



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

ANNUAL REPORT 2021

**NEW ZEALAND DEFENCE FORCE
KIWISAVER SCHEME**

**A FORCE FOR
NEW ZEALAND**

KiwiSaver
Poua he Oranga

SECTION ONE 4
DETAILS OF SCHEME

SECTION TWO 5
INFORMATION ON
CONTRIBUTIONS AND
SCHEME PARTICIPANTS

SECTION THREE 6
CHANGES RELATING
TO THE SCHEME

SECTION FOUR 6
OTHER INFORMATION
FOR A KIWISAVER SCHEME

SECTION FIVE 9
CHANGES TO PERSONS
INVOLVED IN THE SCHEME

SECTION SIX 9
HOW TO FIND FURTHER
INFORMATION

SECTION SEVEN 10
CONTACT DETAILS
AND COMPLAINTS

SCHEME SNAPSHOT

AS AT 31 MARCH 2021



5,259
members



\$35,355
average member balance



\$186 million
invested



194
Prezzy Card winners across
our savings schemes



198
first home purchases

MESSAGE FROM THE CHIEF OF DEFENCE FORCE

This year was another good one for the New Zealand Defence Force KiwiSaver Scheme (the Scheme). Scheme membership grew by 401 and funds under management increased by \$57.65 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 continued to be at the forefront of the Force Financial Hub 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.

Retirement preparedness remains at the forefront of these activities. The recent Treasury report on the long term sustainability of the cost of national superannuation highlights the importance of us all being financially prepared for retirement. Mercer advises that over 65% of members have opened up their latest membership statement which includes powerful information to help with member retirement planning. This year's NZDF wide retirement preparedness survey was expanded to include broader financial security and capability issues, and was well received. Survey findings will be published later this year.

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 NZDF Savings Schemes and Milestone Direct Ltd websites also added to the resources available on money management.

Once again the Scheme was also able to assist members to buy their first homes. It is appreciated that housing affordability is putting strains on household finances in some regions and it is pleasing to see that 198 members

were able to make a home purchases. Members interested in using their funds to purchase their first home may find out more information about this on the Force Financial Hub or by contacting Mercer or Milestone Direct Ltd.

I am pleased to report that for the third year running the New Zealand Defence Force KiwiSaver Scheme was awarded the Superatings Platinum Industry Award for KiwiSaver Schemes. The citation commented "that the Scheme is well placed to deliver strong value for members and enhance retirement outcomes relevant to their peers".

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



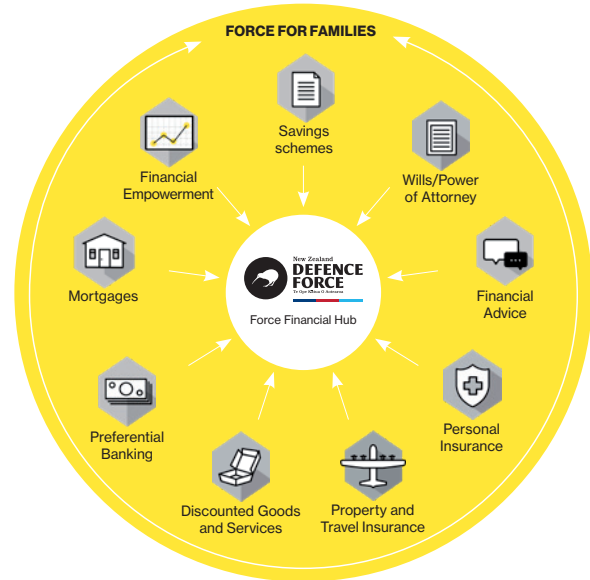
NZDF LOOKING AFTER YOUR FINANCIAL WELLBEING

This annual report covers the New Zealand Defence Force 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.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 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.



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.



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 www.milestonedirect.co.nz.



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 2021. At 1 April 2020, the total amount of members' accumulation relating to 4,858 members was \$128,280,464. At 31 March 2021, the total amount of members' accumulation relating to 5,259 members was \$185,929,915.

MEMBERSHIP DETAILS	CONTRIBUTING MEMBERS	NON-CONTRIBUTING MEMBERS	TOTAL NUMBER OF MEMBERS
Number of members at 1 April 2020	4,419	439	4,858
Plus			
New members			294
Transfers from other schemes			369
Total new members			663
Less			
Retirement			8
Death			2
Transfers to other schemes			246
Other reasons			6
Total exits			262
Number of members at 31 March 2021	4,897	362	5,259

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 suspension and want to maximise your Government Contribution. 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 2021

TYPE	NUMBER OF MEMBERS	TOTAL AMOUNT
Member contributions	5,042	\$19,016,294
Member voluntary additional contributions		\$11,033,766
Member voluntary contributions	4,145	\$1,276,867
Transfers-in contributions	505	\$9,756,899
Employer or other sponsor contributions		\$13,498,206
Employer contributions	5,013	\$11,221,437
Government contributions	4,627	\$2,276,769
Total contributions		\$43,548,266

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

During the year the Statement of Investment Policy and Objectives (SIPO) was updated to reflect changes made to the benchmark ranges and asset allocations 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 of the trustee of Mercer Investment 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.

SECTION 4:

OTHER INFORMATION FOR A KIWISAVER SCHEME

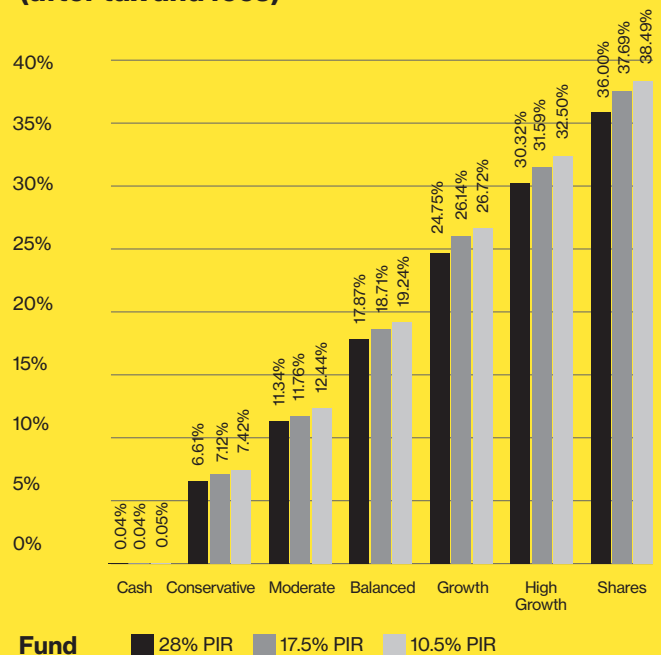
Explaining Returns

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 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.

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.

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.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	1.2060	1.2379	1.2288	1.6402	1.7044	1.7017
High Growth	1.2043	1.2162	1.2162	1.5694	1.6003	1.6114
Growth	1.1676	1.1920	1.1963	1.4566	1.5036	1.5159
Balanced	1.1679	1.1781	1.1786	1.3766	1.3986	1.4054
Moderate	1.1356	1.1515	1.1729	1.2644	1.2870	1.3188
Conservative	1.1243	1.1446	1.1661	1.1986	1.2261	1.2526
Cash	1.0562	1.0602	1.0671	1.0566	1.0607	1.0675

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

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

Milestone
Direct

WITHDRAWALS

Generally, you'll only be able to access your KiwiSaver funds once you reach the qualifying age for NZ Super, currently age 65, or – if you joined after you turned 60 – once you've been a member for 5 years. For those who join KiwiSaver after 1 July 2019, the 5 years lock-in period may not apply. 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.



Life-shortening congenital conditions

If you have a life-shortening congenital (existing from your date of birth) condition, you may be eligible to withdraw all or part of your savings. The listed conditions are Down syndrome, cerebral palsy, Huntington's disease or fetal alcohol spectrum disorder.



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 2021

TYPE	NUMBER OF MEMBERS
Retirement	19
First home withdrawal	198
Death and serious illness	2
Significant financial hardship	13
Permanent emigration	2
Transfers to other KiwiSaver schemes	246
Other Benefits	5
Total withdrawals	485

MANAGER'S ANNUAL STATEMENT

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

- 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 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.

Martin Lewington
Mercer (N.Z.) Limited
30 July 2021

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 KiwiSaver Scheme, the offer register and the scheme register can be found at 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.nzdfsavings.mil.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
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@mercerc.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

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 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 appropriately qualified financial adviser. A copy of the current product disclosure statement is available on the website www.nzdfsavings.mil.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.nzdfsavings.mil.nz | 0800 333 787