted in pink on the graphs.

### I'm thinking of joining KiwiSaver but there are so many Providers and so many funds, where do I start?

You should consult an independent investment advisor to help work out what is best for you.

## List of Scheme Providers in Survey

AMP KiwiSaver Scheme  
 ANZ KiwiSaver Scheme  
 AonSaver Scheme  
 ASB KiwiSaver Scheme  
 AXA KiwiSaver Scheme  
 Brook Professional KiwiSaver Scheme  
 Fidelity KiwiSaver Scheme  
 FirstChoice KiwiSaver Scheme  
 Mercer KiwiSaver Scheme  
 National Bank KiwiSaver Scheme  
 OnePath KiwiSaver Superannuation Scheme  
 SIL KiwiSaver Scheme  
 Smartshares KiwiSaver Scheme  
 Staples Rodway KiwiSaver Scheme  
 Tower KiwiSaver Scheme  
 Westpac KiwiSaver Scheme

Company A  
 Company B  
 Company C  
 Company D

These are private company KiwiSaver schemes that are not open to the general public

**Note:**

Conservative Funds should have between 0% and 30% in growth assets, such as Equities and Property.  
 Moderate Funds should have between 31% and 45% in growth assets, such as Equities and Property.  
 Balanced Funds should have between 46% and 70% in growth assets, such as Equities and Property.  
 Growth Funds should have more than 71% in growth assets, such as Equities and Property.

## Budget Update

### ***KiwiSaver and Superannuation Changes***

As expected, the 2011 Budget had made further changes to KiwiSaver, with the aim of reducing the cost to the Government of the current incentives. By maintaining the kick-start and only halving the member tax credits, KiwiSaver remains an attractive proposition for members. However, the changes to Employer's Superannuation Contribution Tax (ESCT) will reduce the amount going to members' accounts and create more work for employers contributing to KiwiSaver schemes and superannuation schemes. These changes are covered in more detail below.

#### **ESCT rate changed**

Employer contributions to KiwiSaver schemes are currently tax free up to 2% of salary or wages. As part of the budget changes being enacted, this exemption will cease from 1 April 2012 and employer contributions will be taxed at each employee's marginal tax rate, as follows:

ESCT threshold amount*	Tax rate
\$0 - \$16,800	10.5%
\$16,801 - \$57,600	17.5%
\$57,601 - \$84,000	30.0%
\$84,001 and over	33.0%

\*The ESCT threshold amount is the total of the employee's income plus the superannuation and KiwiSaver contributions made by the employer.

#### **Member Tax Credits reduced**

The amount of the Member Tax Credits (MTCs) has reduced by half, meaning that members who contribute at least \$1,042.86 to their KiwiSaver scheme or complying superannuation fund each year will in future only receive MTCs of \$512.43. MTCs are based on contributions made each year from 1 July to 30 June and the reduction will take effect from the 2011-2012 year.

#### **KiwiSaver contribution rates to increase**

The minimum employee contribution rate to KiwiSaver schemes and complying superannuation funds will increase to 3% from 1 April 2013. This will also become the default contribution rate although members can still elect to contribute at 4% or 8%. The employer contribution rate will increase to 3% at the same time.