



New Zealand  
**DEFENCE  
FORCE**  
Te Ope Kātua O Aotearoa

New Zealand Defence Force KiwiSaver Scheme

# ANNUAL REPORT 2018



**A FORCE FOR  
NEW ZEALAND**

**KiwiSaver**  
Poua he Oranga

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# SCHEME **SNAPSHOT**

AS AT 31 MARCH 2018

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**3,361**  
members

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**\$22,080**  
average member balance

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**\$74,213,361**  
invested

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**192**  
Prezzy Card winners across  
our savings schemes

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**79**  
first home purchases

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## MESSAGE FROM THE CHIEF OF DEFENCE FORCE

I am proud to be introducing this year's Annual Report and welcoming all members of the New Zealand Defence Force ("NZDF") and also members of the Defence Community.

### The Scheme is growing

During the year we welcomed 1,034 new members and grew the New Zealand Defence Force KiwiSaver Scheme (the "Scheme") by almost \$28 million. It again reinforces the message that together we are stronger. I am very proud to be a part of this growth and I'm committed to ensuring our members are looked after.

Despite a somewhat rocky finish to the financial year (31 March 2018), the returns were good across all investment options. International events continued to influence investor sentiment and we saw markets go up and down in February and March. For most of you your money is invested for the long-term and so I'd like to take this opportunity to remind you that "knee jerk" reactions when it comes to investment choice can negatively impact your long-term savings goals.

I am also pleased to see the Scheme helped 79 members get into their first home during the year.

### Maximising your membership

Contributions come from you, NZDF or your employer, as well as the Government. Ensure you are contributing at least \$1,042 a year to maximise contributions from the Government. If you're on contributions holiday or parental leave, you can still transfer money directly from your online banking into your KiwiSaver account.

It is also very important to be in the investment option that is right for your age, circumstances and which takes into account your tolerance for risk. Don't forget to reach out to Milestone Direct who can help you make the right investment decision. Mercer also offer a number of online tools.

The recent campaign "How much do I need for my retirement?" was also a spur for all of us to review whether our current investment settings will provide sufficient funds for a comfortable retirement. Watch out for more information about this in the future.

A unique feature of this Scheme is while serving with NZDF you continue to receive incentive payments of up to \$3,000 from the CDF.

### Spread the word

As a member of the Scheme you are receiving a number of benefits that other schemes do not offer. Be sure to let your family members and friends know about NZDF Savings Schemes, so they can also make the most of them.

Information is available on the Force Financial Hub, which can be accessed by anyone within NZDF and externally.

NZDF and our partners also hold a number of seminars throughout the year across camps and bases and HQNZDF. Keep an eye on the details and what's coming up near you on the Force Financial Hub portal.

### Thank you

I personally want to thank Lieutenant General Tim Keating who is a passionate supporter and strong advocate of the NZDF Savings Schemes. I would also like to thank all the service providers and partners who continue to deliver outstanding results and services to our members.

The Scheme is in excellent shape and I look forward to seeing us become even stronger together.

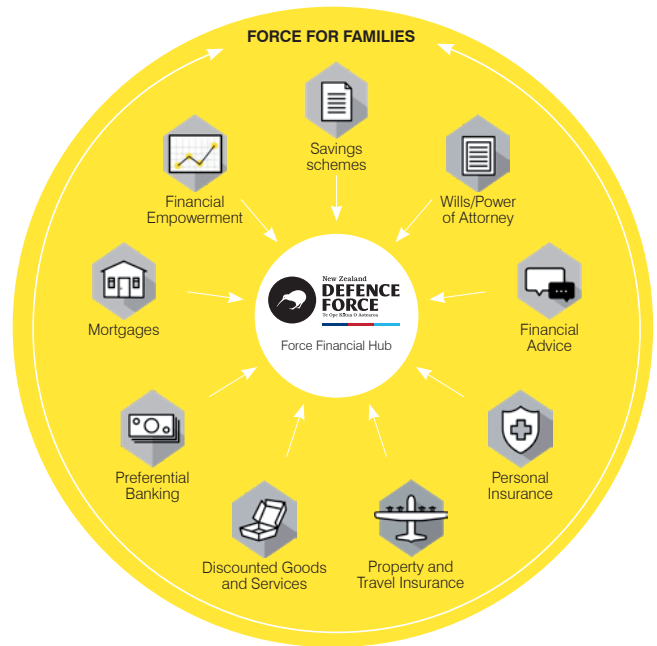
**Air Marshal Kevin Short**  
Chief of Defence Force

## NZDF LOOKING AFTER YOUR FINANCIAL WELLBEING

This annual report covers the New Zealand Defence Force KiwiSaver Scheme, one of three savings schemes available to members of NZDF. As a member of the Defence Community you can join the New Zealand Defence Force KiwiSaver Scheme and / or the New Zealand Defence Force FlexiSaver Scheme. The Defence Force Superannuation Scheme is closed to new entrants.

All three savings schemes are managed by Mercer, who administers these schemes, manages your investments and looks after the schemes' online portal [www.nzdf.superfacts.co.nz](http://www.nzdf.superfacts.co.nz) where you can check your personal information.

All NZDF Savings Schemes are part of the Force Financial Hub which has been set up so you can easily access all of the Defence Force's financial benefits in one place. As a member of the NZDF you are able to access products, benefits, services and tools through the Force Financial Hub.



**The NZDF is committed to supporting your family to become financially secure.**

## FURTHER INFORMATION

There are lots of useful sources of further information to help you plan for your future and save for retirement. Here is a list of some places you may want to check out.

### ► Force Financial Hub

It is a great source of information to help you and your family get sorted financially. [www.nzdf.mil.nz/families/financial-hub/](http://www.nzdf.mil.nz/families/financial-hub/) or Google the Force Financial Hub.



### ► The scheme's online portal

contains a lot of information to help you make the most of your scheme membership. This information includes useful articles and reports along with all the scheme documents and forms you may need from time to time. You can also use the portal to sign in to your personal account and view information about your savings. To access the portal, go to [www.nzdf.superfacts.co.nz](http://www.nzdf.superfacts.co.nz).



### ► The Retirement Income Simulator

is provided to plan for your retirement and keep your plan on track. Sign in to your personal account at [www.nzdf.superfacts.co.nz](http://www.nzdf.superfacts.co.nz) to check out this tool.



### ► Financial Advice from Milestone Direct.

You can get general advice about the New Zealand Defence Force KiwiSaver Scheme, and other NZDF investments. If you wish, personalised advice and recommendations tailored to your individual situation are also available. To access the Milestone Direct website go to [nzdf.milestonedirect.co.nz](http://nzdf.milestonedirect.co.nz).





# SECTION ONE

## DETAILS OF SCHEME

**Name of the scheme:**

New Zealand Defence Force KiwiSaver Scheme

**Type of scheme:** KiwiSaver

**Manager:** Mercer (N.Z.) Limited

**Supervisor:** Trustees Executors Limited

**Product disclosure statement:**

The current product disclosure statement for the scheme is dated 24 November 2017 and is open for applications.

**Fund updates:**

Fund updates for each of the seven investment funds for the quarter ended 30 June 2018 were made publically available on 27 July 2018.

**Financial statements and auditors' report:**

The latest full financial statements for the scheme that comply with, and have been registered under, the Financial Markets Conduct Act 2013 cover the financial year 1 April 2017 to 31 March 2018 and were authorised for issue by the manager, Mercer (N.Z.) Limited, on 23 July 2018.

The auditor's report on those financial statements was dated 23 July 2018. The auditors' report did not refer to any fundamental uncertainty, nor was it qualified or modified in any respect.

# SECTION TWO

## INFORMATION ON CONTRIBUTIONS AND SCHEME PARTICIPANTS

All of the membership and other information in this section is shown for the year ended 31 March 2018.

At 1 April 2017, the total amount of members' accumulation relating to 2,447 members was \$46,415,832.

At 31 March 2018, the total amount of members' accumulation relating to 3,361 members was \$74,213,361.

MEMBERSHIP DETAILS	CONTRIBUTING MEMBERS	NON-CONTRIBUTING MEMBERS	TOTAL NUMBER OF MEMBERS
<b>Number of members at 1 April 2017</b>	<b>2,250</b>	<b>197</b>	<b>2,447</b>
PLUS			
New members			414
Transfers from other schemes			620
<b>Total new members</b>			<b>1,034</b>
LESS			
Retirement			2
Death			2
Transfers to other schemes			92
Other reasons			24
<b>Total exits</b>			<b>120</b>
<b>Number of members at 31 March 2018</b>	<b>3,108</b>	<b>253</b>	<b>3,361</b>

## CONTRIBUTIONS

Contributions are what helps you grow your retirement savings. Contributions to your account can come from you, the NZDF (or your employer) and from the Government.

### HOW CONTRIBUTIONS WORK

- ▶ If you are a member of the NZDF, you'll be most likely contributing 4% of your before-tax NZDF salary or wages. If you are a member of the Defence Community, you will be contributing 3%, 4% or 8% from your before-tax salary or wages.
- ▶ You can also make voluntary additional contributions directly to your New Zealand Defence Force KiwiSaver Scheme account from your online banking. This is great if you are self-employed or are on a contributions holiday and want to maximise your member tax credits. This is also an option available for children in the scheme.
- ▶ NZDF contributes 4% of your before-tax salary or wages (rules apply). If you are employed by someone else, the minimum your employer is required to contribute is 3%, although they may also contribute at other rates. An employer only needs to contribute to your scheme account if you are contributing from your pay.
- ▶ The Government may contribute to your account through the member tax credit, if you're eligible.

### CONTRIBUTIONS RECEIVED DURING THE YEAR ENDED 31 MARCH 2018

TYPE	NUMBER OF MEMBERS	TOTAL AMOUNT
<b>Member contributions</b>	<b>3,112</b>	<b>\$7,468,764</b>
<b>Member voluntary additional contributions</b>		<b>\$14,049,014</b>
Member voluntary contributions	204	\$511,281
Transfers-in contributions	908	\$13,537,734
<b>Employer or other sponsor contributions</b>		<b>\$6,389,191</b>
Employer contributions	3,063	\$5,223,088
Member tax credits	2,493	\$1,166,104
<b>TOTAL CONTRIBUTIONS</b>		<b>\$27,906,969</b>

# SECTION THREE

## CHANGES RELATING TO THE SCHEME

### Trust Deed

There were no amendments to the Trust Deed during the year.

### Terms of Offer of Interests in the Scheme

There have been no changes to the terms of offer of interests in the scheme during the year.

### The Statement of Investment Policy and Objectives of the Scheme

Changes were made to the Statement of Investment Policy and Objectives (SIPO), which included:

- ▶ The Responsible Investment Policy section wording was updated to reflect the new Responsible Investment Policy; and
- ▶ Cash and Unlisted Investments definitions were added to the glossary.

### Related Party Transactions

There were no changes to the nature or scale of the related party transactions. All related party transactions were conducted on normal commercial terms and conditions were conducted on normal commercial terms and conditions during the accounting period and were on arm's-length terms.

# SECTION FOUR

## OTHER INFORMATION FOR A KIWISAVER SCHEME

### Explaining Returns

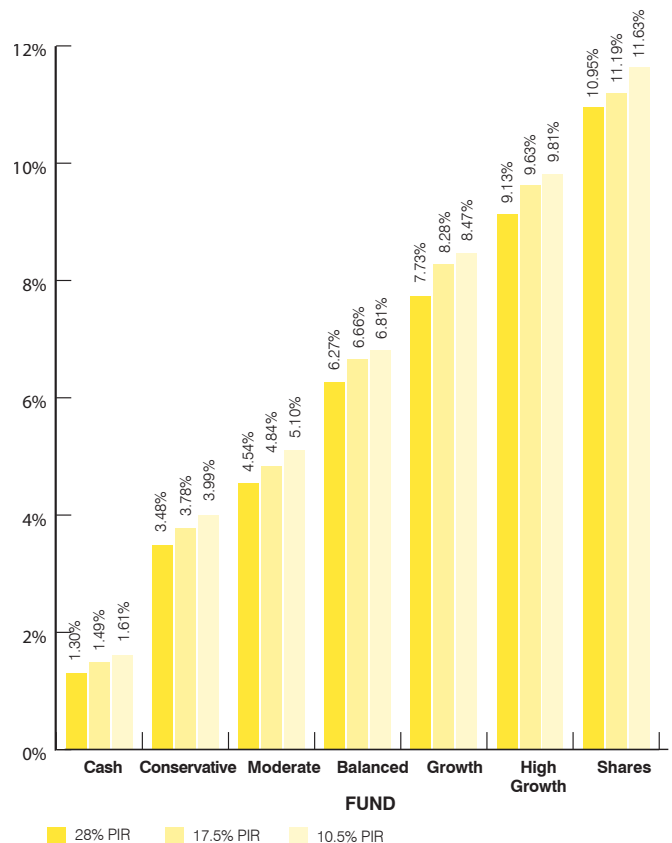
The investment returns for each investment option provided by the scheme are shown after all investment fees and taxes have been deducted.

There are three sets of investment returns shown for each option for the year covered in this report. This is because different tax rates apply and the one applicable to your returns depends on the tax rate being applied to.

Please go online to <http://www.ird.govt.nz/toii/pir/workout/> and check that you have the correct tax rate selected for your savings.

Note: The investment returns are shown after deducting fund fees (but excluding any applicable other charges) and after tax at the Prescribed Investor Rate (PIR) noted. Your individual return can differ from these returns depending on the unit price applicable to each contribution or withdrawal you have made and how long they have been invested, as well as what proportion of each fund you may have selected to invest in. Returns represent past performance only and are not an indication or guarantee of future performance.

One year returns as at 31 March 2018 (after tax and fees)



You can find updated performance information by visiting [www.nzdf.superfacts.co.nz](http://www.nzdf.superfacts.co.nz).

## HOW YOUR INVESTMENT EARNINGS ARE WORKED OUT

Contributions made to the New Zealand Defence Force KiwiSaver Scheme are used to purchase what are known as 'units' in your chosen investment option(s). The number of units that your money purchases depends on the unit price at the time of purchase. For example, if \$1,000 is contributed and the unit price is \$1.00 at that time, then 1,000 units would be purchased on your behalf.

Unit prices are calculated daily and fluctuate according to the investment performance of each investment option. The value of your investment at any time is simply the number of units you own multiplied by their price at that time.

Your latest member annual statement shows how many units you have, their price and your balance. You can also view unit prices by signing into your account at [www.nzdf.superfacts.co.nz](http://www.nzdf.superfacts.co.nz) at any time.

### UNIT PRICES

Funds	1 April 2017*			31 March 2018		
	28% PIR	17.5% PIR	10.5% PIR	28% PIR	17.5% PIR	10.5% PIR
Shares	1.1005	1.1294	1.1191	1.2210	1.2558	1.2493
High Growth	1.1133	1.1155	1.1147	1.2150	1.2229	1.2240
Growth	1.0854	1.1010	1.1017	1.1693	1.1921	1.1950
Balanced	1.0813	1.0810	1.0814	1.1491	1.1531	1.1551
Moderate	1.0526	1.0628	1.0761	1.1004	1.1142	1.1310
Conservative	1.0443	1.0512	1.0660	1.0807	1.0909	1.1086
Cash	1.0194	1.0182	1.0209	1.0326	1.0334	1.0374

\*Opening price as at 1 April 2017, is the closing price on 31 March 2017.

#### Need help?

Milestone Direct advisers can help you choose the right investment option for your circumstances, ensure you achieve your goals, and assist with financial planning for your retirement. Please contact Milestone Direct on **0508 MILESTONE (0508 645 378)** or email them at [info@milestonedirect.co.nz](mailto:info@milestonedirect.co.nz).

**Milestone**  
Direct

LIFE IS  
A JOURNEY.  
GET GOOD  
DIRECTIONS



## WITHDRAWALS

Generally, KiwiSaver savings are locked in until you have been a KiwiSaver member for at least five years and are aged 65 or older. You can then access your savings. At that time you can choose to make regular monthly withdrawals, partial withdrawals or withdraw the full amount.

There are some circumstances where members can withdraw their money earlier than at retirement. These are:



### Purchase of a first home

After you have been a KiwiSaver member for three years you may be able to withdraw some of your savings to put towards buying your first home.



### Significant financial hardship

You may be allowed to make a withdrawal from your KiwiSaver account if the supervisor is satisfied that you are or are likely to suffer significant financial hardship.



### Serious illness

If you are suffering a serious injury, illness, injury or disability, you may be able to make a withdrawal from your account.



### Permanent emigration and transfers to Australian superannuation schemes

If you permanently emigrate from New Zealand to any country other than Australia, you may be able to make a withdrawal from your account. If you permanently move to Australia, you can only transfer your savings to an Australian superannuation scheme.

**Please note that there are a number of conditions that apply to each of the types of withdrawals discussed above.**

## WITHDRAWALS MADE DURING THE YEAR ENDED 31 MARCH 2018

TYPE	NUMBER OF MEMBERS
Retirement	3
First home withdrawal	79
Death and serious illness	2
Significant financial hardship	4
Permanent emigration	1
Transfers to other KiwiSaver schemes	92
Other Benefits	23
<b>TOTAL WITHDRAWALS</b>	<b>204</b>

# MANAGER'S ANNUAL STATEMENT

**As the manager of the New Zealand Defence Force KiwiSaver Scheme, we confirm that for the period ended 31 March 2018:**

- ▶ all the benefits required to be paid from the scheme in accordance with terms of the governing document and the KiwiSaver scheme rules have been paid;
- ▶ the market value of the scheme property at 31 March 2018 equalled or exceeded the total value of the benefits that would have been payable had all members of the scheme ceased to be members at that date and, where necessary, had provision been made for the continued payment of all benefits being paid to members and other beneficiaries as at the close of the financial year.

Martin Lewington  
Mercer (N.Z.) Limited  
31 July 2018

## SECTION FIVE

### CHANGES TO PERSONS INVOLVED IN THE SCHEME

There were no changes to the manager, supervisor, administration manager, investment manager, custodian, securities registrar or auditor of the scheme.

Kristen Jane Kohere-Soutar was appointed a director of the manager on 7 August 2017.

Changes to the key personnel of the manager, were

- Kylie Willment was appointed Chief Investment Officer (CIO) Pacific, with effect from 25 October 2017, replacing Russell Clarke.

There were changes to the directors of the supervisor during the year:

- Andrew Scott-Howman was appointed as a Director on 24 April 2017;
- Franceska Banga was appointed as a Director on 18 July 2017.

Since year end:

- Franceska Banga resigned as a Director on 5 April 2018;
- Matthew Sale was appointed as a Director on 17 May 2018;
- Robert Russell resigned as a Director on 17 May 2018;
- Andrew Scott-Howman resigned as a Director on 15 June 2018;
- Mark Darrow was appointed as a Director on 18 June 2018;
- Sarah Roberts was appointed as a Director on 16 July 2018.

## SECTION SIX

### HOW TO FIND FURTHER INFORMATION

Information relating to the New Zealand Defence Force KiwiSaver Scheme, for the offer register and the scheme register can be found at

**[www.disclose-register.companiesoffice.govt.nz](http://www.disclose-register.companiesoffice.govt.nz)**

The scheme register includes the financial statements, the governing document and the statement of investment policy and objectives.

The offer register includes the product disclosure statement for the scheme, information relating to membership and the funds within the scheme. It also includes fund updates and other material information.

Information relating to the scheme, such as fund updates, the annual report, the current product disclosure statement and other useful information is available at **[www.nzdf.superfacts.co.nz](http://www.nzdf.superfacts.co.nz)**.

You can also call the manager on 0800 333 787 to request this information. All the information can be obtained from the manager without charge.



# SECTION SEVEN

## CONTACT DETAILS AND COMPLAINTS

### Contact details for the Manager:

Mercer (N.Z.) Limited  
151 Queen Street  
PO Box 105591  
Auckland 1143  
Telephone: 0800 333 787

### Supervisor's contact details:

Trustees Executors Limited  
Level 7, 51 Shortland Street  
PO Box 4197  
Auckland 1140  
Telephone: 0800 809 962

### Inquiries and Privacy Officer's contact details:

Mercer (N.Z.) Limited  
Attn: Privacy Officer  
151 Queen Street  
PO Box 105591  
Auckland 1143  
Telephone: 0800 333 787

Please direct any complaints about your investment to Mercer at:

### Mercer (N.Z.) Limited

151 Queen Street  
PO Box 105591  
Auckland 1143  
Attn: Inquiries and Privacy Officer  
Telephone: 0800 333 787  
Email: [NZ.Privacy@mercer.com](mailto:NZ.Privacy@mercer.com)

If we are unable to resolve your complaint, you may choose to contact the supervisor at:

### Trustees Executors Limited

Level 7, 51 Shortland Street  
PO Box 4197  
Auckland 1140  
Attn: Client Manager  
Telephone: 09 308 7100

Mercer is a member of the Insurance and Financial Services Ombudsman Scheme (IFSO) and the supervisor is a member of Financial Services Complaints Limited (FSCL), both of which are approved dispute resolution schemes. The IFSO and FSL will not charge a fee to any complainant to investigate or resolve a complaint.

If you make a complaint to us and the complaint cannot be resolved, then you may refer it to the IFSO, subject to certain conditions being met.

### You can contact:

- |  |  |
|--|--|
| ▶ IFSO<br>PO Box 10-845<br>Wellington 6143<br>0800 888 202 | ▶ FSCL<br>PO Box 5967<br>Wellington 6145<br>0800 347 257 |
|--|--|

## CONNECT

Help is just a click or a call away. We would love to hear from you.

### PHONE

0800 333 787

We are here between 9am and 7pm, Monday to Friday or leave us a message and we'll call you back.

### EMAIL

[nzdf@mercer.com](mailto:nzdf@mercer.com)

### POST

New Zealand Defence Force KiwiSaver Scheme  
PO Box 1849  
Wellington, 6140

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Mercer (N.Z.) Limited is the Manager of the New Zealand Defence Force KiwiSaver Scheme and the issuer of this annual report. This annual report has been prepared by the Manager to meet its legislative obligations under the Financial Markets Conduct Regulations 2014, and the KiwiSaver Act 2006. The information contained in this annual report is of a general nature only and does not take into account the personal objectives, financial situation or financial goals of individual members. Accordingly, before making any decisions, you should consider the information in light of your own objectives, financial situation and needs, and read and consider the current product disclosure statement. It is also recommended that you obtain advice from an authorised financial adviser. A copy of the current product disclosure statement is available on the website [www.nzdf.superfacts.co.nz](http://www.nzdf.superfacts.co.nz) or by calling the Helpline on 0800 333 787. You should be aware that the value of an investment in the New Zealand Defence Force KiwiSaver Scheme may rise and fall from time to time. Neither Mercer, nor Trustees Executors Limited, New Zealand Defence Force, Milestone Direct Limited, MMC nor any member of the worldwide Marsh & McLennan Companies guarantees the investment performance, earnings or return of capital invested in any of the New Zealand Defence Force KiwiSaver Scheme investment options. The investment returns shown in this annual report do not take into account the unique characteristics that apply to each member (such as timing of cashflow). As a result, the actual returns applying to a particular member are different from the investment returns shown. You should also remember that past performance should not be relied upon as an indicator of future performance.