



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

# REPORT 2021

**NEW ZEALAND DEFENCE FORCE  
FLEXISAVER SCHEME**

**A FORCE FOR  
NEW ZEALAND**

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## SCHEME SNAPSHOT

AS AT 31 MARCH 2021

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**2,107**  
members

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**\$15,343**  
average member balance

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**\$32 million**  
invested

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**194**  
Prezzy Card winners across  
our savings schemes

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# MESSAGE FROM THE CHIEF OF DEFENCE FORCE

This year was another good one for the New Zealand Defence Force FlexiSaver Scheme (the Scheme) with membership growing by 202 members and funds under management increasing by \$12.05 million. The scheme also bounced back from the Covid-19 related downturn of early 2020, with relatively strong growth across most portfolios.

The Scheme's funds were subject to changes made to investments, including introduction of those intended to deliver more environmental or social benefits. We will all benefit from a stronger focus on sustainable investments longer-term.

The Scheme continues to be at the forefront of our goal of having a financially secure and capable Defence Community. The year saw close collaboration between NZDF and Mercer, as well as our preferred financial advice service, Milestone Direct Ltd, on a range of activities to help deliver this goal.

There were also a range of expos, presentations and financial capability programmes aimed at informing Defence Community members about money management and investments, as well as the range of benefits available through the Force Financial Hub. The Scheme's monthly reports provided a regular commentary on performance throughout the year and the Mercer and Milestone Direct Ltd websites also added to the resources available on money management.

Once again it's great to see the Scheme is assisting members achieve their savings goals. For some it may be buying a property, a new car or saving for their future. Members interested in using their funds to purchase their first home or in achieving other financial goals may find out more information about this on the Force Financial Hub or by contacting Mercer or Milestone Direct Ltd.

I am satisfied that the Scheme continues to deliver what it was intended to do, namely make a powerful contribution to having a financially secure and capable Defence Community.



**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.nzdfsavings.mil.nz](http://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 [www.force4families.mil.nz/force-financial-hub](http://www.force4families.mil.nz/force-financial-hub) or Google the Force Financial Hub.



### 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.nzdfsavings.mil.nz](http://www.nzdfsavings.mil.nz) to check out this tool.



### The scheme's online portal

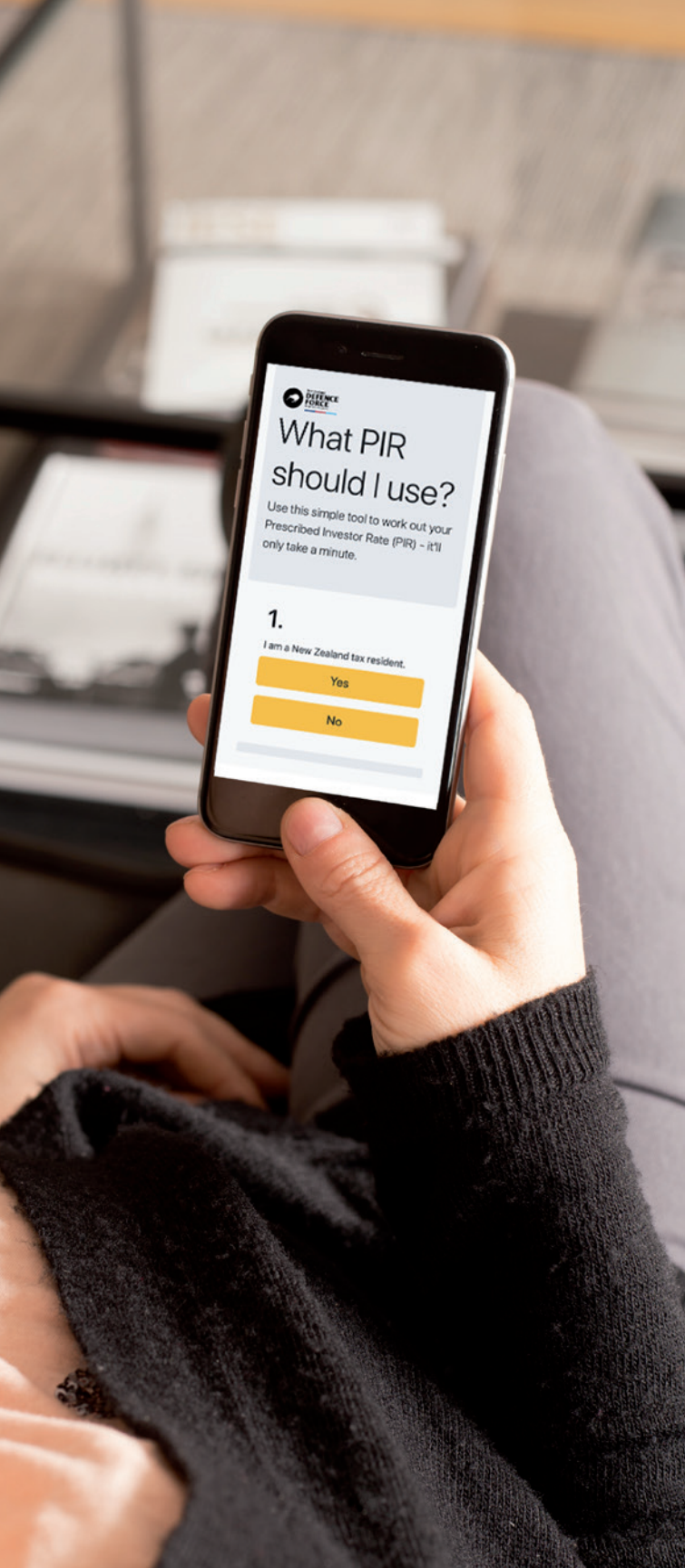
contains a lot of information to help you make the most of your scheme membership. This information includes useful articles and reports along with all the scheme documents and forms you may need from time to time. You can also use the portal to sign in to your personal account and view information about your savings. To access the portal, go to [www.nzdfsavings.mil.nz](http://www.nzdfsavings.mil.nz).



### 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 [www.milestonedirect.co.nz](http://www.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 31 August 2020 and is open for applications.

**Fund updates:**

A fund update for each of the seven investment funds for the quarter ended 30 June 2021 was made publically available on 28 July 2021.

**Financial statements and auditors' report:**

The latest full financial statements for Mercer FlexiSaver that comply with, and have been registered under, the Financial Markets Conduct Act 2013 cover the financial year 1 April 2020 to 31 March 2021 and were authorised for issue by the manager, Mercer (N.Z.) Limited, on 27 July 2021.

The auditor's report on those financial statements was dated 28 July 2021. 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 2021.

MEMBERSHIP DETAILS	TOTAL NUMBER OF MEMBERS	MEMBERS' ACCUMULATION
At 1 April 2020	1,905	\$20,273,732
Plus		
New members	328	
Less		
Exits	126	
<b>Total Membership at 31 March 2021</b>	<b>2,107</b>	<b>\$32,327,719</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.nzdfsavings.mil.nz](http://www.nzdfsavings.mil.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	1,281	\$13,078,617



## 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.

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

During the year the Statement of Investment Policy and Objectives (SIPO) was updated to reflect changes made to the benchmark ranges, asset allocations and target real returns and investment timeframes for the multi-sector funds and was dated 31 August 2020. Subsequent to the year end, the SIPO was updated on 30 June 2021 to reflect the change to the trustee of Mercer Investment Trusts New Zealand (MITNZ). Mercer implements the investment strategy for the Scheme by investing the Scheme's assets in the MITNZ. The manager of the MITNZ is Mercer and Mercer Investments (New Zealand) Limited was the trustee until 30 June 2021 and Trustees Executors Limited is the trustee from 1 July 2021.

### Related Party Transactions

During the year to 31 March 2021, there were no changes to the nature or scale of the related party transactions. In previous years, the Mercer Super Trust subscribed for units in Mercer FlexiSaver. These subscriptions were settled through an in specie transfer of investments for equivalent amounts. Details of the 2021 balances of the investment in Mercer FlexiSaver are disclosed below:

	Opening Balance	Net Change in Fair Value	Closing Balance
Fund	1 April 2020		31 March 2021
Cash	\$1,346,548	\$3,700	\$1,350,248
Conservative	\$951,688	\$75,412	\$1,027,100
Moderate	\$779,711	\$101,593	\$881,304
Growth	\$12,285,863	\$3,455,984	\$15,741,847
High Growth	\$734,323	\$249,559	\$983,882
Total	\$16,098,133	\$3,886,248	\$19,984,381

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

## SECTION 4:

# OTHER INFORMATION FOR THE FLEXISAVER SCHEME

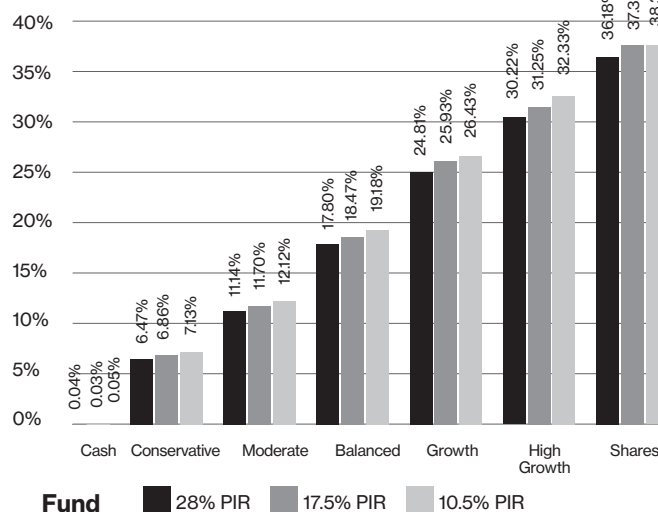
### Explaining Returns

The investment returns for each investment option provided by the scheme are shown after all investment fees and taxes have been deducted.

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.

### One year returns as at 31 March 2021 (after tax and fees)



You can find up to date performance information by visiting [www.nzdfsavings.mil.nz](http://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. 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.

## 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.nzdfsavings.mil.nz](http://www.nzdfsavings.mil.nz) at any time.

### UNIT PRICES

TYPE	1 APRIL 2020*			31 MARCH 2021		
	28% PIR	17.5% PIR	10.5% PIR	28% PIR	17.5% PIR	10.5% PIR
Shares	1.2153	1.2302	1.2444	1.6551	1.6896	1.7221
High Growth	1.204	1.2083	1.216	1.5679	1.5859	1.6091
Growth	1.1739	1.1982	1.2033	1.4651	1.5089	1.5213
Balanced	1.157	1.1732	1.1866	1.3629	1.3900	1.4141
Moderate	1.1388	1.1448	1.1536	1.2657	1.2788	1.2935
Conservative	1.1213	1.144	1.1485	1.1938	1.2225	1.2304
Cash	1.0507	1.0607	1.0596	1.0511	1.0610	1.0602

\* Opening price as at 1 April 2020 is the closing price on 31 March 2020.



## 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 2021

TYPE	NUMBER OF MEMBERS	TOTAL AMOUNT
Partial withdrawal	995	\$4,809,481
Full withdrawal	43	\$1,124,979

## MANAGER'S ANNUAL STATEMENT

As the manager of the New Zealand Defence Force FlexiSaver Scheme, we confirm that for the period ended 31 March 2021:

- 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 2021, 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.



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 Milestone Direct can help you answer the questions above, and more. Free-call **0508 645 378** or email [info@milestonedirect.co.nz](mailto:info@milestonedirect.co.nz)

Milestone  
Direct

## 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 a change to the key personnel of the manager:

- Ronan McCabe was appointed as Chief Investment Officer on 1 February 2021

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

- Richard Klipin was appointed as a director on 1 May 2020

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

- Benjamin Jon Cossart Walsh (appointed 1 June 2015), resigned 30 April 2020
- David Clifford Bryant was appointed 1 November 2020
- David Lawrence McKeown (appointed 17 August 2018), resigned 31 March 2021

#### Since year end:

- Emily Jane O'Brien (Executive Director) was appointed on 18 June 2021

## SECTION 6:

### HOW TO FIND FURTHER INFORMATION

Information relating to the New Zealand Defence Force FlexiSaver Scheme, 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.nzdfsavings.mil.nz](http://www.nzdfsavings.mil.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  
PWC Tower, 15 Customs Street West  
PO Box 105591  
Auckland 1143  
Telephone: 0800 333 787

### Supervisor's contact details:

Trustees Executors Limited  
Level 11, 51 Shortland Street  
PO Box 4197  
Auckland 1010  
Telephone: 0800 878 783

### Inquiries and Privacy Officer's contact details:

Mercer (N.Z.) Limited  
Attn: Privacy Officer  
PWC Tower, 15 Customs Street West  
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  
PWC Tower, 15 Customs Street West  
PO Box 105591, Auckland 1010  
Attn: Inquiries and Privacy Officer  
Telephone: 0800 333 787  
Email: [feedbacknz@mercero.com](mailto:feedbacknz@mercero.com)

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

Trustees Executors Limited  
Level 11, 51 Shortland Street, Auckland 1010  
PO Box 4197, Auckland 1010  
Attn: Client Manager – Corporate Trustee Services  
Telephone: 0800 878 783

Mercer is a member of the Insurance and 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 you have made a complaint to Mercer and the complaint cannot be resolved, then you may refer it to the IFSO subject to certain conditions being met.

Office of IFSO Scheme  
Level 2, Solnet House  
70 The Terrace, Wellington  
PO Box 10-845, Wellington 6143  
Telephone: 04 499 7612 or 0800 888 202  
Facsimile: 04 499 7614  
Email: [info@ifso.nz](mailto:info@ifso.nz)

The IFSO will not charge a fee to any complainant to investigate or resolve a complaint. Further information about referring a complaint to the IFSO can be found at [www.ifso.nz](http://www.ifso.nz).

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

Level 4, 101 Lambton Quay, Wellington  
PO Box 5967, Wellington 6140  
Telephone: 0800 347 257  
Email: [complaints@fscl.org.nz](mailto:complaints@fscl.org.nz)

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](http://www.fscl.org.nz).

Note that different procedures apply when making a complaint to the IFSO and FSCL. Full details can be obtained at their respective websites.

## CONNECT

In order 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 FlexiSaver Scheme



Speak to New Zealand Defence Force



Speak to a financial adviser on 0508 MILESTONE (0508 645 378)

