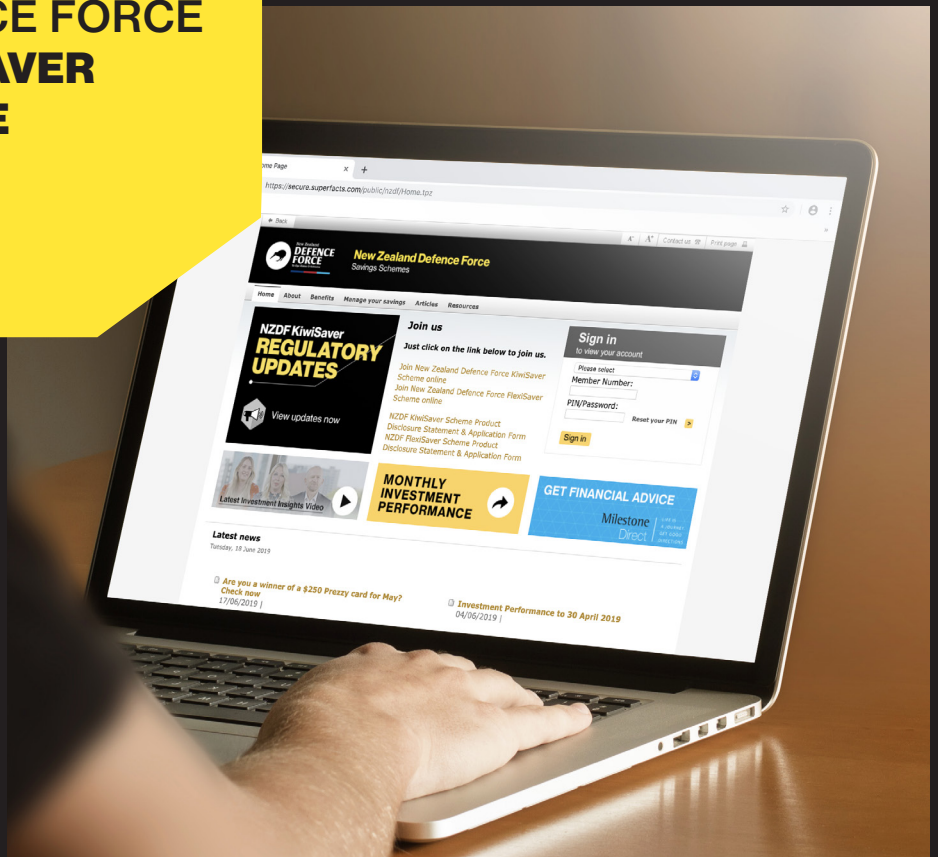




New Zealand  
**DEFENCE  
FORCE**  
Te Ope Kātua O Aotearoa

# REPORT 2019

## NEW ZEALAND DEFENCE FORCE FLEXISAVER SCHEME



**A FORCE FOR  
NEW ZEALAND**

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## SCHEME SNAPSHOT

AS AT 31 MARCH 2019

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**1,559**  
members

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**\$11,168**  
average member balance

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**\$17,410,828**  
invested

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**\$50,000**  
in rewards given out to  
members of three NZDF Savings  
Schemes during the year.

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# MESSAGE FROM THE CHIEF OF DEFENCE FORCE

I am pleased to present the New Zealand Defence Force ("NZDF") FlexiSaver Scheme Report for the year ended 31 March 2019.

## The Year in Review

We saw global and local share markets go up and down several times over the year. At times it felt like a roller-coaster. It was pleasing to see all investment options return positive results for another year. It is evident that while economic conditions around the world do not seem too bad, there are a number of areas that have the potential to disrupt this positive growth. Trade-tensions between US and China, ongoing Brexit discussions with no action and the record low interest rates both in New Zealand and around the globe are likely to keep investment returns reasonably subdued compared to previous years.

## Savings Goals

During the year, the Scheme has assisted many members with investing to achieve their savings goals. 599 members made partial withdrawals from their accounts and 119 members withdrew all their investments. Congratulations, on saving for your goals whatever they be! Please reach out to the Milestone Direct team if you need financial advice or help with your investment choice.

## Investing Responsibly

Mercer who looks after your money, is committed to sustainable and ethical investment.

As one of the largest fund managers globally, Mercer strongly believes in engaging companies your money is invested in as it provides an opportunity to communicate the respective values of Mercer and the NZDF. This provides them with the opportunity to change their internal processes.

Mercer is one of a number of managers who have engaged social media companies to ensure they take more responsibility in their duty of care to prevent harm to users and society. You can read more information about Mercer's Responsible Investment policy on the website [www.nzdf.superfacts.co.nz](http://www.nzdf.superfacts.co.nz).

## Thank you

I would like to thank those who participated in the retirement preparedness campaign and survey which ran in May and June this year. It is important for all of us, regardless of our age, to think about what sort of retirement we wish to have and how prepared we are. Your answers help us take further action which supports you with your investment and savings efforts.

NZDF's financial capability programme, is part of the Force Financial Hub and it provides NZDF members and their families with the tools to make the best financial decisions.

I would like to also thank the key service providers who support our members.



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



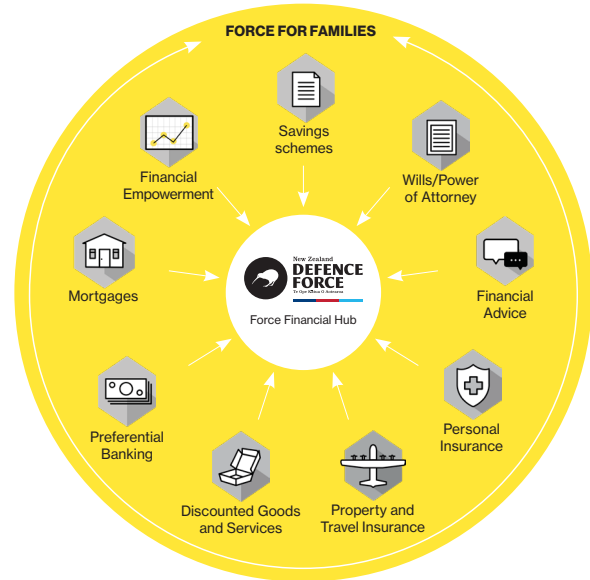
## NZDF LOOKING AFTER YOUR FINANCIAL WELLBEING

This annual report covers the New Zealand Defence Force FlexiSaver 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.



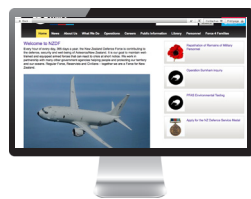
The NZDF is committed to supporting your family to become financially secure.

## 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.

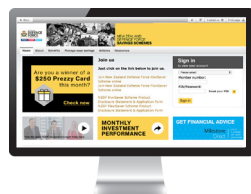
### Force Financial Hub

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

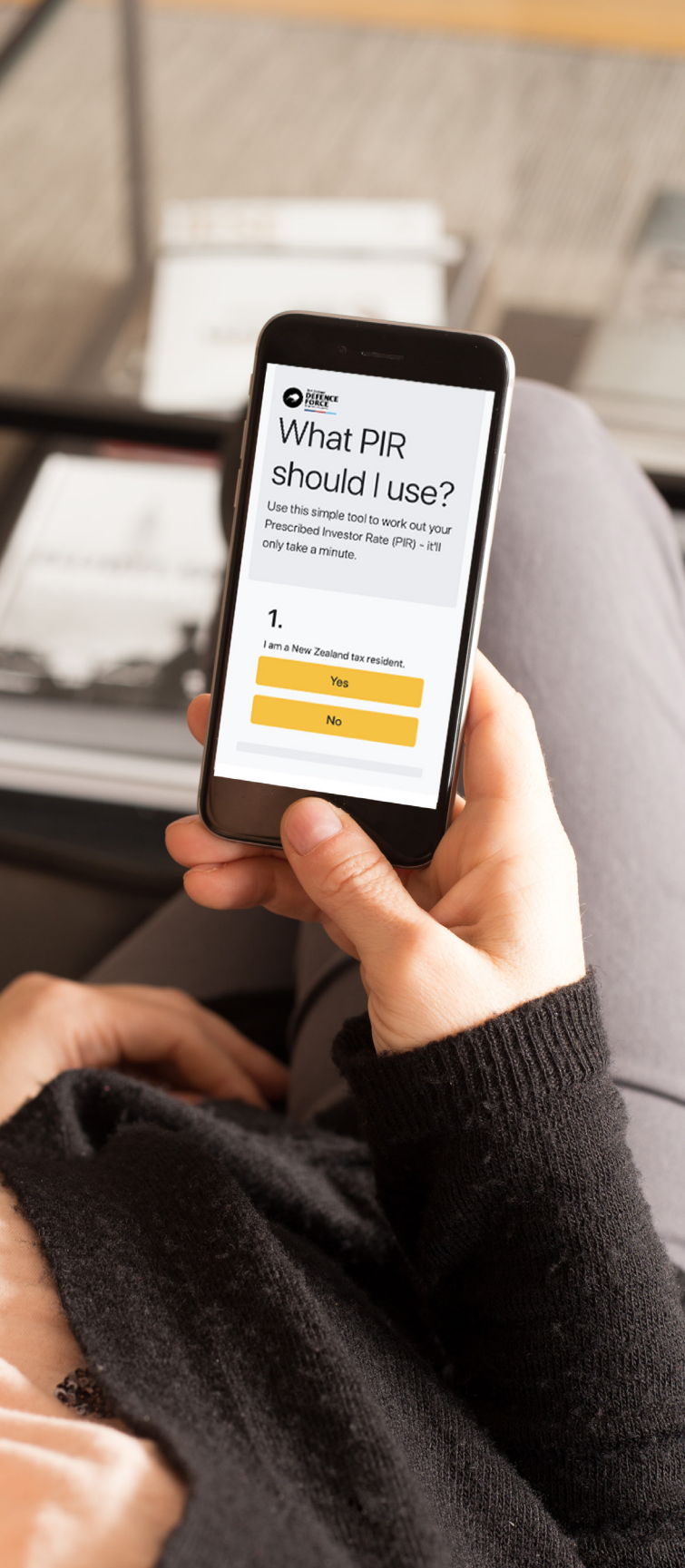
is provided to plan for your retirement and keep your plan on track. Sign in to your personal account at [www.nzdf.superfacts.co.nz](http://www.nzdf.superfacts.co.nz) to check out this tool.



### Financial Advice from Milestone Direct

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





**Technology  
to help you  
get sorted.**

## SECTION 1:

# DETAILS OF SCHEME

**Name of the scheme:**

The New Zealand Defence Force FlexiSaver Scheme is not a separate managed investment scheme, but a section within Mercer FlexiSaver (the scheme).

**Type of scheme:** Managed Investment Scheme

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

**Supervisor:** Trustees Executors Limited

**Product disclosure statement:**

The current product disclosure statement for the New Zealand Defence Force FlexiSaver Scheme is dated 28 November 2018 and is open for applications.

**Fund updates:**

A fund update for each of the seven investment funds for the quarter ended 30 June 2019 was made publically available on 26 July 2019.

**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 2018 to 31 March 2019 and were authorised for issue by the manager, Mercer (N.Z.) Limited, on 26 July 2019.

The auditor's report on those financial statements was dated 29 July 2019. The auditors' report did not refer to any fundamental uncertainty, nor was it qualified or modified in any respect.

## SECTION 2:

# INFORMATION ON CONTRIBUTIONS AND SCHEME PARTICIPANTS

All of the membership and other information in this section is shown for the New Zealand Defence Force FlexiSaver Scheme for the period ended 31 March 2019.

MEMBERSHIP DETAILS	TOTAL NUMBER OF MEMBERS	MEMBERS' ACCUMULATION
At 1 April 2018	1,139	\$12,651,104
Plus		
New members	539	
Less		
Exits	119	
<b>Total Membership at 31 March 2019</b>	<b>1,559</b>	<b>\$17,410,828</b>

## CONTRIBUTIONS

Contributions are what helps you grow your savings and it's easy to contribute to your New Zealand Defence Force FlexiSaver Scheme account.

- You can make regular or lump sum contributions at any time.
- If you are a member of the New Zealand Defence Force you can contribute from your pay. There is a minimum contribution of \$20 per pay, and you will need to complete the MD221 form available from the HR Toolkit.
- Anyone can make regular or lump sum contributions directly into their FlexiSaver Scheme account from their online banking.
- There are no minimum contributions when you use online banking.
- More information on how to make contributions can be found at [www.nzdf.superfacts.co.nz](http://www.nzdf.superfacts.co.nz) or the Force Financial Hub at [www.nzdf.mil.nz/families/financial-hub](http://www.nzdf.mil.nz/families/financial-hub).
- It is important to keep track of your account balance and have a contributions strategy. Milestone Direct advisers can help you to set your goals and stay on track.

## CONTRIBUTIONS

TYPE	NUMBER OF MEMBERS	TOTAL AMOUNT
Member contributions	1,023	\$10,093,234



## SECTION 3:

# 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

The New Zealand Defence Force FlexiSaver Scheme is not a separate managed investment scheme, but a section within Mercer FlexiSaver. On 26 April 2018, the Mercer Super Trust subscribed for units in Mercer FlexiSaver amounting to \$5.7M. The subscription was settled through an in specie transfer of investments of an equivalent amount. The settled amounts on this date and balance as at 31 March 2019 are disclosed below:

FUND	SUBSCRIPTIONS 26 APRIL 2018	BALANCE 31 MARCH 2019
Cash	\$1,300,000	\$1,325,480
Conservative	\$900,000	\$940,410
Moderate	\$750,000	\$783,900
Growth	\$2,000,000	\$2,101,200
High Growth	\$750,000	\$790,800
<b>TOTAL FULL WITHDRAWALS</b>	<b>\$5,700,000</b>	<b>\$5,941,790</b>

## SECTION 4:

# OTHER INFORMATION FOR THE FLEXISAVER 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.

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. Note fund fees can differ for certain investors which also will vary the return stated. Returns represent past performance only and are not an indication or guarantee of future performance.

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](http://purl.co.nz/pir_nzdf) and check that you have the correct tax rate selected for your savings.

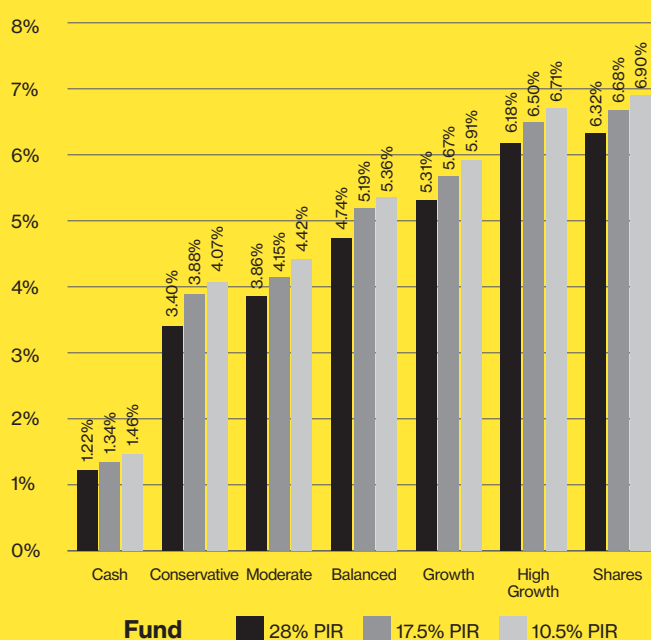
All related party transactions were conducted on normal commercial terms and conditions during the accounting period and were on arm's-length terms.

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

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

- an update to indices for natural resources, unlisted infrastructure and unlisted property;
- amended benchmark asset allocation for overseas shares and overseas share low volatility;
- updates to the target net real rates of return objectives and addition of gross real rates of return objectives.

### One year returns as at 31 March 2019 (after tax and fees)



You can find up to date 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 FlexiSaver Scheme are used to purchase what are known as 'units' in your chosen investment option. The number of units that your money purchases depends on the unit price at the time of purchase. For example, if \$1,000 is contribute 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.

### UNIT PRICES

TYPE	1 APRIL 2018*			31 MARCH 2019		
	28% PIR	17.5% PIR	10.5% PIR	28% PIR	17.5% PIR	10.5% PIR
Shares	1.2329	1.2429	1.2565	1.3109	1.3259	1.3432
High Growth	1.2143	1.2140	1.2222	1.2893	1.2930	1.3042
Growth	1.1758	1.1968	1.1995	1.2383	1.2647	1.2703
Balanced	1.1388	1.1513	1.1615	1.1927	1.2110	1.2238
Moderate	1.1082	1.1097	1.1138	1.1510	1.1557	1.1631
Conservative	1.0799	1.0956	1.0972	1.1166	1.1381	1.1419
Cash	1.0296	1.0370	1.0337	1.0421	1.0509	1.0488

\* Opening price as at 1 April 2018 is the closing price on 31 March 2018.

#### Need help?

Milestone Direct advisers can help you choose the right investment option for your circumstances and ensure you're on track to achieve your savings goals. 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

You may withdraw contributions made to the New Zealand Defence Force FlexiSaver Scheme at any time either by making regular withdrawals, lump sum withdrawals or a withdrawal of the full amount.

If you withdraw the full amount your account may be closed.

### WITHDRAWALS MADE DURING THE YEAR ENDED 31 MARCH 2019

TYPE	NUMBER OF MEMBERS	TOTAL AMOUNT
Partial withdrawal	599	\$4,354,633
Full withdrawal	119	\$1,633,708

## MANAGER'S ANNUAL STATEMENT

As the manager of the New Zealand Defence Force FlexiSaver Scheme, we confirm that for the period ended 31 March 2019:

- all the benefits required to be paid from the scheme in accordance with the governing document have been paid;
- the market value of the assets of the scheme at 31 March 2019, 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.



## SECTION 5:

# 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 was no changes to the key personnel of the manager.

Changes to the directors of the manager during the year:

- Peter Cameron resigned as a Director 18 August 2018;
- David McKeown was appointed a Director on 17 August 2018.

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

- Francesca 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;
- David Neidhart resigned as a Director on 28 February 2019.

## SECTION 6:

# HOW TO FIND FURTHER INFORMATION

Information relating to the New Zealand Defence Force FlexiSaver 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 financial statements, the governing document and statement of investment policy and objectives.

The offer register includes information relating to the scheme's 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.



## SECTION 7:

# 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: Complaints Officer  
Telephone: 0800 333 787  
Email: NZDF@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

PO Box 10-845  
Wellington 6143  
0800 888 202

### FSCL

PO Box 5967  
Wellington 6140  
0800 347 257

## CONNECT

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



Call us on 0800 333 787

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



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



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

