



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

# ANNUAL REPORT 2020

**NEW ZEALAND DEFENCE FORCE  
KIWISAVER SCHEME**

**A FORCE FOR  
NEW ZEALAND**

**KiwiSaver**  
Poua he Oranga

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## SCHEME SNAPSHOT

AS AT 31 MARCH 2020

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**4,858**  
members

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**\$26,406**  
average member balance

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**\$128,280,171**  
invested

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

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**154**  
first home purchases

# MESSAGE FROM THE CHIEF OF DEFENCE FORCE

I am proud of the New Zealand Defence Force (NZDF) KiwiSaver Scheme and I encourage you to understand how to best save for your retirement. Whilst the NZDF KiwiSaver Scheme has had a challenging year, there was strong growth for most of the year and the NZDF continues to provide access to competitive and compliant superannuation schemes that provide individual choice.

COVID-19 and its aftermath, has highlighted the importance for all of us to be prepared for the future. This year your annual statement for the NZDF KiwiSaver Scheme includes a projection of what your funds will provide you in retirement income at age 65 through a 25-year period. This is a very powerful tool to help members plan for their retirement, and now is a good time to review your investment goals. If there is a gap, perhaps take advice on the options available to you to improve likely outcomes. Options include an increased contribution rate (if affordable) or a change to your investment portfolio.

The amount of time you spend thinking about how you will fund your retirement will differ depending on the stage of life you are in, your family situation, and your 'financial literacy'. I know when I joined the RNZAF I was not spending much of my time thinking about what kind of lifestyle I wanted to have in the latter years of my life. I am grateful that the NZDF has aided me in preparing financially for my retirement. It is ironic that the best time to begin to prepare for your financial security during your retirement is at the very beginning of your working and earning life, so please find the time.

I congratulate the members of the New Zealand Defence Force KiwiSaver Scheme on having the foresight to be thinking of your needs in retirement, and encourage you to continue to prepare so that you can enjoy the kind of retirement you desire.



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



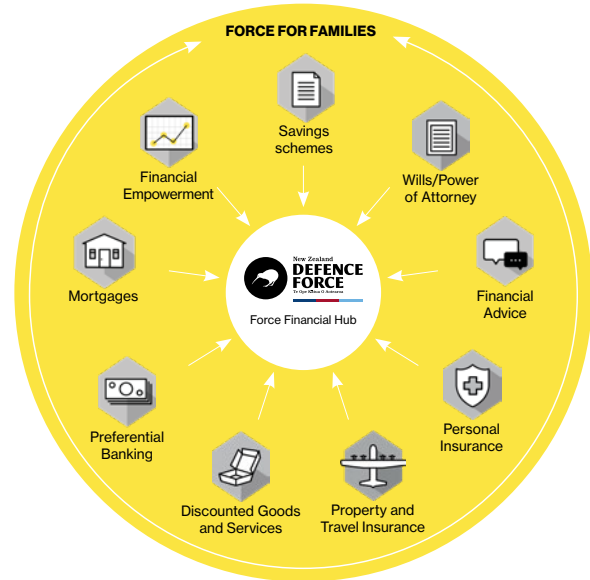
## NZDF LOOKING AFTER YOUR FINANCIAL WELLBEING

This annual report covers the New Zealand Defence Force KiwiSaver 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. [force4families.mil.nz/force-financial-hub](http://force4families.mil.nz/force-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

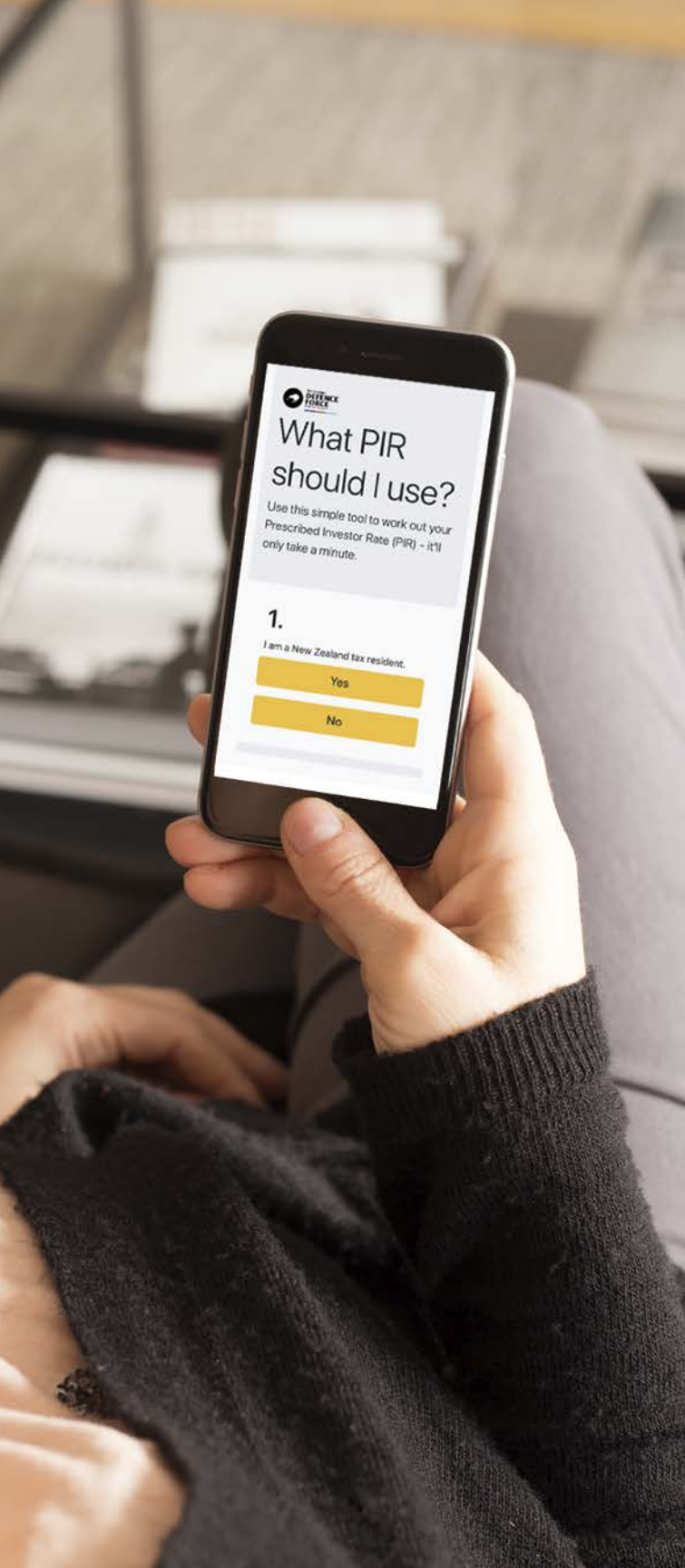
is provided to plan for your retirement and keep your plan on track. Sign in to your personal account at [www.nzdf.superfacts.co.nz](http://www.nzdf.superfacts.co.nz) to check out this tool.



### Financial Advice from Milestone Direct

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





**Technology  
to help you  
get sorted.**

## SECTION 1:

# DETAILS OF SCHEME

**Name of the scheme:**

New Zealand Defence Force KiwiSaver Scheme

**Type of scheme:** KiwiSaver

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

**Supervisor:** Trustees Executors Limited

**Product disclosure statement:**

The current product disclosure statement for the scheme is dated 17 October 2019 and is open for applications.

**Fund updates:**

Fund updates for the seven investment funds for the quarter ending 30 June 2020 were made publically available on 28 July 2020.

**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 2019 to March 2020 and were authorised for issue by the manager, Mercer (N.Z.) Limited, on 24 July 2020.

The auditor's report on those financial statements was dated 27 July 2020. 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 year ended 31 March 2020.

At 1 April 2019, the total amount of members' accumulation relating to 4,142 members was \$107,308,492.

At 31 March 2020, the total amount of members' accumulation relating to 4,858 members was \$128,280,464.

MEMBERSHIP DETAILS	CONTRIBUTING MEMBERS	NON-CONTRIBUTING MEMBERS	TOTAL NUMBER OF MEMBERS
Number of members at 1 April 2019	3,821	321	4,142
Plus			
New members			405
Transfers from other schemes			530
<b>Total new members</b>			<b>935</b>
Less			
Retirement			1
Death			6
Transfers to other schemes			203
Other reasons			9
<b>Total exits</b>			<b>219</b>
Number of members at 31 March 2020	4,419	439	4,858

## CONTRIBUTIONS

Contributions are what helps you grow your retirement savings. Contributions to your account can come from you, the NZDF (or your employer) and from the Government.

## HOW CONTRIBUTIONS WORK

- If you are a member of the NZDF, you'll be most likely contributing 4% of your before-tax NZDF salary or wages. If you are a member of the Defence Community, you will be contributing 3%, 4%, 6%, 8% or 10% from your before-tax salary or wages.
- You can also make voluntary additional contributions directly to your New Zealand Defence Force KiwiSaver Scheme account from your online banking. This is great if you are self-employed or are on a contributions holiday and want to maximise your member tax credits. This is also an option available for children in the scheme.
- NZDF contributes 4% of your before-tax salary or wages (rules apply). If you are employed by someone

else, the minimum your employer is required to contribute is 3%, although they may also contribute at other rates. An employer only needs to contribute to your scheme account if you are contributing from your pay.

- The Government may contribute to your account through the Government Contribution, if you're eligible.

## CONTRIBUTIONS RECEIVED DURING THE YEAR ENDED 31 MARCH 2020

TYPE	NUMBER OF MEMBERS	TOTAL AMOUNT
Member contributions	4,616	\$15,225,460
Member voluntary additional contributions		\$13,277,215
Member voluntary contributions	215	\$589,261
Transfers-in contributions	591	\$12,687,954
Employer or other sponsor contributions		\$10,618,480
Employer contributions	4,516	\$8,580,880
Government contributions	4,185	\$2,037,892
<b>Total contributions</b>		<b>\$39,121,447</b>



## 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

There were no changes to the nature or scale of the related party transactions. All related party transactions were conducted on normal commercial terms and conditions during the accounting period and were on arm's-length terms.

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

26 November 2019, the Statement of Investment Policy and Objectives of the Scheme was updated to reflect the changes made to the benchmark indices. In addition, further detail has been added to the information on derivatives, hedging and tax.

## SECTION 4:

# OTHER INFORMATION FOR A KIWISAVER SCHEME

### Explaining Returns

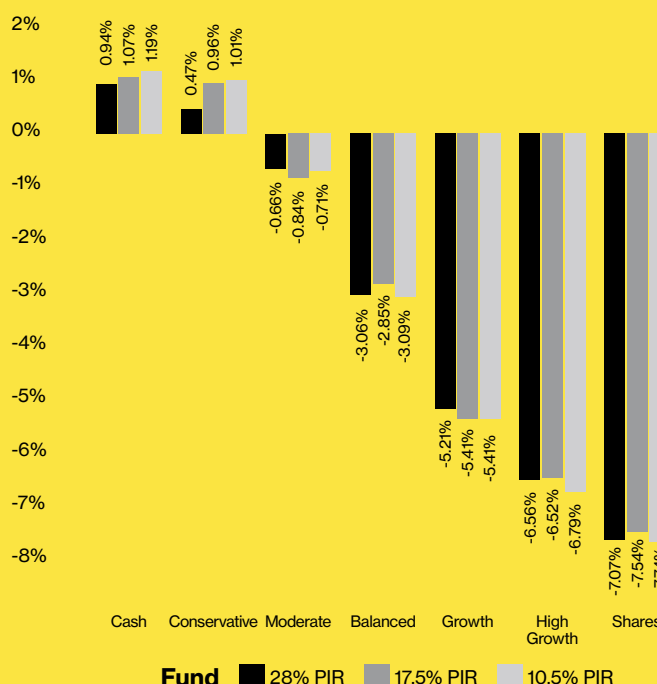
The investment returns for each investment option provided by the scheme are shown after all investment fees and taxes have been deducted.

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.

Note: 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. Returns represent past performance only and are not an indication or guarantee of future performance.

### One year returns as at 31 March 2020 (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 KiwiSaver Scheme are used to purchase what are known as 'units' in your chosen investment option(s). 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 balance. You can also view unit prices by signing into your account at [www.nzdf.superfacts.co.nz](http://www.nzdf.superfacts.co.nz) at any time.

### UNIT PRICES

TYPE	1 APRIL 2019*			31 MARCH 2020		
	28% PIR	17.5% PIR	10.5% PIR	28% PIR	17.5% PIR	10.5% PIR
Shares	1.2977	1.3389	1.3319	1.2060	1.2379	1.2288
High Growth	1.2889	1.3010	1.3048	1.2043	1.2162	1.2162
Growth	1.2318	1.2601	1.2648	1.1676	1.1920	1.1963
Balanced	1.2048	1.2127	1.2162	1.1679	1.1781	1.1786
Moderate	1.1431	1.1613	1.1813	1.1356	1.1515	1.1729
Conservative	1.1190	1.1337	1.1544	1.1243	1.1446	1.1661
Cash	1.0464	1.0491	1.0546	1.0562	1.0602	1.0671

\* Opening price as at 1 April 2019 is the closing price on 31 March 2019.

#### Need help?

Milestone Direct advisers can help you choose the right investment option for your circumstances, plan your retirement, and ensure you are on track to achieve your 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

Generally, KiwiSaver savings are locked in until you have been a KiwiSaver member for at least five years and are aged 65 or older. You can then access your savings. At that time you can choose to make regular monthly withdrawals, partial withdrawals or withdraw the full amount.

There are some circumstances where members can withdraw their money earlier than at retirement. These are:



### Purchase of a first home

After you have been a KiwiSaver member for three years you may be able to withdraw some of your savings to put towards buying your first home.



### Significant financial hardship

You may be allowed to make a withdrawal from your KiwiSaver account if the supervisor is satisfied that you are or are likely to suffer significant financial hardship.



### Serious illness

If you are suffering a serious injury, illness, injury or disability, you may be able to make a withdrawal from your account.



### Permanent emigration and transfers to Australian superannuation schemes

If you permanently emigrate from New Zealand to any country other than Australia, you may be able to make a withdrawal from your account. If you permanently move to Australia, you can only transfer your savings to an Australian superannuation scheme.

**Please note that there are a number of conditions that apply to each of the types of withdrawals discussed above.**

### WITHDRAWALS MADE DURING THE YEAR ENDED 31 MARCH 2020

TYPE	NUMBER OF MEMBERS
Retirement	7
First home withdrawal	154
Death and serious illness	6
Significant financial hardship	3
Permanent emigration	2
Transfers to other KiwiSaver schemes	203
Other Benefits	7
<b>Total withdrawals</b>	<b>382</b>

## MANAGER'S ANNUAL STATEMENT

**As the manager of the New Zealand Defence Force KiwiSaver Scheme, we confirm that for the period ended 31 March 2020:**

- all the benefits required to be paid from the scheme in accordance with terms of the governing document and the KiwiSaver scheme rules have been paid;
- the market value of the scheme property at 31 March 2020 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.

Martin Lewington  
Mercer (N.Z.) Limited  
31 July 2020

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

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

- Sarah Roberts resigned as a director on 2 October 2019
- Mark Darrow resigned as a director on 2 October 2019
- Ryan Bessemer was appointed as a director on 2 October 2019
- Victoria Grace was appointed as a director on 2 October 2019
- Graeme Kirkpatrick was appointed as a director on 2 October 2019
- Laurence Kubiak was appointed as a director on 25 October 2019
- Matthew Sale resigned as a director on 17 December 2019

### Since year end:

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

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

- Kristen Jane Kohere-Soutar (appointed 7 August 2017, appointed as Chairperson 30 November 2019)
- Paula Elizabeth Jackson (appointed 1 February 2020)
- Ross Gregory Butler (appointed 1 January 2013, resigned 29 November 2019)

### Since year end:

- Benjamin Jon Cossart Walsh (appointed 1 June 2015, resigned 30 April 2020)

## SECTION 6:

# HOW TO FIND FURTHER INFORMATION

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

The offer register includes the product disclosure statement for the scheme, information relating to membership and the funds within the scheme. 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).

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 1010  
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

In the first instance, please direct any complaints about your investment to Mercer at:

Mercer (N.Z.) Limited  
151 Queen Street  
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 7, 51 Shortland Street, Auckland 1010  
PO Box 4197, Auckland 1010  
Attn: Client Manager – Corporate Trustee Services  
Telephone: 09 308 7100

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:

4th Floor, 101 Lambton Quay, Wellington  
PO Box 5967, Wellington 6140  
Telephone: 0800 347 257  
Facsimile: 04 472 3728  
Email: [complaints@fscl.org.nz](mailto:complaints@fscl.org.nz)

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 KiwiSaver Scheme



Speak to New Zealand Defence Force



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

Mercer (N.Z.) Limited is the Manager of the New Zealand Defence Force KiwiSaver Scheme and the issuer of this annual report. This annual report has been prepared by the Manager to meet its legislative obligations under the Financial Markets Conduct Regulations 2014, and the KiwiSaver Act 2006. The information contained in this annual report is of a general nature only and does not take into account the personal objectives, financial situation or financial goals of individual members. Accordingly, before making any decisions, you should consider the information in light of your own objectives, financial situation and needs, and read and consider the current product disclosure statement. It is also recommended that you obtain advice from an authorised financial adviser. A copy of the current product disclosure statement is available on the website [www.nzdf.superfacts.co.nz](http://www.nzdf.superfacts.co.nz) or by calling the Helpline on 0800 333 787. You should be aware that the value of an investment in the New Zealand Defence Force KiwiSaver Scheme may rise and fall from time to time. Neither Mercer, nor Trustees Executors Limited, New Zealand Defence Force, Milestone Direct Limited, MMC nor any member of the worldwide Marsh & McLennan Companies guarantees the investment performance, earnings or return of capital invested in any of the New Zealand Defence Force KiwiSaver Scheme investment options. The investment returns shown in this annual report do not take into account the unique characteristics that apply to each member (such as timing of cashflow). As a result, the actual returns applying to a particular member are different from the investment returns shown. You should also remember that past performance should not be relied upon as an indicator of future performance.

**[www.nzdf.superfacts.co.nz](http://www.nzdf.superfacts.co.nz) | 0800 333 787**