

EMPLOYEE RETIREMENT PLAN

ANNUAL REPORT

For the year ended 30 June 2018



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OVERVIEW

 **1,578**
members made partial withdrawals

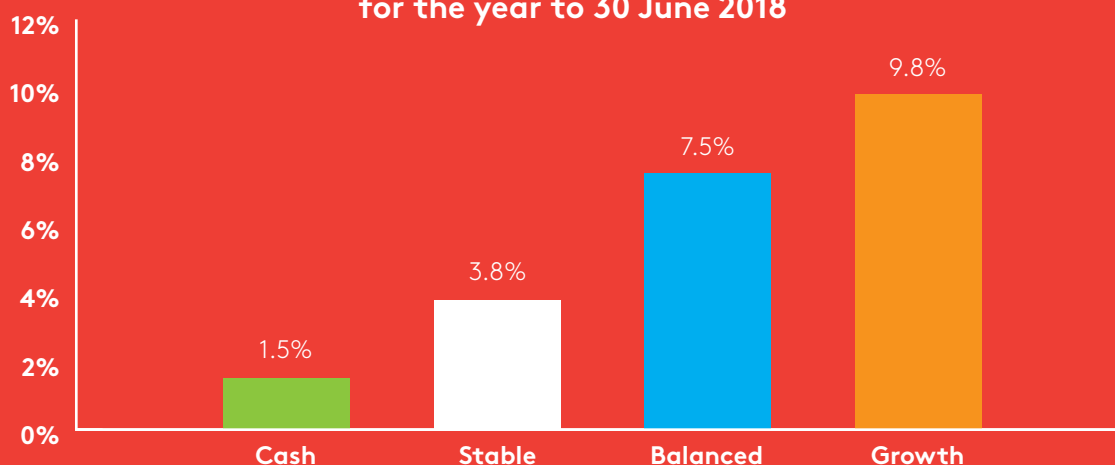
 **\$650.5**
million
in net assets

 **53,336**
visits to website

 **\$62,946**
average account balance

 **4,290**
calls to helpline

Returns after fees & taxes for each investment option for the year to 30 June 2018



TRUSTEE'S MESSAGE

Welcome to the Employee Retirement Plan annual report for the year ended 30 June 2018.

The markets have experienced an impressive run for a few years now, so it was not surprising to see a small correction at the start of 2018. Overall the 12 months to the end of June 2018 delivered positive returns for members of the Plan.

The global political landscape has been particularly volatile during the period. We have seen the US impose tariffs on imported steel and aluminium and place additional tariffs on imports from China, which has led to reciprocal actions from trading partners. The hope is that trade negotiations will reduce the risks of a trade war that would undermine the global economic recovery.

Growth assets such as shares, property and infrastructure performed well for the period; while defensive assets such as bonds and cash also delivered positive, albeit more subdued, returns.

Financial markets have continued to be supported by economic growth factors and company earnings announcements generally outperformed expectations in the second half of 2017. 2018 has seen some changes to tax laws in the US which has served to further support share prices and demand for risky assets. The US S&P500 Index was one of the strongest performing indices for the 12 month period, gaining 14%, while European share markets generally lagged.

The New Zealand share market outperformed many around the world, particularly in the second quarter of 2018. Some of this out performance can be attributed to the high dividend rates paid by locally listed companies attracting offshore investors to our market. The standout performers in New Zealand were two listed milk companies, Synlait and A2Milk. Their share prices gained 170% and 190% respectively for the period.

So overall, despite some ups and downs in February and March, it was another strong year for investors globally and in New Zealand, including members of the Employee Retirement Plan.

As we look to the future and in this environment, we expect to see more variation in investment returns than we've seen in recent years. Increasing variation in performance and changing drivers of market returns mean it is even more important to be selective about where to invest in. Good quality financial advice can save you time and money over the long-term.

On behalf of the Trustee, Public Trust



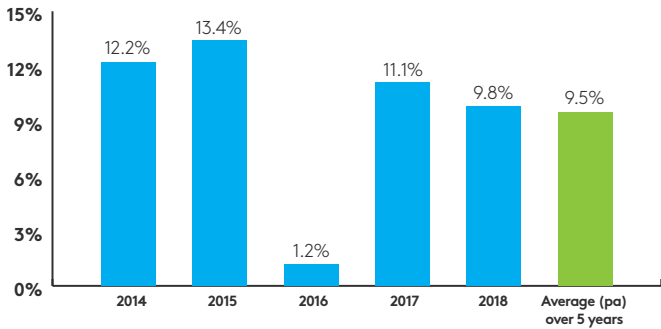
15 October 2018



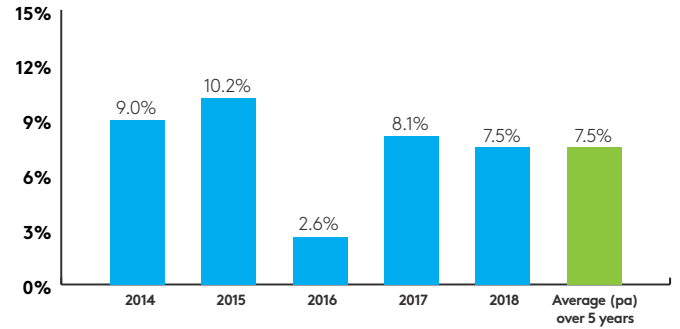
INVESTMENT RETURNS

The following graphs show the returns, after fees and taxes, for each of the last five years as well as the average annual return over five years for each investment fund.

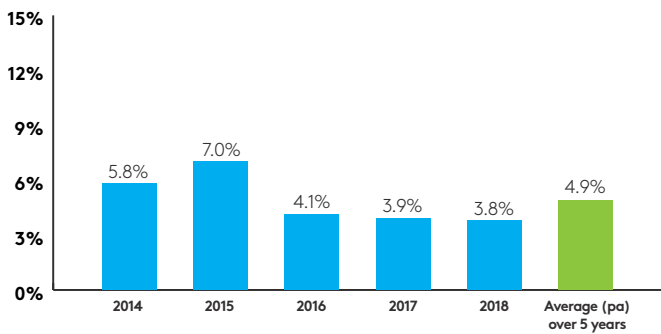
Growth



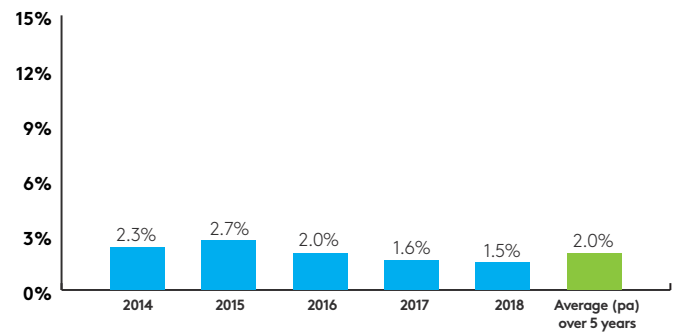
Balanced



Stable



Cash



SCHEME NEWS

ACCESSING YOUR FUNDS AT RETIREMENT

Once you reach retirement age you can keep your funds invested within the Plan and opt for periodical withdrawals on a regular basis or lump sum withdrawals when required. You can retain your funds in the same investment portfolio or switch them into an investment fund(s) that may better reflect your risk tolerance.

For further information please refer to the Member Information Booklet available from the Plan's website at www.trss.superfacts.co.nz.

FINDING A FINANCIAL ADVISER

A financial adviser can provide you with independent guidance and advice on superannuation and other financial services and products. The right adviser can save you time and help you achieve your financial goals.

Remember, however, that it's your money, so the advice provided should focus on your individual requirements and, where necessary, take into account your short, medium and long-term needs.

Speak with several advisers before making a decision about which one to use. Find out if they only offer general financial guidance or are qualified (and have the experience) to provide advice that matches your particular needs. Some advisers charge a service fee, while others operate on a commission basis or may receive sales-related incentives.

The Financial Markets Authority website, www.fma.govt.nz/consumers/getting-financial-advice, provides helpful information about choosing the right financial adviser. You can also find out more about individual financial advisers on the Companies Office's Financial Service Providers Register (FSPR), www.fspr.govt.nz.

NEW ZEALAND SUPERANNUATION RATES

Each year, the Government reviews the rate of New Zealand Superannuation. NZ Super is pegged to the national average ordinary-time wage which is currently \$60,642 a year, before tax for year end March 2018.

From 1 April 2018, the rates are:



\$24,078_{pa}*

Single person, living alone



\$22,129_{pa}*

Single person, sharing



\$36,479_{pa}*

Married couple

*Before tax

For more information about eligibility, go to www.workandincome.govt.nz.

STATUTORY INFORMATION

DETAILS OF SCHEME

This is the annual report for the Employee Retirement Plan (the 'Plan') for the year ended 30 June 2018. The Plan is a restricted workplace savings scheme for teachers and principals in state and state-integrated schools.

Public Trust (the 'Trustee') is the Plan's licensed independent trustee and manager.

The Plan was closed to new members from 30 September 2008.

The fund updates for the Plan, for the year ending 30 June 2018, were issued on 28 September 2018.

The Plan's financial statements for the year ending 30 June 2018 were authorised for issue on 19 September 2018, and were lodged with the Registrar of Financial Service Providers on 24 September 2018.

Copies of the full financial statements (including the auditor's report) and fund updates are available on www.disclose-register.companiesoffice.govt.nz (search for *Employee Retirement Plan*) and on www.trss.superfacts.co.nz (Click on 'Documents & forms' tab).

INFORMATION ON CONTRIBUTIONS AND SCHEME PARTICIPANTS

The following table provided a summary of changes in Plan membership over the year to 30 June 2018:

	Contributing members	Non-contributing members	Total number of members
Membership at 1 July 2017	8,156	2,493	10,649
<i>Less</i>			
Retirement			152
Death			8
Transfers out			22
<i>Other</i>			
- Leaving service withdrawals			122
- Retrenchment/redundancy			0
- Ill health			4
- Permanent emigration			6
Total withdrawals			314
Membership at 30 June 2018	7,757	2,578¹	10,335

¹During the year a net total of 85 members stopped contributing to the Plan.

Note: There were no new members or transfers in as the Plan was closed from 30 September 2008.

Member Accumulations

	30 June 2017	30 June 2018
Total members' accumulations	\$601,387,356	\$650,544,606
Number of members	10,649	10,335

Contributions

	Members	Total amount
Member contributions	8,803	\$16,189,086
Member voluntary contributions	2,408	\$5,269,677
Employer contributions	8,678	\$16,013,782
Total contributions		\$37,472,545

CHANGES RELATING TO THE SCHEME

Trust Deed

There were no amendments made to the Plan's Trust Deed during the year ended 30 June 2018.

Statement of Investment Policy and Objectives (SIPO)

The Plan's SIPO was amended from 21 February 2018 to clarify the materiality for limit break reporting.

Related Party Transactions

As at 30 June 2018, the Plan holds no investments in the employer or its related entities. All related party transactions were conducted on arm's length terms.

OTHER INFORMATION FOR PARTICULAR TYPES OF MANAGED FUNDS

Withdrawals

Number of members

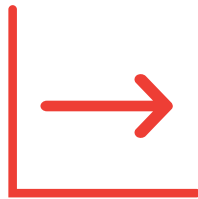
Full withdrawals	
Retirement	152
Leaving service/resignation/withdrawal	122
Retrenchments/redundancy	0
Transfer to another scheme	22
Death and total permanent disablement	12
Permanent emigration	6
Total full withdrawals	314
Partial withdrawals	
Financial hardship	27
First Home withdrawal	17
In-service withdrawal	1,534
Total partial withdrawals	1,578

Note: Partial withdrawals are payable to members who remain in the Plan.

Year-end crediting rates - Plan investment funds



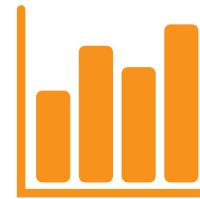
CASH
1.5%



STABLE
3.8%



BALANCED
7.5%



GROWTH
9.8%

Declared interest rates for the year to 30 June 2018

The declared interest rates are the rates applied to benefits paid out during the year.

	Cash	Stable	Balanced	Growth
July	0.1%	0.2%	0.5%	0.7%
August	0.3%	1.0%	2.0%	2.6%
September	0.4%	1.2%	2.6%	3.4%
October	0.5%	2.3%	5.0%	6.7%
November	0.6%	2.8%	5.8%	7.8%
December	0.8%	2.9%	5.9%	7.8%
January	0.9%	3.2%	7.0%	9.4%
February	1.0%	2.8%	5.8%	7.7%
March	1.1%	2.8%	5.3%	6.8%
April	1.2%	3.2%	6.4%	8.4%
May	1.4%	3.5%	6.9%	8.9%
June	1.5%	3.8%	7.5%	9.8%

Trustee's statement

As Trustee of the Plan, the Trustee confirms that:

- all contributions required to be made to the Plan in accordance with the terms of the trust deed have been made; and
- all benefits required to be paid from the Plan in accordance with the terms of the trust deed have been paid; and
- the market value of the Plan's assets at 30 June 2018 equalled the total value of benefits that would have been payable had all members of the Plan ceased to be members at that date and had provision been made for the continued payment of all benefits being paid to members and other beneficiaries as at 30 June 2018.

On behalf of the Trustee, Public Trust



15 October 2018



CHANGES TO PERSONS INVOLVED IN THE SCHEME

Trustee

The Plan's Trustee and Manager is Public Trust. As at 30 June 2018, the board members of the Trustee and Manager were:

- Ian Fitzgerald (Chair)
- Fiona Ann Oliver (Deputy Chair)
- Dianne Victoria Williams (nee McAteer)
- Graham Arthur Naylor
- Simon Marshall Craddock
- John Ross Duncan
- Bevan Edward Killick

Trustee - Board member changes

During the Year, the Trustee had the following Board changes:

- Sarah Roberts completed her term as Chair of the Public Trust Board and as a Board Member on 31 August 2017.
- Ian Fitzgerald was appointed Chair of the Board on 1 September 2017.

Professional advisers

The trustee is assisted in the management of the Plan by the following professional advisers:

- **Auditor:** PwC
- **Administrator:** Mercer (N.Z.) Limited
- **Investment consultant:** Mercer (N.Z.) Limited
- **Securities registrar*:** Mercer (N.Z.) Limited
- **Solicitor:** DLA Piper
- **Tax consultant:** Deloitte

There were no changes to the professional organisations assisting in the management of the Plan during the year ending 30 June 2018.

*The securities registrar holds the Plan's member register.

HOW TO FIND FURTHER INFORMATION

Further information relating to the Plan, including financial statements, annual fund updates, the trust deed and statement of investment policy and objectives is available on the Offer Register and Scheme Register at www.disclose-register.companiesoffice.govt.nz (search for *Employee Retirement Plan*).

Information relating to the Plan is also available from the Manager at the address below.

There is no charge for providing any of the above information.

CONTACT DETAILS AND COMPLAINTS

The Trustee and Administration Manager

Public Trust

Corporate Trustee Services

PO Box 5067

Wellington 6140

Phone: 0800 371 471

Email: CTS.Enquiry@PublicTrust.co.nz

Address communications for the Trustee, administration manager or securities registrar to:

Derek Vincent

Secretary

Employee Retirement Plan

Mercer (N.Z.) Limited

PO Box 2897

Wellington 6140

Phone: 04 819 2600

Email: derek.vincent@mercer.com

Complaints

All complaints must be made in writing and should initially be addressed to the Secretary at the above address.

The Trustee undertakes to investigate your concerns promptly and fairly.

The Trustee is a member of an independent dispute resolution scheme, Financial Services Complaints Limited ('FSCL').

If you are not satisfied with the Trustee's decision about your complaint, you may refer the matter to FSCL at the following address:

Financial Services Complaints Limited

101 Lambton Quay

PO Box 5967, Lambton Quay

Wellington 6140

Phone: 0800 347 257

Email: complaints@fscl.org.nz

Full details of how to access FSCL can be found on their website www.fscl.org.nz.

FSCL will not charge you a fee to investigate or resolve a complaint.

