

# LOOKING AFTER OUR OWN

ANNUAL REPORT 2016



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



NEW ZEALAND  
DEFENCE FORCE  
**KIWISAVER SCHEME**

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# SECTION ONE

## DETAILS OF THE 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 30 September 2015.

**Fund updates:**

A fund update for each of the seven investment funds is available to 30 June 2016.

**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 October 2015 to 31 March 2016 and were authorised for issue by the manager, Mercer (N.Z.) Limited, on 22 July 2016.

The auditors' report on those financial statements was dated 22 July 2016. The auditors' report did not refer to any fundamental uncertainty, and nor was it qualified or modified in any respect.



## MESSAGE FROM THE CHIEF

Welcome to the first annual report for the New Zealand Defence Force KiwiSaver Scheme. New Zealand Defence Force (NZDF) is proud to be looking after our own and together with Mercer we are able to help you save for your future.

Now, more than ever, New Zealanders are thinking about what they'll have in retirement, how they will be able to live a comfortable lifestyle and how they'll be able to afford a house. We're delighted you've made the choice to be part of the New Zealand Defence Force KiwiSaver Scheme, which is designed to help the members of NZDF and the wider community to save more.

This is the first time a scheme has been set up for members of the NZDF, their families and the broader Defence community. This is a great initiative which is intended to benefit increasing numbers of Defence community members.

In this annual report, you'll find out how the scheme has been doing since its launch and other membership information.

The New Zealand Defence Force KiwiSaver Scheme began receiving members from 1 October 2015, and the scheme has proven extremely popular. We are now proud to be helping over 1,500 members of NZDF and the wider Defence community to save for their future.

Thank you for choosing the New Zealand Defence Force KiwiSaver Scheme.

**Together we are stronger.**

**Lieutenant General Timothy (Tim) Keating**  
MNZM

Chief of Defence Force

# SCHEME **SNAPSHOT**

AS AT 31 MARCH 2016



**1,117**  
members



**\$16,959**  
average member balance



**\$18,943,699**  
invested



**96**  
Prezzy Card winners across  
our savings schemes



**8**  
first home purchases



# SECTION TWO

## INFORMATION ON CONTRIBUTIONS AND SCHEME PARTICIPANTS

All of the membership and other information in this section is shown for the period ended 31 March 2016.

MEMBERSHIP DETAILS	CONTRIBUTING MEMBERS	NON CONTRIBUTING MEMBERS	TOTAL NUMBER OF MEMBERS	MEMBERS' ACCUMULATION
<b>Number of Members at the Start of the Year</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>\$0</b>
<b>PLUS</b>				
New Members			325	
New Members transferring from other KiwiSaver schemes			766	
New Members transferring from other registered superannuation schemes			38	
New Members transferring in from Australian superannuation schemes			0	
<b>LESS</b>				
Members transferring to other KiwiSaver schemes			8	
Retirement			0	
Death			1	
Other Exits			3	
<b>Total Membership at the End of the Year</b>	<b>984</b>	<b>133</b>	<b>1,117</b>	<b>\$18,943,699</b>

## CONTRIBUTIONS

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

### HOW CONTRIBUTIONS WORK

- ▶ If you are a member of the NZDF, you'll be mostly likely contributing 4% of your before tax NZDF salary or wages. If you are a member of the NZDF 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 holidays 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). However if you are employed by someone else, the minimum that employer is required to contribute is 3% but 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 member tax credits, if you're eligible.

### CONTRIBUTIONS

TYPE	NUMBER OF MEMBERS	TOTAL AMOUNT
Member contributions	884	\$758,987
Member voluntary contributions	21	\$5,575
Employer contributions	813	\$478,655
Kick-start contributions	0	\$0
Member tax credits	1	\$109
Transfers from other Registered schemes	805	\$17,569,764
Transfers from Australian superannuation schemes	0	\$0

## SECTION THREE

### CHANGES RELATING TO THE SCHEME

**Trust Deed** The Trust Deed for the scheme is dated 16 September 2015. There were no amendments to the Trust Deed during the period.

**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 period.

**The Statement of Investment Policy and Objectives** There have been no changes to the scheme's Statement of Investment Policy and Objectives during the period.

More information can be found in the Statement of Investment Policy and Objectives. You can request a copy by contacting us on 0800 333 787.

**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 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 set out below after all investment fees and taxes have been deducted.

There are three sets of investment returns shown for the period covered in this report. This is because different tax rates apply and the one applicable to you depends on the tax rate you selected when you joined the scheme.

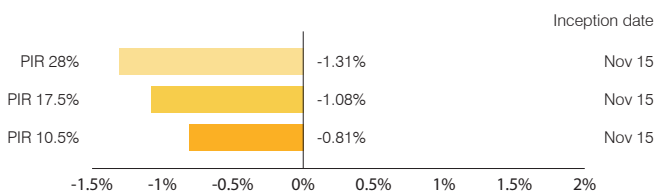
Please go online to [www.nzdf.superfacts.co.nz](http://www.nzdf.superfacts.co.nz) and check that you have the correct tax rate selected for your savings.

**Returns as at 31 March 2016 (After tax and fees)**

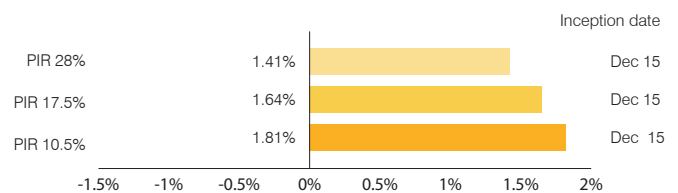
The scheme was launched part way through the year, so there are no returns available for a full year yet. Please bear this in mind if you are attempting to compare the returns shown below to returns generated in other schemes for longer or different periods.

The returns shown below are for each investment option since its inception to 31 March 2016. The returns may vary for each PIR within an investment option. For example the Growth and High Growth investment options both have positive and negative returns. This is because the return is only calculated for each PIR when the contributions are received for each applicable tax rate. Accordingly, the returns presented for some tax rates are calculated from November 2015 to 31 March 2016 while for others they are calculated from December 2015 to 31 March 2016.

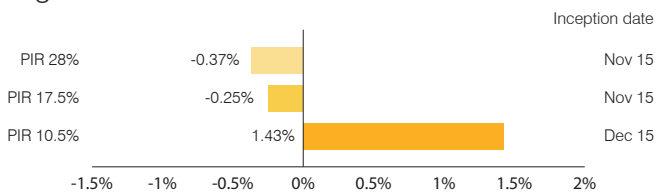
**Shares**



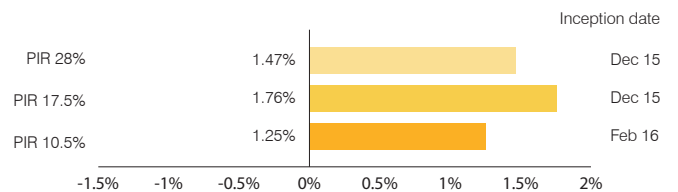
**Moderate**



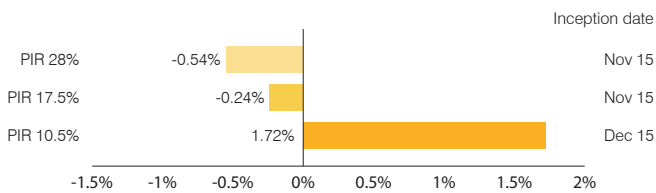
**High Growth**



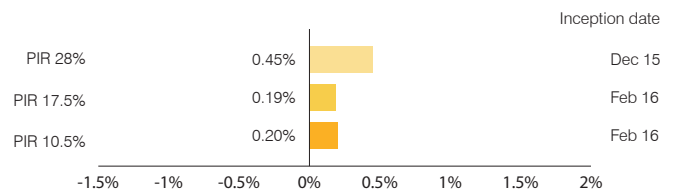
**Conservative**



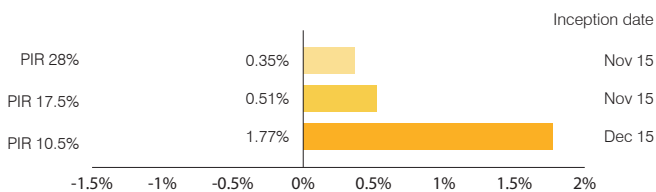
**Growth**




**Cash**



**Balanced**



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

The investment returns are shown after fund fees (excluding membership fees) and after tax at the Prescribed Investor Rate (PIR) indicated.

It's important to note that the investment returns shown don't tell you how the investment options will perform in the future and that past performance is not a reliable indicator of future performance.

Your individual returns within an investment portfolio will depend on timing of contribution payments and actual fees charged, allowing for any fee rebates. The returns shown are therefore indicative of investment results but may differ from the actual after fees and tax returns achieved by you.

**UNIT PRICES**

DATE	1 OCT 2015	31 MAR 2016		
	28%, 17.5% & 10.5% PIR's	28% PIR	17.5% PIR	10.5% PIR
Shares	1.000000	0.985303	1.004508	0.991033
High Growth	1.000000	1.007628	1.005717	0.997557
Growth	1.000000	0.995291	1.003462	1.000827
Balanced	1.000000	1.011377	1.007101	1.006539
Moderate	1.000000	1.005958	1.009787	1.020147
Conservative	1.000000	1.009179	1.013512	1.023961
Cash	1.000000	1.005111	1.001996	1.003339

**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 options. 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 savings balance. You can also view unit prices by signing into your account [www.nzdf.superfacts.co.nz](http://www.nzdf.superfacts.co.nz) at any time.

**Need help?**

Milestone Direct advisers can help you choose the right investment option for your circumstances. Please contact Milestone Direct on **0508 MILESTONE (0508 645 378)** or email them at [info@milestonedirect.co.nz](mailto:info@milestonedirect.co.nz).









## WITHDRAWALS

Generally KiwiSaver savings are locked in until you have been a KiwiSaver member for at least 5 years and are aged 65 or older. You can then access your savings. 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 financial hardship.
- 
**Serious illness** If you are suffering a serious injury, illness 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 then 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

TYPE	NUMBER OF MEMBERS	TOTAL AMOUNT
First home withdrawal	8	\$225,784
Death	1	\$3,289
Late opt outs/enrolments in error	0	\$0
Permanent emigration	0	\$0
Significant financial hardship	0	\$0
Serious illness	0	\$0
Retirement withdrawals	0	\$0
Transfers to other KiwiSaver schemes	8	\$61,014
Transfers to Australian superannuation schemes	0	0

# MANAGER'S ANNUAL STATEMENT

**As the manager of the New Zealand Defence Force KiwiSaver Scheme, we confirm that for the period ended 31 March 2016:**

- ▶ all the benefits required to be paid from the scheme in accordance with the governing documents have been paid;
- ▶ the market value of the assets of the Scheme at 31 March 2016, 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  
29 July 2016

## NZDF LOOKING AFTER YOUR FINANCIAL WELLBEING

In October 2015, New Zealand Defence Force launched two new savings schemes – the New Zealand Defence Force KiwiSaver Scheme and New Zealand Defence Force FlexiSaver Scheme.

This annual report covers the New Zealand Defence Force KiwiSaver Scheme, the first KiwiSaver scheme launched under the Financial Markets Conduct Act 2013.

The scheme is managed by Mercer, who was selected through a public tender process. Mercer administers the scheme, manages your investments and looks after the scheme’s online portal [www.nzdf.superfacts.co.nz](http://www.nzdf.superfacts.co.nz) where you can check your personal information.

Mercer also provides a helpline team that can answer your questions about this and the other savings schemes offered through the Force Financial Hub.

In addition NZDF has appointed an independent financial advice team, Milestone Direct. Their advisers can provide you with any advice you need to help you save for your retirement or to put a plan together to reach your financial goals.

By June 2017, as a member of NZDF you will be able to access products, benefits, services and tools through the Force Financial Hub.



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

## SECTION FIVE

### CHANGES TO PERSONS INVOLVED IN THE SCHEME

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

There were no changes to the key personnel of the manager or directors of the supervisor since the scheme was launched.

## 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.business.govt.nz/disclose](http://www.business.govt.nz/disclose).

The scheme register includes financial statements, trust deed and statement of investment policy and objectives.

The offer register includes information relating to the membership and funds. It also includes fund updates and other material information.

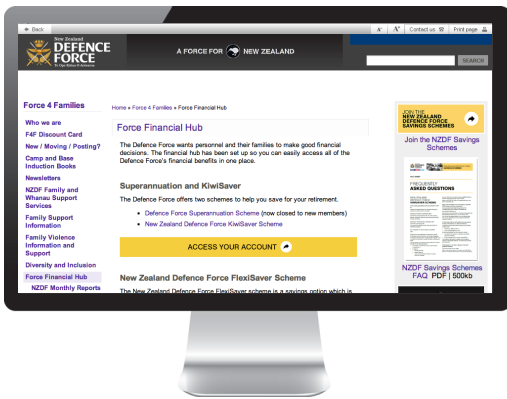
Information relating to the scheme, such as fund updates, the annual report, the current product disclosure statement and other useful information is available at [www.nzdf.superfacts.co.nz](http://www.nzdf.superfacts.co.nz) or through the Force Financial Hub.

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.

## 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 a few places you may want to check out.

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



- ▶ **The Milestone Direct website can help you plan your financial future.**

As a member of the Defence community you can get general advice about the New Zealand Defence Force KiwiSaver Scheme, at no cost to you. If you need more detailed advice, an authorised financial adviser can provide you with more detailed advice and recommendations tailored to your individual situation. To access the Milestone Direct website go to [nzdf.milestonedirect.co.nz](http://nzdf.milestonedirect.co.nz)



- ▶ **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.



# SECTION SEVEN

## CONTACT DETAILS AND COMPLAINTS

### Contact details for the Manager and the Securities Registrar:

Mercer (N.Z.) Limited  
151 Queen Street  
PO Box 105591  
Auckland 1010  
Telephone: 0800 333 787

### Supervisor's contact details:

Trustees Executors Limited  
Level 7, 51 Shortland Street  
Auckland 1140

### Privacy Officer's contact details:

Mercer (N.Z.) Limited  
Attn: Privacy Officer  
151 Queen Street  
PO Box 105591  
Auckland 1010  
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 1010  
Attn: Inquiries and Privacy Officer  
Telephone: 0800 333 787  
Email: 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  
Auckland 1140  
Attn: Client Services Manager - Governance & Investor Oversight  
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 independent dispute resolution schemes approved by the Ministry of Consumer Affairs. 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.

Further information about referring a complaint to the:

- ▶ IFSO can be found at [www.ifso.nz](http://www.ifso.nz)
- ▶ FSCL can be found at [www.fscl.org.nz](http://www.fscl.org.nz)

## 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

### Disclaimer

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 Inc. nor any member of the worldwide Marsh and McLennan Group of 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.