

Term deposit early withdrawal information sheet

When you open a term deposit, we agree with you the fixed term and interest rate for your investment. However, we recognise that circumstances or needs can change so our term deposits feature a discretion allowing us to consider requests for early withdrawal. ASB will only agree to an early withdrawal request if you have given us 31 days' prior notice, or in exceptional circumstances (as reasonably determined by us).

Please note we may amend this process from time to time. The current process is available from asb.co.nz

What this means for early withdrawals?

- You should provide us with 31 days' prior notice of when you want early access to your money on term deposit.
- If you want to withdraw your money earlier than on 31 days' notice, you can only do so if you have an exceptional circumstance.
- If the remaining period on your term deposit is less than 31 days, then the money can't be withdrawn early unless you have an exceptional circumstance.
- If an early withdrawal request is made within the first five calendar days of the term deposit being opened (some product exclusions apply), then neither 31 days' notice nor exceptional circumstance approval are required.
- A reduced rate of interest will be applied to the amount withdrawn early from the term deposit. Further information on term deposit early withdrawals is available in the applicable terms and conditions at asb.co.nz

How can notice of an early withdrawal request be made?

Early withdrawal requests can be made directly to ASB by visiting any ASB branch, over the phone, by sending ASB a message via FastNet Classic internet banking or by contacting your relationship team or Global Markets Dealer.

To apply for an early withdrawal due to exceptional circumstance, you will need to complete an ASB exceptional circumstance request form and provide the required documentation. Upon receipt, ASB will usually respond to your request within 24 hours.

An early withdrawal request cannot be reversed once processed by the term deposit break team.

What is an exceptional circumstance?

An exception is assessed by ASB based on your circumstances at the point of the request. There are many circumstances which can qualify as exceptional and we will work with you to determine your situation as soon as possible.

Only personal and small business customers (defined as customers with up to NZ\$2,000,000 in deposits and up to NZ\$1,000,000 in lending) may request an early withdrawal on the grounds of exceptional circumstances.

You should only make a request if you believe you will experience financial stress if you do not have access to your money in a term deposit within the 31 day notice period.

Available funds in transaction and savings accounts should be used before requesting money to be withdrawn from term deposits.

The maximum amount that can be withdrawn from a term deposit under an exception request is NZ\$2,000,000.

What constitutes an exception will vary and will depend on your circumstances. It is likely ASB will consider an exception when there has been a sudden or unforeseen event, which results in an inability to pay expenses or delayed access to your term deposit will create difficulties for you.

The following examples may assist:

Examples that may qualify for an exception	Examples that may not qualify for an exception
✓ Material changes in circumstances since the term deposit was opened such as unemployment, relationship separation or illness	✗ Discretionary purchases and expenditure including holidays, cars, boats, home renovations and household items
✓ Expenses resulting from natural disaster	✗ Re-arrangement of financial affairs
✓ Fines imposed by courts or legal process	✗ Gifting or donations
✓ Death of the account holder (or one of the account holders)	✗ Forgetting to provide ASB with correct instructions
✓ Compassionate reasons such as medical expenses, funeral expenses, travel costs to be with a sick family member	
✓ Purchase of real estate property	

If the exception request is approved, the money from your term deposit will be available on the same day as the exception approval if the money is to be paid into an ASB account.

If ASB decline the exception request, the 31 day notice period will be applied from the day ASB initially received the early withdrawal request.

Further information on term deposits is available in the applicable terms and conditions at asb.co.nz

Term deposit early withdrawal break rate calculation examples

The break rate is the interest rate you receive if you withdraw money from your term deposit before it matures. The break rate only applies to the money that is withdrawn.

The break rate is 2% per annum less than the interest rate that applied at the time the term deposit was opened (or re-invested) for the period that the funds have actually been invested (minimum rates apply).

Note: If interest has already been paid, then the difference between this amount and interest due at the break rate, will be deducted from the principal amount (see example 1 below).

Example of how to calculate a break rate:

Scenario: Jack and Jill opened a term deposit on 1 January for 12 months.

The rates on 1 January were:



Term	Interest rate	Break rate*
3 months	1.30% p.a.	0.05% p.a. (minimum break rate)
6 months	3.20% p.a.	1.20% p.a.
12 months	3.30% p.a.	1.30% p.a.

* These rates (including the minimum break rate) are an example only. For more information on how the break rate may apply to your term deposit, please log into FastNet Classic, select 'my messages' from the FastNet Classic menu to send us a secure message.

Example 1 - interest has already been paid to an account

Jill opened a term deposit on 1 January for 12 months at 3.30% p.a.

After 6 months (180 days) Jill needs to withdraw \$10,000 from her \$60,000 term deposit.

The break rate is calculated at 1.20% per annum. This is 2% less than the 3.20% per annum rate which applied to the 6 month term on the date the money was invested.

Paid interest calculation: $10,000 \times 3.30\% / 365 \times 180 = \162.74 total interest already paid before tax.

Break rate interest calculation: $\$10,000$ (amount being withdrawn) $\times 1.20\%$ (break rate) $/ 365$ (days in a year) $\times 180$ (days invested) = $\$59.18$ interest before tax.

Therefore: break interest $\$59.18$ (before tax)
less interest prepaid $\$162.74$ (before tax)
= $-\$103.56$ prepaid interest deduction.

As the interest has been prepaid in this example, the $\$103.56$ would be deducted from the principal.

$\$10,000 - \$103.56 = \$9,896.44$ disbursement to a nominated account.

The remaining $\$50,000$ will continue earning 3.30% until it matures, assuming no more withdrawals are made.

Note: ASB cannot refund any tax already paid to the IRD, which may mean the customer has overpaid tax that has already been deducted. Customers can generally apply for a refund of overpaid withholding tax with Inland Revenue.

Example 2 - interest has not had any interest paid (interest at maturity)

Scenario: Jack opened a term deposit on 1 January for 12 months.

After 104 days Jack needs to withdraw $\$5,000$ from his $\$60,000$ term deposit.

The following demonstrates how the interest is calculated:

The interest earned is calculated as follows: $\$5000$ (amount being withdrawn) $\times 0.05\%$ (break rate) $/ 365$ (days in a year) $\times 104$ (days invested) = $\$0.71$ gross interest.

In this scenario Jack would receive $\$5,000$ principal + $\$0.71$ interest (less tax).

The remaining $\$55,000$ will continue earning 3.30% until it matures assuming no more withdrawals are made.