



TE OPE KĀTUA O AOTEAROA
DEFENCE FORCE



New Zealand Defence Force KiwiSaver Scheme

2024

Annual Report



HEI MANA MŌ AOTEAROA
A FORCE FOR NEW ZEALAND

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Scheme snapshot

As at 31 March 2024



5,630

members



\$48,883

average member balance



\$275 million

invested



192

Prezzy Card winners across our savings schemes



152

first home purchases

Message from the Chief People Officer

On behalf of the New Zealand Defence Force Savings Schemes and the entire team, I would like to extend a warm welcome to the 9th Annual Report for the New Zealand Defence Force KiwiSaver Scheme.

It is an honour to have the opportunity to present this report on behalf of the new Chief of Defence Force and share the highlights of the past year with you.

Market Update

The year showcased a positive shift in the investment landscape. Unlike the previous year, where negative returns were experienced across various investment options, this year witnessed robust gains in markets. The rapid fall in inflation, without the anticipated global recession, played a significant role in driving these gains. The resilience of the US economy, coupled with stronger-than-expected economic growth, resulted in healthy returns for both shares and bonds. Notably, the Magnificent Seven - Apple, Alphabet, Microsoft, Amazon, Meta Platforms, Tesla, and Nvidia - played a pivotal role in driving the strength of share markets.

Acknowledging volatility that financial markets have experienced in recent years, as governments and central banks navigate the post-COVID recovery and geopolitical events, it is pleasing to report strong returns to our members this year, following the disappointing results of the previous year. This serves as a reminder that saving for retirement is a long-term endeavour, and it is important for members to look beyond short-term variability that is natural in the investment cycles.

Review of investments

The current investment structure for the Scheme has now been in place for almost nine years and while the last year has seen robust growth, recent performance relative to market has not been as strong as NZDF and Mercer would like. During the year the governance board, of which I am a member, worked with Mercer on a review of the investment structure. Our objective was to remove impediments to stronger long term growth relative to the market, and to continue with the drive to deliver value for money. Agreed changes to the investment structure have been implemented. The new Product Disclosure Statement is available on the Force Financial Hub and on the Scheme's website.

Financial Advice and Tools to support our members

In this report, I'd like to emphasise the importance of quality financial advice and the role it plays in helping our members become wealthier. Making informed financial decisions is crucial, and I know the NZDF Savings Schemes strive to provide the necessary tools and information to support our members throughout their journey towards retirement. Additionally, NZDF continues to be committed to assisting our members in their pursuit of homeownership, as we believe in supporting them not only in retirement but also in achieving their first homes dreams.

Acknowledgements

Lastly, I would like to express my appreciation to all those involved in managing the NZDF Savings Schemes and our partners for their support. Their collaboration and dedication have been instrumental in the success of the New Zealand Defence Force KiwiSaver Scheme and in our endeavours to contribute to the financial wellbeing of the Defence Community members.

I hope that this report provides valuable insights and serves as a testament to the commitment we have towards our members' financial wellbeing.

If you have any questions or require further information, please do not hesitate to reach out to the team at NZDF Savings Schemes and the Benefits team at NZDF.



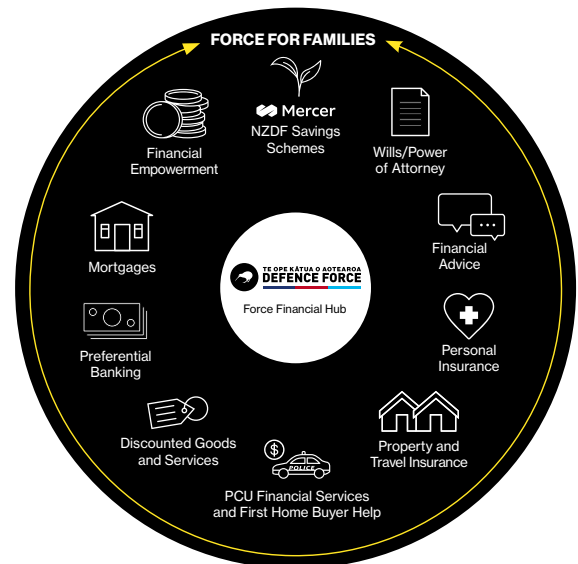
Jacinda Funnell
Chief People Officer

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 the 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.nzdfsavings.mil.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:



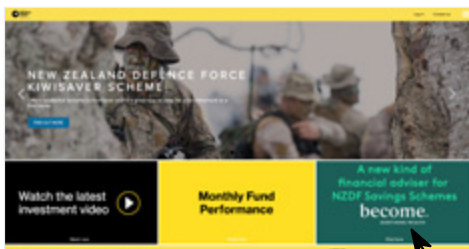
Force Financial Hub

It is a great source of information to help you and your family get sorted financially. Visit force4families.mil.nz/force-financial-hub or Google 'Force Financial Hub'.



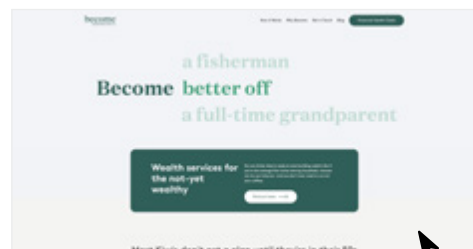
The Retirement Income Simulator

It is provided to plan for your retirement and keep your plan on track. Sign in to your personal account at www.nzdfsavings.mil.nz to check out this tool.



The Scheme's online portal

It 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.nzdfsavings.mil.nz.



Financial advice from Become Wealth

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 Become Wealth website, go to become.nz.

What retirement lifestyle do you want?

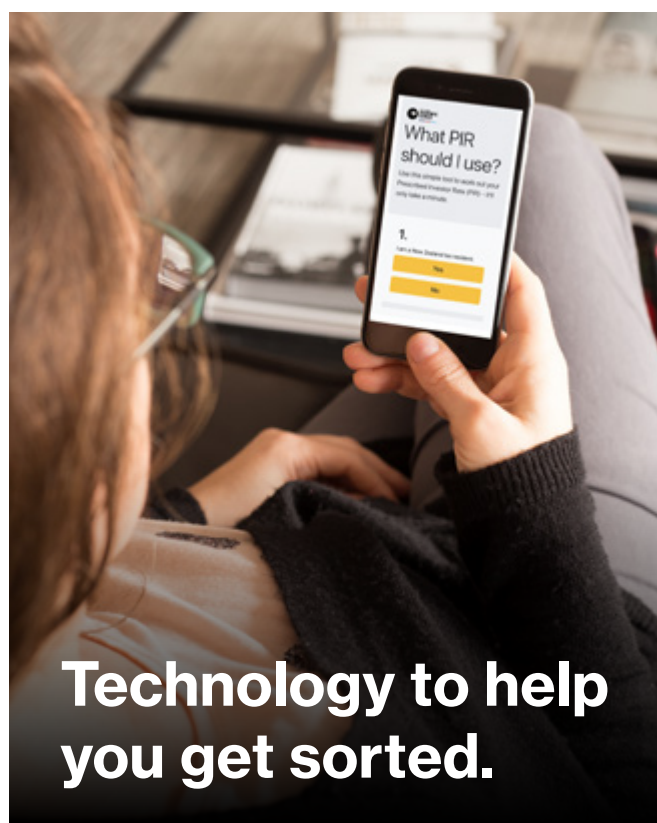
The gap between how much money retirees receive from NZ Super and how much they spend is growing. Many retirees today top up their NZ Super to maintain the lifestyle they want. Since retirement is a significant life event, it is important to financially prepare and plan. The latest New Zealand Retirement Expenditure Guidelines (as at 30 June 2023) splits the level of expenditure into 'No Frills' and 'Choices'. The 'No Frills' guidelines offer a basic standard of living that includes few, if any, luxuries. The 'Choices' guidelines represent a more comfortable standard of living, which includes some luxuries or treats. It also takes into account and splits the expenditure depending on whether you are a city dweller, or are living in a provincial location.

Key findings in this report

The New Zealand Retirement Expenditure Guidelines as at 30 June 2023.

Weekly NZ Super rates (after tax)*	One-person households		Two-person households	
	Metro	Provincial	Metro	Provincial
Total weekly expenditure				
No Frills budget	\$826.26	\$689.54	\$982.02	\$849.82
Choices budget	\$1,163.09	\$1,263.35	\$1,665.85	\$1,330.30

*Weekly superannuation rates have been updated to reflect the rates at 1 April 2024.



Technology to help you get sorted.

01

Details of scheme

Name of the scheme:

New Zealand Defence Force KiwiSaver Scheme

Type of scheme:

KiwiSaver

Supervisor:

Trustees Executors Limited

Product Disclosure Statement:

The current Product Disclosure Statement for the scheme is dated 27 June 2024 and is open for applications.

Fund updates:

Fund updates for the seven investment funds for the quarter ending 30 June 2024 were made publicly available on 26 July 2024.

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 2023 to 31 March 2024 and were authorised for issue by the manager, Mercer (N.Z.) Limited, on 16 July 2024.

The auditor's report on those financial statements was dated 16 July 2024. The auditors' report did not refer to any fundamental uncertainty, nor was it qualified or modified in any respect.

02

Information on contributions and scheme participants

All of the membership and other information in this section is shown for the year ended 31 March 2024. At 1 April 2023, the total amount of members' accumulation relating to 5,609 members was \$227,635,512. At 31 March 2024, the total amount of members' accumulation relating to 5,630 members was \$275,212,614.

Membership details	Contributing members	Non-contributing members	Total number of members
Number of members at 1 April 2023	4,979	630	5,609
Plus			
New members			204
Transfers from other schemes			222
Total new members			426
Less			
Retirement			19
Death			3
Transfers to other schemes			360
Other reasons			23
Total exits			405
Number of members at 31 March 2024	4,882	748	5,630

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%, 6%, 8% or 10% 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 suspension and want to maximise your Government Contribution. 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 Government Contribution, if you're eligible.

Contributions received during the year ended 31 March 2024

Type	Number of members	Total amount
Member contributions	5,425	\$22,744,079
Member voluntary contributions	261	\$464,631
Transfer-in contributions	252	\$6,679,645
Employer contributions	5,294	\$12,639,885
Government contributions	5,184	\$2,542,228
Total contributions		\$45,070,468

03

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.

Related party transactions

During the year to 31 March 2024, 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 during the accounting period and were on arm's length terms.

The Statement of Investment Policy and Objectives of the Scheme

Subsequent to the year end, the Statement of Investment Policy and Objectives (SIPO) was updated on 27 June 2024 to take into account changes in the strategic asset allocation, benchmarks and ranges in the diversified portfolios. Additionally, we included information about our sustainable investment strategy in the updated SIPO.

04

Other information for particular types of managed funds

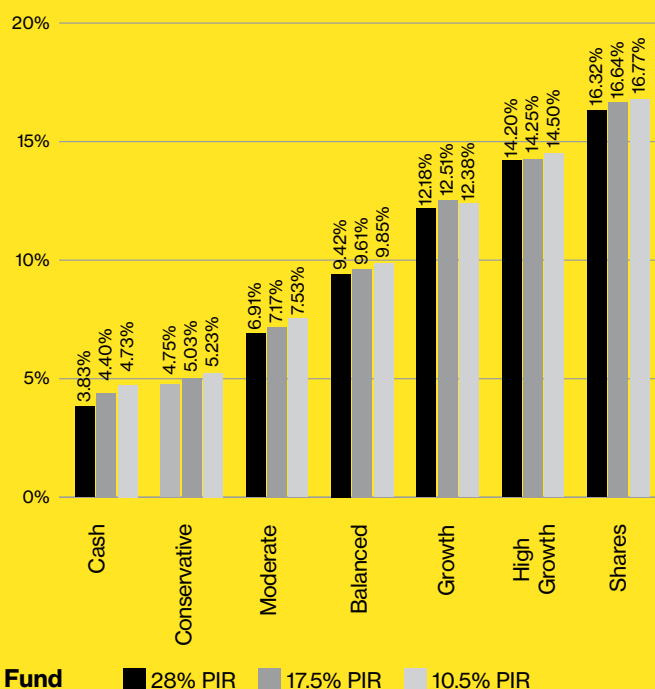
Explaining returns

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 you.

Please go online to purl.co.nz/pir_nzdf and check that you have the correct tax rate selected for your savings.

One year returns as at 31 March 2024 (after tax and fees)



You can find up to date performance information by visiting www.nzdfsavings.mil.nz.

Note: Returns in the graph above are based on the unit prices at 28 March 2024. For the unit prices applied to your account, login to www.nzdfsavings.mil.nz. 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.

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 on each business day and fluctuate according to the factors including investment performance, fund fees and tax. 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 in to your account at www.nzdfsavings.mil.nz at any time.

Unit prices

Type	1 April 2023*			31 March 2024		
	28% PIR	17.5% PIR	10.5% PIR	28% PIR	17.5% PIR	10.5% PIR
Shares	1.6178	1.6879	1.6943	1.875	1.9617	1.9712
High Growth	1.5504	1.583	1.6078	1.7609	1.7987	1.8307
Growth	1.4329	1.4778	1.4976	1.5995	1.6545	1.6745
Balanced	1.3465	1.3658	1.3711	1.4678	1.4915	1.5004
Moderate	1.2396	1.2567	1.2945	1.3223	1.3437	1.3887
Conservative	1.1775	1.1979	1.2398	1.2319	1.2567	1.3031
Cash	1.0801	1.0878	1.0971	1.1221	1.1364	1.1498

* Opening price as at 1 April 2023 is the closing price on 31 March 2023.

Are you in the right scheme fund choice?

Will your nest egg last as long as you do?

Can your mortgage be repaid years faster?

Are you on track to achieve major life goals?

A financial adviser from Become Wealth can help you answer the questions above, and more. Free-call 0508 232 663 or email hello@become.nz.

become^{NZ}
REDEFINING WEALTH



Withdrawals

Generally, you'll only be able to access your KiwiSaver funds once you reach the qualifying age for NZ Super, currently age 65, or – if you joined after you turned 60 – once you've been a member for five years. For those who join KiwiSaver after 1 July 2019, the five years lock-in period may not apply. 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 suffering 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.



Life-shortening congenital conditions

If you have a life-shortening congenital (existing from your date of birth) condition, you may be eligible to withdraw all or part of your savings. The listed conditions are Down syndrome, cerebral palsy, Huntington's disease or fetal alcohol spectrum disorder.



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 2024

Type	Number of members
Retirement	91
First-home withdrawal	152
Death and serious illness	4
Significant financial hardship	25
Permanent emigration	4
Permanent emigration to Australia	8
Transfers to other KiwiSaver schemes	360
Other benefits	11
Total withdrawals	655

Manager's annual statement

As the manager of the New Zealand Defence Force KiwiSaver Scheme, we confirm that for the period ended 31 March 2024:

- 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 2024 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
26 July 2024

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Changes to persons involved in the scheme

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

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

- Ross Butler was appointed as a director on 14 April 2023.
- David Bryant resigned as a director on 16 November 2023.
- Emily O'Brien resigned as a director on 16 November 2023.
- Catherine Hales was appointed as a director on 16 November 2023.

There was a change to the directors of the supervisor during the year:

- Richard Klipin resigned as a director on 31 March 2024.

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How to find further information

Information relating to the New Zealand Defence Force KiwiSaver Scheme, the offer register and the scheme register can be found at www.disclose-register.companiesoffice.govt.nz.

The scheme register includes the financial statements, the governing document and the SIPO.

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.nzdfsavings.mil.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.



07

Contact details and complaints

Contact details for the manager:

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

Supervisor's contact details:

Trustees Executors Limited
PO Box 4197, Auckland 1140

Attn: The Manager - Corporate Trustee Services
Telephone: 09 308 7100

Complaints and Privacy Officer's contact details:

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

In the first instance, please direct any complaints about your investment to Mercer at:

Mercer (N.Z.) Limited
PO Box 105591, Auckland 1143
Attn: Complaints and Privacy Officer
Telephone: 0800 333 787
Email: feedbacknz@mercerc.com

Mercer may consult with the supervisor when considering your complaint.

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

Trustees Executors Limited
PO Box 4197, Auckland 1140
Attn: The Manager - Corporate Trustee Services
Telephone: 09 308 7100

Mercer is a participant of the Insurance & Financial Services Ombudsman Scheme (IFSO Scheme) and the supervisor is a member of Financial Services Complaints Limited (FSCL), both of which are independent dispute resolution schemes.

If we are not able to resolve your complaint in our internal complaints process, you can refer your complaint to the IFSO Scheme.

You can contact the IFSO Scheme by:

Email: info@ifso.nz
Website: www.ifso.nz or use www.ifso.nz/make-a-complaint to make an online complaint.

Telephone: 0800 888 202
Address: PO Box 10-845, Wellington 6143

The IFSO will not charge a fee to any complainant to investigate or resolve a complaint.

If you have made a complaint to the supervisor and it has not been resolved, you can refer it to FSCL at:






Email: complaints@fscl.org.nz
Telephone: 0800 347 257
Address: PO Box 5967, Wellington 6140

The FSCL will not charge a fee to any complainant to investigate or resolve a complaint. Further information about referring a complaint to FSCL can be found at www.fscl.org.nz.

Different procedures apply for IFSO and FSCL. Full details can be obtained at their respective websites.

Connect

To make sure you have all the facts, you can also:

-  Call us on 0800 333 787
-  Visit the Force Financial Hub website
-  Read the Product Disclosure Statement for the New Zealand Defence Force KiwiSaver Scheme
-  Speak to New Zealand Defence Force Benefits team
-  Speak to a financial adviser on 0508 BECOME (0508 232 663)

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 appropriately qualified financial adviser. A copy of the current Product Disclosure Statement is available on the website at www.nzdfsavings.mil.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, Become Wealth Limited, Marsh McLennan, nor any members 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.