



TE OPE KĀTUA O AOTEAROA
DEFENCE FORCE

New Zealand Defence Force FlexiSaver Scheme

2022

REPORT



HEI MANA MŌ AOTEAROA
A FORCE FOR NEW ZEALAND

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Scheme snapshot

As at 31 March 2022



2,306

members



\$17,616

average member balance



\$40.6 million

invested



194

Prezzy Card winners across our savings schemes

Message from the Chief of Defence Force

The NZDF and Mercer are committed to delivering value to you. The year to 31 March 2022 ended on a challenging note for investment markets, which affected many managed funds including the New Zealand Defence Force FlexiSaver Scheme (the Scheme). Performance in investment markets, especially during the last quarter, was impacted by market reaction to supply chain issues resulting from COVID-19, as well as concerns over removal of quantitative easing by the Central Banks, used to prop up economies during the worst periods of the pandemic, rising inflation and interest rates. In February, markets also reacted to the Russian invasion of Ukraine.

The unprovoked Russian hostilities threw the spotlight on the Russian holdings held by the NZDF Savings Schemes. Even though the holdings involved were insignificant, my advisers from the NZDF quickly determined it was no longer appropriate for our schemes to continue with those investments. The Chief People Officer's (CPO's) team worked with Mercer (N.Z.) Limited, the Scheme's Manager, and I am pleased to report that Mercer has removed Russian holdings and implemented an exclusion on all Russian securities across its investment portfolios.

Despite these factors during the year, we continued to see growth in Scheme membership, reflecting its increasing popularity.

It is now almost seven years since the launch of the Scheme and the Force Financial Hub. The Force Financial Hub is here to help you build your financial capability and security and that of your household, encouraging use of the NZDF Savings Schemes and other benefits and tools. Progress has been made to date, but there is more we can all do together. In recognition of this, CPO's portfolio has developed a framework to drive future financial wellbeing initiatives and identify gaps in the support currently provided to Defence households.

The success of the FlexiSaver Scheme may also be attributed to the collaborative efforts of external contributors to the Force Financial Hub, who worked with the NZDF in continuing to educate and inform. Mercer, the Retirement Commission, and Become Wealth, NZDF's preferred financial advice and mortgage broker service all continued to provide valued support to the Defence Community.



A handwritten signature in black ink, appearing to read 'K. Short', written over a white background.

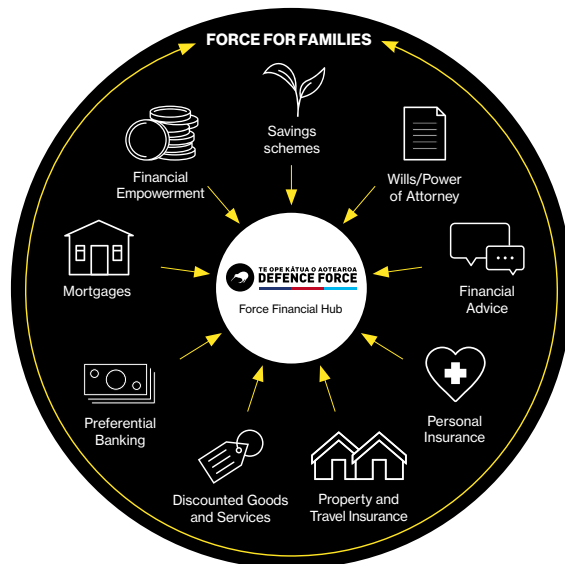
K.R. Short
Air Marshal
Chief of Defence Force

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 where you can check your personal information.

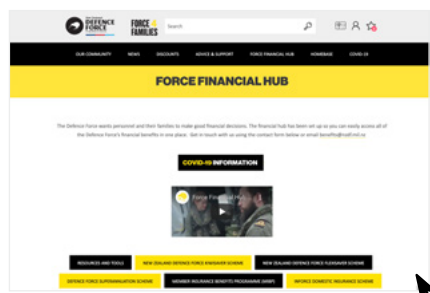
All NZDF Savings Schemes are part of the Force Financial Hub which has been set up so you can easily access all of the Defence Force's financial benefits in one place. As a member of the NZDF you are able to access products, benefits, services and tools through the Force Financial Hub.



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.



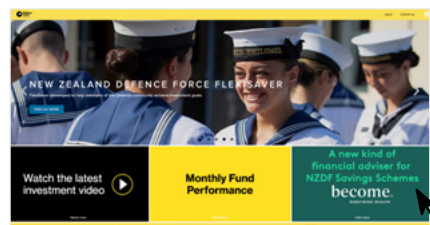
Force Financial Hub

It is a great source of information to help you and your family get sorted financially force4families.mil.nz/ force-financial-hub or Google the Force Financial Hub.



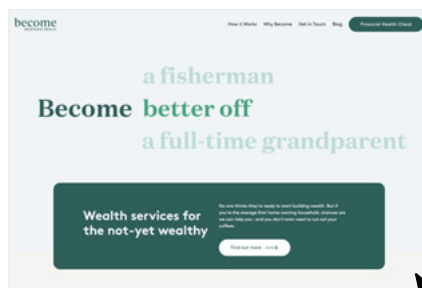
The Retirement Income Simulator

is provided to plan for your retirement and keep your plan on track. Sign in to your personal account at www.nzdfsavings.mil.nz to check out this tool.



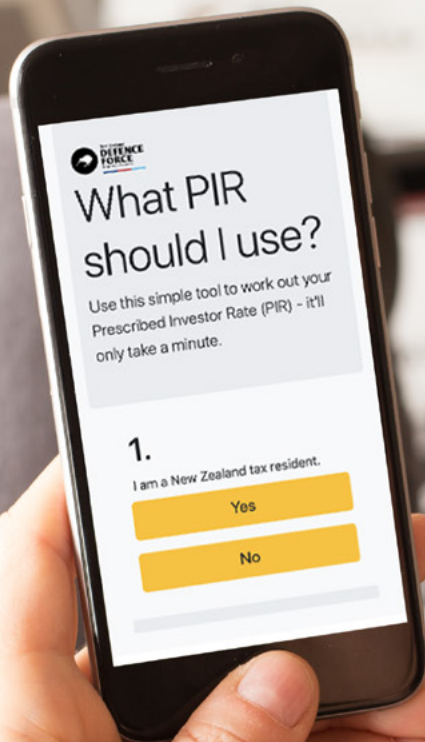
The scheme's online portal

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.



Financial Advice from Become.nz

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. To access the Become.nz website go to www.become.nz.



01

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 26 October 2021 and is open for applications.

Fund updates:

Fund updates for each of the available investment funds for the quarter ending 30 June 2022 were made publicly available on 28 July 2022.

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 2021 to 31 March 2022 and were authorised for issue by the manager, Mercer (N.Z.) Limited, on 26 July 2022.

The auditor's report on those financial statements was dated 26 July 2022. The auditors' report did not refer to any fundamental uncertainty, nor was it qualified or modified in any respect.

**Technology
to help you
get sorted.**

02

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 2022.

Membership details	Total number of members	Members' accumulation
At 1 April 2021	2,107	\$32,327,719
Plus		
New members	363	
Less		
Exits	164	
Number of members at 31 March 2022	2,306	\$40,623,149

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 or the Force Financial Hub at www.force4families.mil.nz/force-financial-hub.
- It is important to keep track of your account balance and have a contributions strategy. Become Wealth advisers can help you to set your goals and stay on track.

Contributions

Type	Number of members	Total amount
Member contributions	1,410	\$16,987,273



03

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 changes to the terms of offer of interests in the scheme during the year. On 1 October 2021, the dollar based administration fee was removed for all members.

Statement of Investment Policy and Objectives of the Scheme

During the year the Statement of Investment Policy and Objectives (SIPO) was updated on 30 June 2021 to reflect the change of the trustee of Mercer Investment Trusts New Zealand (MITNZ). Mercer implements the investment strategy for the Scheme by investing the Scheme's assets in 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 2022, there was a change to the nature or scale of the related party transactions. On 17 August 2021, a new related party transaction was noted taking into account that one member of the New Zealand Defence Force FlexiSaver Scheme is also a member of the NZDF Savings Scheme's Advisory Trustees and as such they may be classified as a related party of the New Zealand Defence Force FlexiSaver Scheme in their role as Advisory Trustee of the New Zealand Defence Force FlexiSaver Scheme. 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 2022 balances of the investment in Mercer FlexiSaver are disclosed below:

	Opening Balance	Net Change in Fair Value	Closing Balance
Fund	1 April 2021		31 March 2022
Cash	\$1,350,248	\$4,818	\$1,355,066
Conservative	\$1,027,100	(\$5,181)	\$1,021,919
Moderate	\$881,304	\$5,878	\$887,182
Growth	\$15,741,847	\$523,514	\$16,265,361
High Growth	\$983,882	\$40,913	\$1,024,795
Total	\$19,984,381	\$569,942	\$20,554,323

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

04

Other information for particular types of managed funds

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 and check that you have the correct tax rate selected for your savings.

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 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.

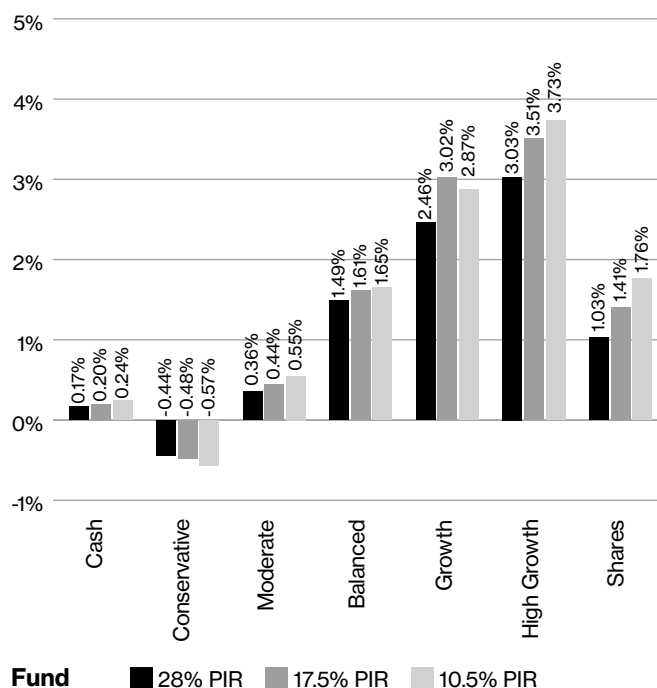
Your latest member annual statement shows how many units you have, their price and your savings balance. You can also view unit prices by signing into your account www.nzdfsavings.mil.nz at any time.

Unit prices

Type	1 April 2021*			31 March 2022		
	28% PIR	17.5% PIR	10.5% PIR	28% PIR	17.5% PIR	10.5% PIR
Cash	1.0511	1.0610	1.0602	1.0529	1.0631	1.0627
Conservative	1.1938	1.2225	1.2304	1.1885	1.2167	1.2233
Moderate	1.2657	1.2788	1.2935	1.2703	1.2844	1.3005
Balanced	1.3629	1.3900	1.4141	1.3832	1.4123	1.4374
Growth	1.4651	1.5089	1.5213	1.5012	1.5545	1.5650
High Growth	1.5679	1.5859	1.6091	1.6154	1.6415	1.6691
Shares	1.6551	1.6896	1.7221	1.6722	1.7135	1.7524

* Opening price as at 1 April 2021 is the closing price on 31 March 2021.

One year returns as at 31 March 2022 (after tax and fees)



You can find up to date performance information by visiting 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.

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 2022

Type	Number of members	Total amount
Partial withdrawal	973	\$7,066,553
Full withdrawal	164	\$2,005,793

Are you in the right scheme fund choice?

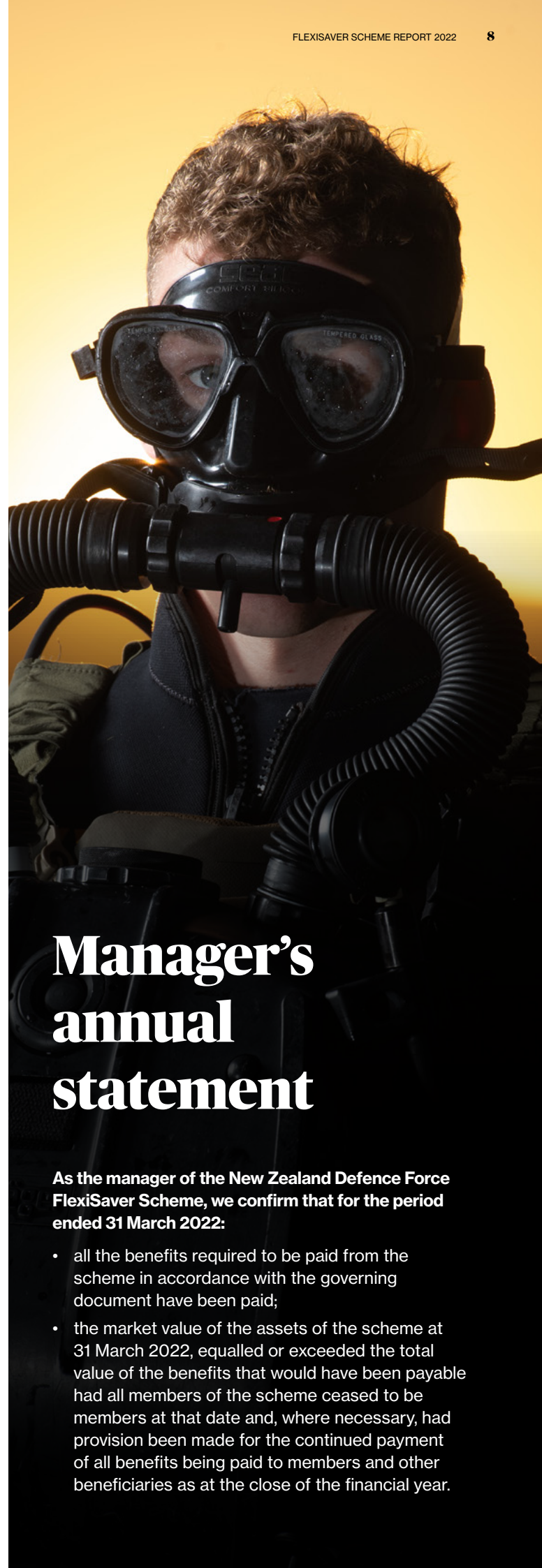
Will your nest egg last as long as you do?

Can your mortgage be repaid years faster?

Are you on track to achieve major life goals?

A financial adviser from Become.nz can help you answer the questions above, and more. Free-call 0508 232 663 or email hello@become.nz.

become^{NZ}
REDEFINING WEALTH



Manager's annual statement

As the manager of the New Zealand Defence Force FlexiSaver Scheme, we confirm that for the period ended 31 March 2022:

- 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 2022, 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.

05

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 were no changes to key personnel of the manager and to the directors of the supervisor during the year.

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

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

06

How to find further information

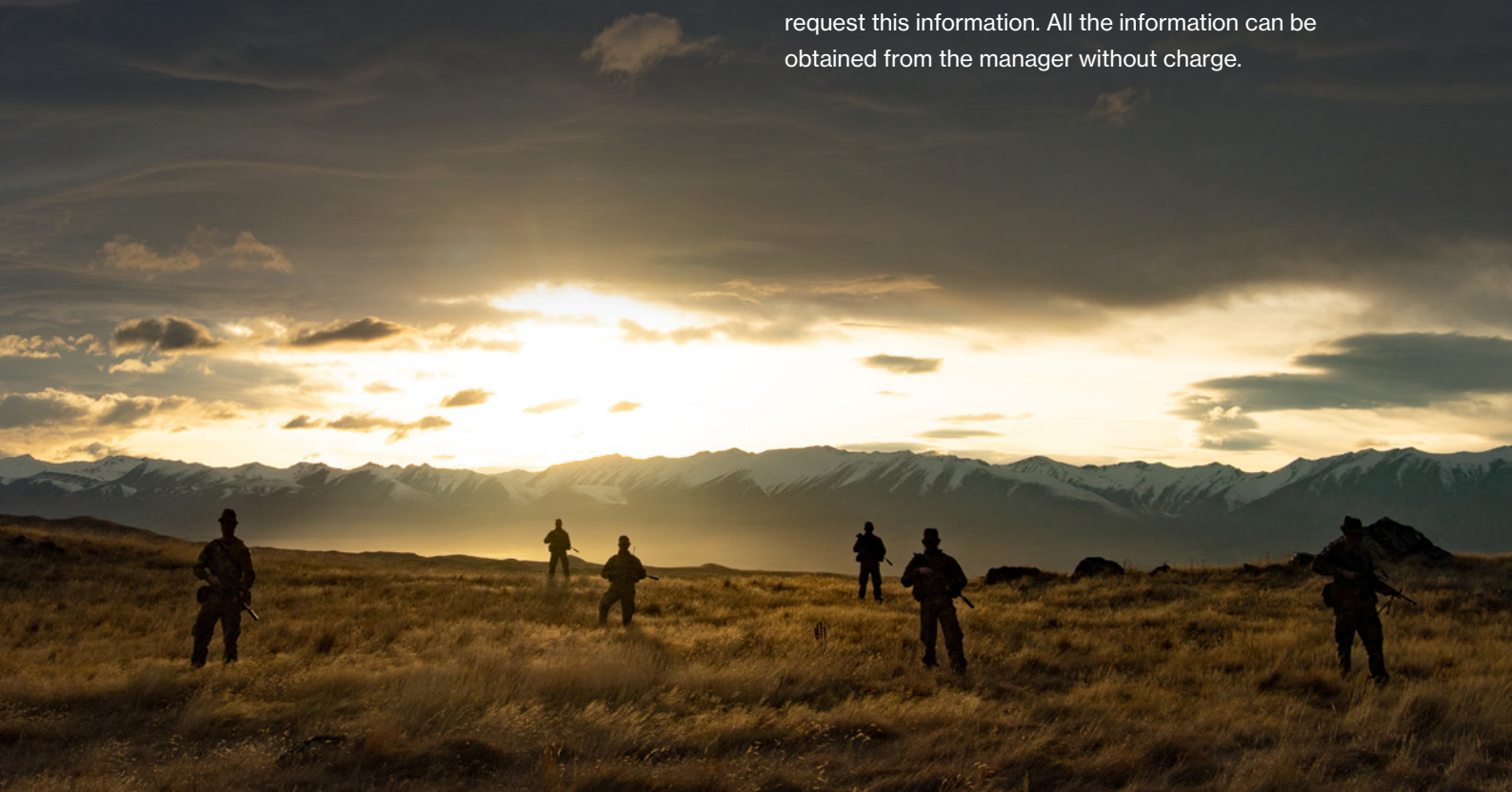
Information relating to the New Zealand Defence Force FlexiSaver Scheme, the offer register and the scheme register can be found at www.disclose-register.companiesoffice.govt.nz.

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 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.



07

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 1040
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@mercer.com

Mercer may discuss your complaint with the supervisor.

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
PO Box 4197, Auckland 1040
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

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.

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

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.

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 BECOME (0508 232 663)

