

INSIGHTS

DECEMBER 2021

NZAS 
RETIREMENT FUND
Your Super. Your Future.

Welcome to this December edition of Insights.

This edition includes tips on how to access your online account or reset your PIN if forgotten, answers to some more questions about the future of the Fund, investment market performance information, how you can 'cyber-up', and the latest about Sorted.org.nz.

For any questions on this newsletter or the Fund, please call Helpline on 0508 266 787.

We wish you all a great summer and holiday season ahead!

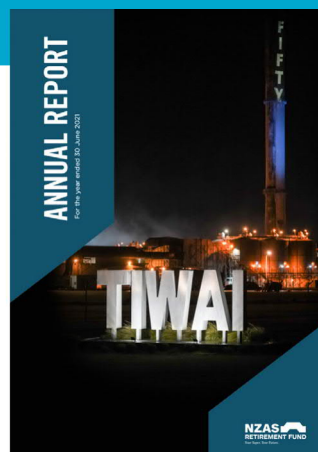
Regards,

NZAS Retirement Fund Trustee Board

ANNUAL REPORT AND ANNUAL CONFIRMATIONS OUT NOW

The Fund's annual report and your annual confirmation (formerly known as your annual membership statement) for the year ended 30 June 2021 are now available. You should have received these by email and/or post. If you did not receive these documents please login to the Fund website to download copies and update your personal contact details.

[> Access your account](#)



ACCESSING YOUR ONLINE ACCOUNT

Our new [Fund website](#) that was launched earlier this year offers a new personalised dashboard when you log in as a member – this shows your account balance, an account summary, an option to download your annual confirmations, and recent account activity all in one place. Each section of the dashboard allows you to click through to find more details about each of the elements. You can also check and update your personal details, and make changes to your investment options.

If you have forgotten your member number or PIN, please call the Fund Helpline on 0508 266 787. We have also prepared the [fact sheet 'How to use the Fund website'](#) to help you access and navigate the new site.



THE FUTURE OF THE FUND Q&A

On 20 July 2021 we released the 'Q&A about the future of the NZAS Retirement Fund' document to all members. A copy is available on the Fund website in the footer once you [log into your account](#). In response to this document we received a few further questions from members and these are answered below:

Q: What is a subsidised employee member? I have noticed in a couple of places the Q&A document states that any residual Insurance Account balance or other surplus funds will form part of the surplus “distributed equitably among subsidised employee members” after the Fund winds up. What does this mean for those of us that have been part of the Fund for many years and may retire prior to wind-up but stay in the Fund?

A: Subsidised employee members are those who remain in the continuous permanent employment of New Zealand Aluminium Smelters Limited or Pacific Aluminium (New Zealand) Limited, entitling them to employer contributions at the before-tax rate of 10% of base salary plus 5% of any bonus. Fixed term employees are unsubsidised members.

When a subsidised member retires or leaves service (and therefore is no longer an employee) they cease to be a subsidised employee member, even if they have become a Retirement Account holder.

Under the Fund's Trust Deed, if there is any surplus money remaining in the Fund after it winds up then the Trustee must distribute it equitably among those who were subsidised employee members as at the wind-up date. The Trustee cannot distribute any of the surplus to those who were either Retirement Account holders or unsubsidised members as at that date.

Q: How much money is in the Insurance Account and the Reserve Account that will need to be distributed on top of our standard balances?

A: As at 30 June 2021, when the Fund had total net assets of \$187.2 million:

- the Insurance Account balance was \$2.4 million; and
- the Reserve Account balance was \$1.5 million.

The Trustee Directors have decided to retain the full balance in each account for the moment, so as to protect against unexpected adverse experience (such as, in the case of the Insurance Account, adverse future claims experience, economic or financial market shocks and the potential lack of availability of catastrophe insurance).

There was a distribution from the Insurance Account in December 2020 totalling \$1.4 million.

As noted in the Q&A document:

- the Trustee Directors are monitoring the Insurance Account balance and looking at a possible further distribution from that account before the wind-up, if supported by actuarial advice – though when the wind-up commences there must remain a sufficient balance to cover any in-progress claims; and
- the Trustee Directors also intend exploring the possibility of seeking NZAS' consent to the early release to employee members of some of the Reserve Account balance should that be considered fairer than simply distributing the entire residual balance to those who remain as subsidised employee members when the wind-up commences.

Q: What does the word “equitably” in question 9 mean? Does that mean proportional to the amount of money invested in the Fund, equally, or some other meaning?

A: As noted in question 9 of the Q&A document, if after winding up the Fund there is surplus money remaining on top of members' balances (i.e. a residual Reserve Account and/or Insurance Account balance) then that surplus will be distributed equitably among subsidised employee members.

The requirement in the Trust Deed for the distribution of any such remaining surplus to be “equitable” among the relevant members does not mean that the surplus must be distributed either in proportion to those members' account balances, or equally – it simply means that it must be distributed in a way that is both fair and impartial. The only restriction in the Trust Deed is that in determining what is equitable the Trustee must disregard certain additional salary sacrifice contributions, as described in question 9.

Following the wind-up, the Trustee Directors will consider and decide on a fair and impartial way of distributing any remaining surplus among the subsidised employee members, based on the circumstances applying at the time. Their decisions may differ as between any Insurance Account balance and any Reserve Account balance (and to illustrate one possible point of difference, the 2020 Insurance Account distribution was proportionate to premiums paid) but the key point is that no decisions have yet been made.

INVESTMENT OPTION RETURNS

The following table shows investment returns (after tax and investment-related costs) for each of the Fund's four investment options for the stated periods, each ended 31 October 2021:

| | Cash | Conservative | Balanced | Growth |
|-------------------------------------|-------|--------------|----------|--------|
| Fund year to date (4 months) | 0.09% | 0.60% | 1.82% | 3.28% |
| 3 years (average p.a.) | 0.7% | 5.1% | 8.8% | 12.6% |
| 5 years (average p.a.) | 1.1% | 5.0% | 8.3% | 11.8% |
| 10 years (average p.a.) | 1.7% | 5.6% | 8.5% | 11.5% |

You can find the [latest earning rates](#) and general information about how [financial markets are performing on the Fund website](#).

UNSURE HOW TO SWITCH YOUR INVESTMENT OPTION?

The scheme offers you four investment options – Growth, Balanced, Conservative, and Cash. You have the flexibility to choose a single investment option or a combination of investment options for your current account balance or future contributions. You can do this (effective from the 1st of the following month, and up to and including the day before the month-end) by:

- logging into www.nzasretirementfund.com (go to Log in and use your member number and PIN);
- selecting Investments, then Edit; and
- inserting your new chosen option(s) in whole percentages adding up to 100%.

Alternatively, use the form titled '[NZAS14C Change of Investment Option](#)' that is available under Documents at www.nzasretirementfund.com or by calling the helpline 0508 266 787. If sent by post, this form must be **received** at least five working days before month-end. If completed online, the form can be submitted right up to the last day of the month. Your Investment request will be actioned effective the first day of the following month (for example, if the form is received on or before 24 January 2022 then the change will be effective from 1 February 2022). To find out more about the Fund's investment options and fees please read the [Product Disclosure Statement](#).

THE MARKETS

In August, the global reopening continued, with a number of countries further lifting pandemic restrictions. The MSCI World Index returned 2.6% (in local currency) for the month and 19.2% for the calendar year to date. The NZX 50 returned 5.0% in August, a positive result in the face of the latest domestic COVID-19 outbreak and subsequent level 4 restrictions.

September proved to be a difficult month for global share markets due to an array of factors that weighed on investor sentiment. The MSCI World Index returned -2.2% for the month. The index declined on evidence of a global economy suffering from on-going supply constraints, tightening monetary policy in Europe, multiple economic challenges in China such as the Evergrande credit crisis, and political uncertainty in Germany and Japan. Additionally, major central banks announced slowdowns in their asset purchases and, in some cases, official cash rate increases.

Over the last twelve months, the New Zealand 10 Year Government Bond yield has climbed steeply, rising from 0.9% to around 2.5%. Strong inflationary pressures globally are putting pressure on central banks to remove monetary stimulus and to start raising cash rates. These global macro factors push up bond yields globally, and locally as well. Rising bond yields put downward pressure on bond returns.

On 6 October and 24 November 2021, The Reserve Bank of New Zealand (RBNZ) increased the official cash rate (OCR) by 0.25% on both occasions, pushing the current OCR to 0.75%. Statistics New Zealand announced in October that the year-on-year inflation rate had risen to almost 5%. The RBNZ's decision to increase the OCR was made in an effort to combat growing inflation pressures resulting from price increases throughout the economy, the heated housing market and the tight labour market.

ONLINE THREATS ON THE RISE

New Zealanders are being impacted by cyber security threats more frequently at work and at home. The increasing number of incidents shows that it's vital to take steps to keep ourselves safe online. This year's [Cyber Smart Week](#) in October, run by [CERT NZ](#), focused on empowering New Zealanders to step up their online security so they are less vulnerable to cyber-attacks. Cyber Up with these four simple steps: **Upsize** your passwords, **upgrade** to two-factor authentication, **uphold** your privacy, and **update** your apps and devices.

[Read more](#)



TAKE TIME TO KŌRERO

With everything that's happening at the moment, how can we keep upbeat and feel good - including financially well? Sorted.org.nz recently published an article titled "[For wellbeing, a short chat can go a long way](#)" during the Mental Health Awareness Week. It's well worth a read especially during this disruptive time due to the impact of the global pandemic and local lockdowns.



SORTED TURNS 20!

Since its inception in 2001, Sorted.org.nz has helped millions of Kiwis make sense of their money. Sorted is a free service provided by Te Ara Ahunga Ora Retirement Commission (the government-funded, independent agency dedicated to helping New Zealanders get ahead financially) and it provides valuable and easy-to-follow information and tools for budgeting, saving, investing, and retirement. [Visit Sorted's website here.](#)

YOUR TRUSTEE DIRECTORS

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

Site Based Trustee Directors

Paula 03 218 5571
Grant 03 218 5541
Allan 03 218 5811
Karen 03 218 5689
Andrew 03 218 5989

Offsite Trustee Directors

Bruce 027 284 0481
Tim 0274 535 565
Stephanie +61 407 718 161

Any questions about the 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.