

MESSAGE FROM THE TRUSTEE

Welcome to the first Fund newsletter of 2019. We hope you had a nice summer break and enjoyed some time with loved ones. Hard to believe we are now into autumn already! This time of the year is a great time to establish new goals, or revisit tried and proven ones. Why not take the opportunity to review your retirement savings goals and make any changes necessary to help ensure you're on track to get the most out of 2019?

This issue includes an update on financial market performance, a link to the latest Investment Insights video, the process for notifying us of the persons to whom you would like some or all of any death benefit paid, a checklist to help keep your savings on track, and an article on first home deposits.

As always, if you would like to share your story or have questions about anything included in this newsletter, please call the Helpline on 0508 266 787 within New Zealand, 03 8687 1849 from Australia and +61 3 8687 1849 internationally.

THE MARKETS

The sustained run of positive investment returns for growth assets came to an end in the December quarter, leading to 2018 providing the first calendar year decline in international share prices since 2011. While the broad economic expansion continued on a global basis early on, the growth outlook softened towards the end of the year.

Global share markets tumbled by nearly 13% in the December quarter, driven by concerns over the US Federal Reserve's (Fed's) interest rate tightening, protectionism, slowing global growth and a weaker outlook for corporate earnings. Investors sought safe haven assets like sovereign bonds, which performed better as a result.

However, markets then rebounded in January, with all developed markets posting positive returns. The Fed's announcement early in the month indicating it will be more cautious with further interest rate hikes, alongside stronger-than-expected corporate earnings and a strengthening US labour market, provided investors with a much needed positive start to the year. The S&P 500 Index (a measure of US share market performance) recorded its best January in more than 30 years. The New Zealand and Australian share markets performed well, although they lagged the larger developed markets.

All other asset classes also began the new year with positive returns, while on the currency front the NZ dollar strengthened against most major currencies.

INVESTMENT OPTION RETURNS

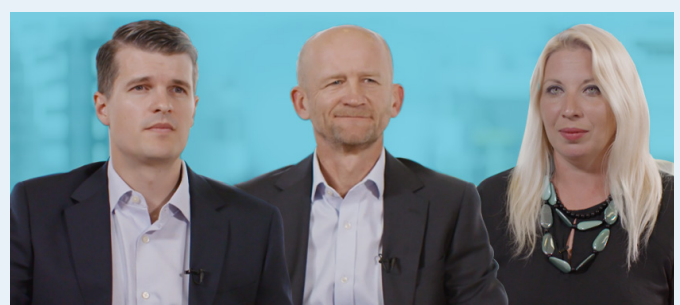
The following table shows returns (after tax and investment-related costs) for each of the Fund's four investment options for the periods ended 28 February 2019:

	Cash	Conservative	Balanced	Growth
Fund year-to-date (8 months)	1.0%	1.9%	1.7%	1.1%
1 year	1.5%	3.6%	4.0%	4.1%
3 years (p.a.)	1.6%	5.3%	7.9%	10.8%
5 years (p.a.)	2.0%	5.3%	7.4%	9.6%
10 years (p.a.)	2.3%	6.7%	8.9%	11.2%

NEW INVESTMENT INSIGHTS VIDEO AVAILABLE NOW

The February Investment Insights video is now available to view on the Fund website www.realsuper.superfacts.co.nz. As mentioned above, financial markets have experienced increased volatility over recent months, but how has this impacted the market outlook for 2019? What effect has the recent US Government shutdown and the UK's possible departure from the EU had on global financial markets, and how does this impact the Fund's performance?

View the video to find out more.



NOMINATED BENEFICIARIES

A death benefit is payable if you die while a Fund member. This benefit (other than any locked-in balance, which must be paid to your personal representatives) may be paid at the Trustee's discretion to all or any of:

- your nominated beneficiaries, or
- your personal representatives (your executors or estate administrators), or
- any person to whom the Trustee considers you owed a moral or legal obligation of support.

If you want your death benefit paid to a family trust, then the trust must be a beneficiary under your Will. You can then elect the executors of your Will as your nominated beneficiaries. Your locked-in balance, and any additional portion of your death benefit which the Trustee decides (at its discretion) to pay to your personal representatives, must then be distributed in accordance with your Will.

While the Trustee will take your wishes into account, it does have absolute discretion in deciding to whom and in what proportions the benefit (excluding your locked-in balance) is paid.

It is important to consider and update your nominated beneficiaries if your circumstances or relationship status change.

Your spouse is automatically a Nominated Beneficiary, unless you expressly notify the Trustee otherwise (see Note 2 to the Change of Nominated Beneficiary form referred to below).

You can update your nominated beneficiary details by:

- logging onto www.realsuper.superfacts.co.nz and going to the Beneficiaries page, or
- completing form **NZAS5 – Change of Nominated Beneficiary** (available under *Documents & forms* on the website – go to the 'Member forms' link), or
- calling the Helpline on **0508 266 787** (Australia 03 8687 1849, international +61 3 8687 1849).

IS YOUR WILL UP TO DATE?

A Will outlines what happens to a person's assets (property and money) when they die.

If you have a family or dependants, and/or you are concerned about who will receive your assets after you die, then you need to ensure you have a Will and update it when necessary. You should update your Will whenever your personal circumstances change, for example following the birth or death of a family member, the buying or selling of a house or property, a change in medical condition, or the beginning or ending of a relationship. Did you know that a Will is automatically void when you get married?

Having a valid and up-to-date Will:

- allows you to be confident your affairs will be settled as you would like;
- enables your estate to be administered quickly and economically;
- makes the process easier for your next-of-kin.

Without a Will, legal proceedings become more complicated and time consuming, and can cause unnecessary worry and financial cost to your family or dependants.

If you don't have a Will, you can get one drawn up by a Trustee Corporation or a lawyer, or by preparing one yourself using a write-your-own-Will toolkit purchased from a book retailer or an online Will service. If writing your own, you may wish to have it checked by a lawyer to ensure everything is in order.

You can find out more about Wills by visiting the Sorted website www.sorted.org.nz/guides/protecting-wealth/wills.

NEW YEAR RESOLUTIONS

Still putting your New Year resolutions into place? One of these could be regularly reviewing your retirement savings, which plays a major role in having a secure financial future. Here are our top tips to help ensure you're on track:

Check you are in the **investment option** which you consider best suits your personal circumstances. The Fund offers members a choice of four investment options and you can choose any one (or a blend) as you see fit.

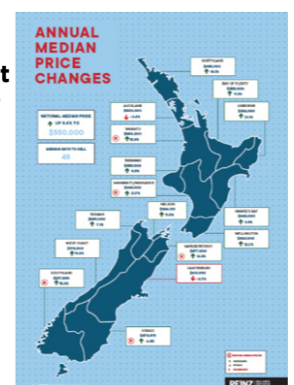
- Speak with a **financial adviser** about your financial goals. To find an authorised financial adviser near you, visit the Financial Markets Authority website fma.govt.nz.
- Log in to the **Fund website** to check your contact details are correct.
- Read the **Fact Sheets** about topics which interest you, and revisit the **Product Disclosure Statement** to familiarise yourself with all the benefits available to you.

BUYING YOUR FIRST HOME

How much do you really have for a first home deposit? When you combine your locked-in account savings, any KiwiSaver balance your partner may have, any KiwiSaver HomeStart grant (if you are eligible) and other savings you have, you may be surprised how quickly these add up.

Housing affordability often features in the news headlines, and for good reasons. Over the past decade, house prices have risen considerably, making it harder for Kiwis to get their foot on the property ladder.

In the last five years alone, New Zealand's property market value rose 8.5% and in January 2019 the median house price was \$550,000 (though median prices for the country excluding Auckland reduced slightly to \$473,000). Rising prices are good news for existing home owners, however they make it harder for first home buyers to save the 10-20% mortgage deposit required by most banks.



How much do you *really* have?

- **NZAS Retirement Fund:** After you have been a member of the Fund (and/or have belonged to a KiwiSaver scheme) for more than three years, you may withdraw (subject to Trustee approval) some or all of your Locked-in Balance to help you buy your first home or land. To apply for a withdrawal, or to read more of the terms of eligibility, please download the **NZAS17B Home Purchase Withdrawal Form** from the website.
- **HomeStart grant:** If you are purchasing a first home, or Housing New Zealand has confirmed that you are eligible to make a home purchase withdrawal despite having previously owned a home, you may also be entitled to a once-only KiwiSaver HomeStart grant. The grants are administered by Housing New Zealand. To qualify for a grant you must have been contributing to a KiwiSaver scheme, exempt employer's scheme or complying superannuation fund (such as the Fund) for a minimum of three years and meet other qualifying criteria. If you qualify and are purchasing an existing home, the grant is between \$3,000 and \$5,000 based on \$1,000 for each completed year of membership (you must have contributed during these years). If you qualify and plan on building or purchasing a new home or buying land to build a new home on, the grant is in effect doubled to \$2,000 per year of membership, up to a maximum of \$10,000. This means that a couple buying a home together (if each qualify) could potentially have \$10,000 available for purchasing an existing home or \$20,000 for purchasing a new home or undertaking a new build. More information can be found in the '**FAQs about Home Purchase Withdrawals**' fact sheet.
- **Other savings:** Withdrawing your locked-in account or KiwiSaver balances can take some time to process, so having additional savings available can be helpful to put towards the deposit listed on the sale and purchase agreement. The deposit can often be due upon the agreement going unconditional, so cash in the bank allows you to make the payment on time.

Combined, these savings can quickly add up. Here's an example of how this could look:

MEET KYLE & SAM

Kyle is 30 years old and Sam is 25. They live in Invercargill.

Between them they earn \$100,000 a year (before tax). They are looking to buy their first home for \$270,000.

After five years of Fund membership, Kyle has saved \$21,000 in his locked-in account. Sam also has \$12,000 in KiwiSaver and the couple have \$11,000 in their joint bank account.

Additionally, because they have both been members of a qualifying retirement savings scheme for over five years and meet the other qualifying criteria¹, they are each entitled to a \$5,000 HomeStart grant (for a total of \$10,000). Kyle and Sam can now access \$54,000, which may be enough for a deposit.

How does it all work?

\$21,000 in NZAS Retirement Fund locked-in savings (Kyle)

+

\$12,000 in KiwiSaver savings (Sam)

+

\$11,000 in other savings

+

\$10,000 as a Home Start grant² from Housing New Zealand

= \$54,000 home deposit

¹For more information on the qualifying criteria, visit hnzc.co.nz.

²The KiwiSaver HomeStart grant is administered by Housing New Zealand. Rules apply and more information can be found at hnzc.co.nz.

YOUR TRUSTEE DIRECTORS

You're welcome to contact your Trustee Directors if you have any questions about the Fund. Their details are **available on the Fund website**, or you can call them on their direct lines:

Site Based Trustee Directors

Stewart 03 218 5442
Paula 03 218 5571
Grant 03 218 5541
Allan 03 218 5811
Karen 03 218 5689

Offsite Trustee Directors

Ken 027 444 1051
Tim 027 4535 565
Stephanie +61 407 718 161

Any questions about your Fund? You can contact the Helpline on **0508 266 787** (Australia 03 8687 1849, and international +61 3 8687 1849) between 9am and 7pm Monday to Friday, except for national public holidays.