New Zealand Post Superannuation Plan

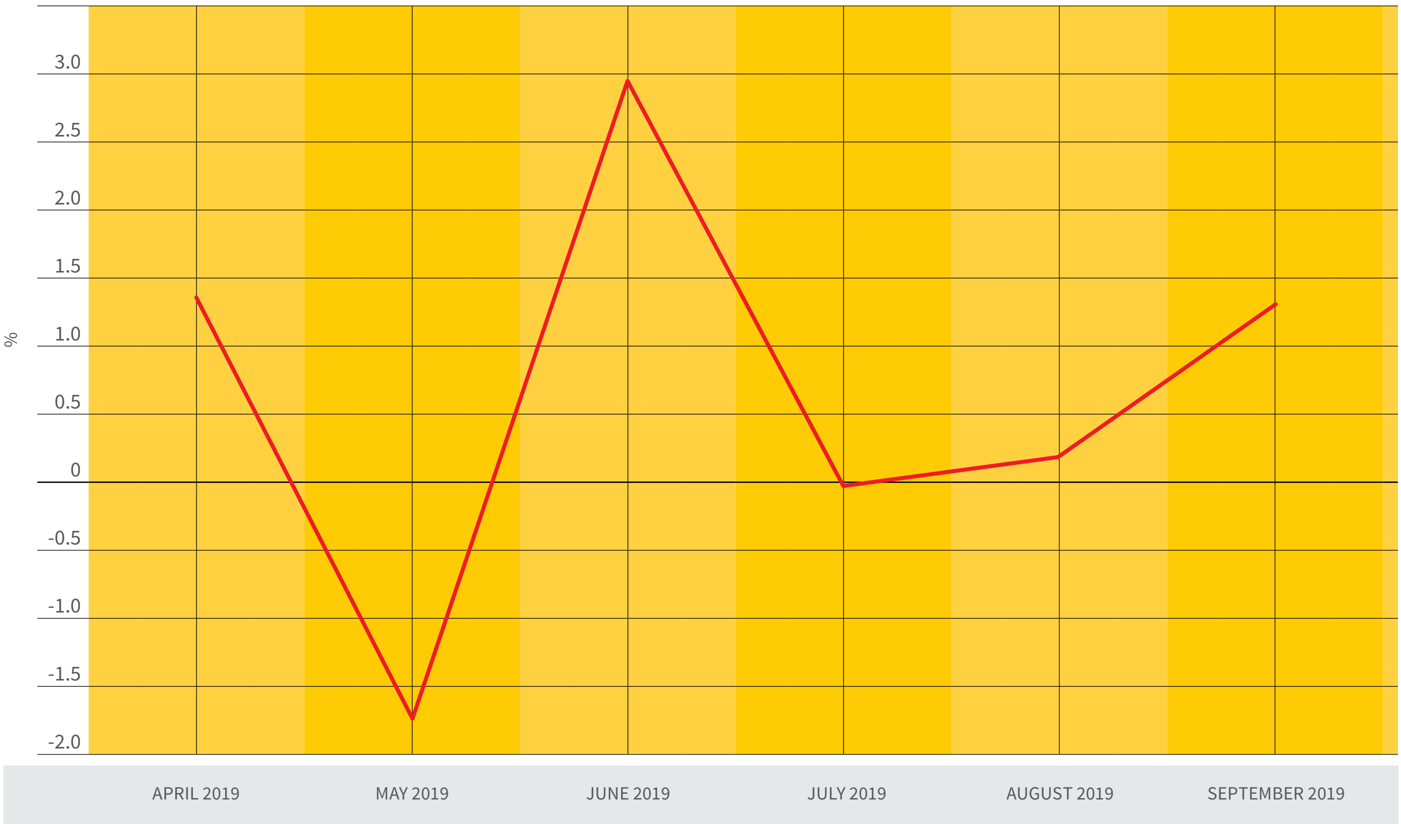
NEWSLETTER TO MEMBERS FROM THE TRUSTEE | NOVEMBER 2019

Positive returns despite ups and downs

Returns for all three funds are positive for the first 6 months of the Plan year. International share markets have reached all-time highs during a highly volatile year. This has helped boost returns for the Medium Term Fund and the Long Term Fund. Market volatility is largely due to uncertainty with slowing global growth and significant political unrest around the world. This volatility can be seen when comparing recent monthly returns. For example, the following graph shows the monthly returns for the Medium Term Fund.

Medium Term Fund

Monthly returns at PIR 17.5% (after tax and expenses)



Low domestic interest rates mean lower mortgage interest rates, which may be good for home owners. However, low interest rates also mean lower returns for term deposits and overnight call deposits. Long-term interest rates are also falling as more investors buy longer-term bonds seeking higher returns.

Internationally, European and Japanese investors are actually paying banks to hold their cash deposits. They are subsequently looking abroad for investment opportunities, and this is further pushing down returns from international bond investments.

Interim returns for the 6 months to 30 September 2019 (after tax and expenses)

PIR	Short Term Fund	Medium Term Fund	Long Term Fund
10.5%	1.26%	4.01%	4.25%
17.5%	1.17%	3.96%	4.24%
28%	1.02%	3.87%	4.23%

New benefit to help members transitioning from work to retirement

We've introduced a new in-service benefit that aims to help members maintain wellbeing and a sustainable financial position from the age of eligibility for New Zealand Superannuation (currently 65). We know that, for many people, the traditional approach of retiring at 65 will not be what you have in mind. For a range of reasons, people want (or need) to work beyond 65, but they may need help in making changes to how they work (such as reduced hours or a different role). We're responding to these changes by adding a new benefit for members.

Eligibility

To apply, you need to be aged 65 or over. It's not an automatic benefit, and we must approve it. If we do, you can withdraw up to 10% of your standard accounts (the rules for withdrawals from CSF accounts haven't changed). You can only make one withdrawal a year (the year starts from the date your first in-service withdrawal was approved), and you must reapply each time.

You need to have a specific and valid reason for withdrawing funds. Remember, it needs to be something that will improve your financial and general wellbeing.

Here are some examples of applications we are likely to view favourably.

Change in employment arrangements

Talia

Talia is still a permanent employee but working on reduced hours. She's happy to be able to spend more time with her grandchildren, but making ends meet on less pay is a struggle. Talia applies for an in-service benefit to meet the shortfall between her previous income and her current pay plus New Zealand Superannuation.

Retraining for a new career

Carol

Carol's job is quite physical. She's not ready to give up work but she feels it's time for a change. She's a great organiser and thinks an admin job would be perfect. She has basic computer skills but knows some more advanced courses in Word and Excel would help her chances. Carol applies for an in-service benefit to pay her course costs.

Health and wellbeing

Ari

Ari has had cataracts for several years, and his eyesight is getting worse. He's on a waiting list for publicly funded surgery, but it could be a long wait. He needs to be able to drive to get to work, so he's thinking about having the surgery done privately. Ari applies for an in-service benefit to meet the costs.

On the other hand, we are unlikely to support applications to meet:

- the cost of funding other investments (such as starting a business)
- lifestyle expenditure (such as paying for a holiday)
- expenses for other family members (such as paying towards a grandchild's education)
- funeral expenses (although you may qualify for funding as a hardship grant).

How to apply

Complete the *In-service withdrawal form* available on the website – www.superplan.co.nz.

Leaving money in the Plan

You don't need to withdraw your money if you leave Post. If your benefit is $5,000 or more, you can keep it where it is. This is a good option if you don't need it straight away and you're happy with how it's invested. That means you have three choices:

	Withdraw	Leave in
1	100%	0%
2	20%	80%
3	0%	100%

If you're under 65*, you can withdraw your money at any time, but if you do, you need to withdraw your full balance and close your account. Fill in a *Deferred benefit withdrawal form* available on the website.

If you're 65 or over*, you can make a partial withdrawal of up to 10% of the balance of your account once each year (the year starts from the date your first partial withdrawal was approved). You just need to give us 10 days' written notice by completing a *Deferred benefit withdrawal form.*

* Based on qualifying age for New Zealand Superannuation and so subject to change.

We've changed the trust deed so you can remain a deferred member up to age 72 (plus an additional 2 years in some circumstances – call 0800 697 728 (choose option 2) if you want to know more). It used to be up to age 65. The change reflects the fact that members are working and living longer and may wish to start using their retirement savings later.

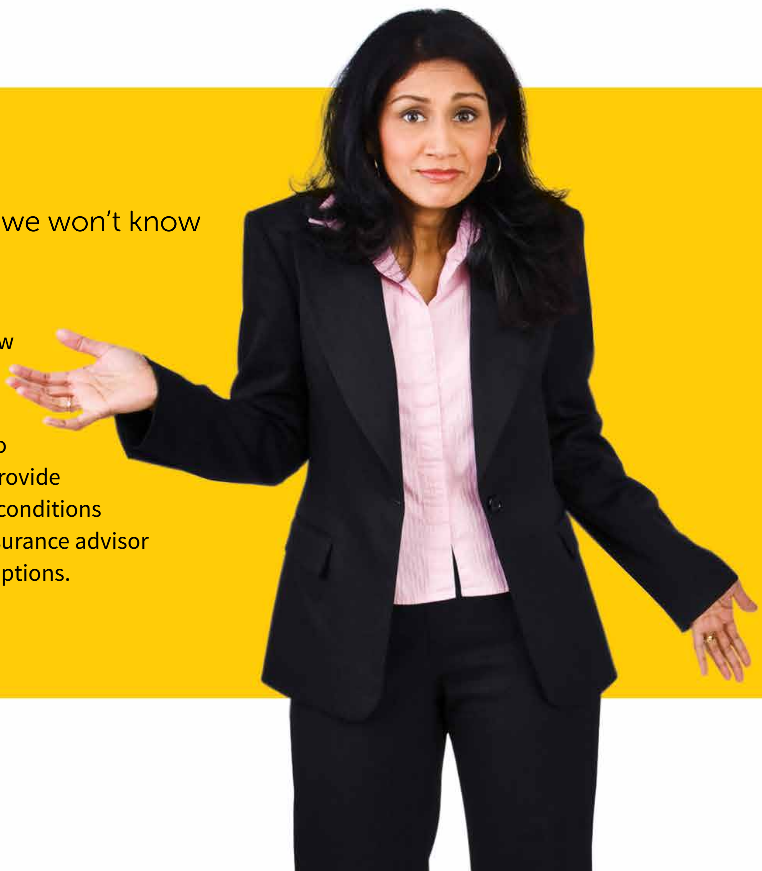
Even if you intend leaving your money in the Plan, you must fill in a *Leaving form* to make sure your savings don't end up flagged as 'unclaimed monies'.

No form, no money

It's not because we're mean, but if you don't tell us, we won't know that you've left Post.

You need to fill in a *Leaving form* to tell us you've left and let us know what you'd like to do with your money. Please do this within 3 weeks of leaving Post.

Remember, you only have a month from your official leaving date to transfer your life insurance to a personal policy without having to provide evidence of good health. That way, you can be sure all pre-existing conditions will be covered. Filling in the form means we can alert the Plan's insurance advisor Tony O'Brien, who will get in touch with you to work through your options.



? Forms are available at www.superplan.co.nz

Company performance doesn't affect your savings

Last month, New Zealand Post declared a loss for the year to 30 June 2019. This doesn't affect your savings in the Plan. The Plan's assets are completely separate from the company's assets and bank accounts. They are held in trust by an independent company called New Zealand Post Trustees Limited whose sole responsibility is to safeguard the interests of members. New Zealand Post has no access to and legally cannot utilise the assets of the Plan.

Board changes

Richie Smith has been appointed Chair of New Zealand Post Trustees Limited. Jignasha Patel has joined as a director. Both are professional directors including of New Zealand Post. Richie's background includes senior roles in agricultural and logistics businesses. He has been a director of the Plan's trustee company since June last year. Jignasha is a chartered accountant with a long career in executive and general management roles. The new appointments follow the retirement of directors Alan Dunn and George Collins. Long-serving director Sarah Graydon has been appointed for a further 3-year term.

Benefit payments over the holidays

The last payment date for benefits for 2019 will be Friday 20 December. You need to factor this in if you are planning to withdraw money over the holidays. This applies to all benefits including leaving service payments, significant financial hardship payments and withdrawals from deferred member accounts. For a pre-Christmas payment, Mercer needs to receive the completed form from you (or Payroll in the case of leaving service payments) by **Friday 13 December**. If you want to change your investment choice over this period, please make your change by Friday 27 December. Investment changes in the new year will be processed from Friday 3 January.

Proof of bank details required for benefit payments

We can only pay benefits into an account in your name. This means we cannot pay benefits into family trust accounts, business accounts and accounts in someone else's name. That's why we need to ask for supporting evidence of your bank account details when you make a withdrawal, and it also helps to prevent a slip-up in transcribing your account number. This evidence needs to show the name the account is in and the bank account number. The simplest way is to take a screenshot from your internet banking or photocopy the top of a bank statement or ask your bank to print and sign a verification of account slip. Once Mercer has this information on file, you won't need to provide it again unless you change your account. This extra step is designed to help protect members against fraud. It's also required by our auditor.

Getting help and information

www.superplan.co.nz

Our website is a great source of information about the Plan. Check out the latest returns, get answers to your questions or find a form. You can also view this and previous newsletters.

www.sorted.org.nz

Sorted has financial planning tools and is a great source of advice on money management in general.

Help when you need it

Call the helpline if you have a question about your savings or you need to make a change.

0800 NZP SAVE

0800 697 728 (choose option 1)

There's someone available to take your call from 9am to 7pm Monday to Friday (excluding public holidays).

You can also email your request to nzpostsuper@mercer.com or fax to (04) 819 2699.

Call 0800 697 728 and choose option 2 if you need to talk to the management team.