



New Zealand Post Superannuation Plan

NEWSLETTER TO MEMBERS FROM THE TRUSTEE | NOVEMBER 2020

How to choose a fund

The Plan has launched a new tool you can use to help you choose an investment fund or funds. Just answer five simple multi-choice questions, and the tool will match your answers to a fund or a mix of funds.

The tool is called Risk Profiler. When investment advisers talk about risk, they mean how often and by how much an investment is likely to fall in value. Higher-risk investments, like shares, tend to produce higher returns over time. The downside is you need time to ride out the highs and lows. Returns from lower-risk investments like cash and bonds tend to be more consistent but lower over time.

The Plan has three funds for you to choose from. Here's how they stack up in terms of risk and expected returns.

Higher risk, higher long-term returns	Long Term Fund 75% higher-risk investments 25% lower-risk investments	Best suited to long-term saving (10 years +)
	Medium Term Fund 55% higher-risk investments 45% lower-risk investments	
Lower risk, lower long-term returns	Short Term Fund Only lower-risk investments	Best suited to short-term saving (less than 3 years)

Take a couple of minutes to check your current strategy against our Risk Profiler. Go to www.superplan.co.nz and select 'Get help to choose a fund'.

Half-year returns

You're best to choose a fund based on when you need the money rather than on what the markets are doing. Just because a fund posts a good return one month or year doesn't mean it will the next. Recent returns from our funds are a good example. At the end of last year, the developing coronavirus epidemic saw share prices drop, dragging down returns for the Long Term Fund and Medium Term Fund. However, returns for the first 6 months of this year have been strongly positive. Returns from the Short Term Fund, which doesn't invest in shares, have been more consistent but lower overall.



Returns after expenses and tax at the mid-PIR rate of 17.5%

	Last 6 months of last scheme year (6 months to 31 March 2020)	First 6 months of this scheme year (6 months to 30 September 2020)	Average return over the last scheme year (12 months to 30 September 2020)
Long Term Fund	-6.86%	14.22%	7.36%
Medium Term Fund	-5.20%	9.80%	4.60%
Short Term Fund	0.96%	0.74%	1.70%

Paying the right amount of tax

The Plan pays tax on your behalf at a rate based on your personal income. This is called your prescribed investor rate (PIR). Recently, Inland Revenue has sent letters to some members of the Plan advising that their PIR is too high or too low. If you've received a letter, Inland Revenue will also have instructed Mercer to correct your PIR.

If your PIR is too low, you will personally have to pay the tax owed. It won't be paid from the Plan. You may also have to pay interest and penalties. Until recently, it hasn't been possible for you to receive a refund if your PIR is higher than it needs to be. The government changed this rule earlier this year. You won't be able to get back any tax overpayment before 31 March 2020. However, from this tax year, you will be able to recoup any overpayment by filing a tax return.

It's your responsibility to keep your PIR up to date. Your PIR is based on your *total* taxable income. Neither payroll nor the Plan has access to this information. You might, for example, have income from a second job as well as from Post.

Tax is paid on your behalf at the end of the scheme year, so if your PIR has changed, you just need to let Mercer know before 31 March 2021.

If you need to change your PIR, you can get the form you need from
www.superplan.co.nz.

Benefit payments over the holidays

The last payment date for benefits for 2020 will be Friday 18 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 11 December**.



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 newsletter 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@mercero.com or fax to (04) 819 2699.

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