

Employee Retirement Plan

Member Booklet



Planning tomorrow's retirement today

Introduction

The Teachers Retirement Savings Scheme ('the Scheme') has been specially designed for New Zealand teachers and principals in state and state-integrated schools and is part of the Employee Retirement Plan ('ERP'). The government closed the Scheme to new members from 30 September 2008.

This booklet is provided to give you general information about the Scheme. It is not intended to be financial advice and doesn't take into account your personal objectives, financial situation or needs. Before making financial or investment decisions, it is recommended that you contact a suitably qualified financial advisor. The Financial Markets Authority ('FMA') website, www.fma.govt.nz/investors/getting-financial-advice, provides helpful information about choosing the right financial adviser.

Scheme basics

Your contributions

If you are a **subsidised member** (i.e. your employer is contributing to the Scheme on your behalf), you can choose to contribute any percentage of your salary with a minimum of 1% and any multiple of 0.5% (for example, 2.5% or 3% but not 2.75%). Your contributions up to 3% of your salary are allocated to your **Basic Account**.

Contributions in excess of 3% of your salary are classified as voluntary contributions and allocated to your **Voluntary Account**.

If you are an **unsubsidised member** (i.e. your employer is not contributing to the Scheme on your behalf) and you joined your current school on or after 1 July 2007, the minimum member contribution is 4% of your salary. You may contribute more, which must be a multiple of 0.5% of your salary.

All member contributions must be made through payroll.

Changing your contributions

You can change or suspend your contributions by completing and returning a *Vary or suspend contributions* form (www.teachersretire.org.nz/content/dam/newzealand/teachersretire/documents/member-forms/TRSS_Form5_VaryOrSuspendContributionsForm.pdf). The rules that applied to your contribution rate when you joined the Scheme also apply to any rate changes. Generally, you can only change your contributions three times in any 12 month period. Your new rate will take effect from the date of your next pay or as soon as practicable.

Unpaid leave of absence

If you are on approved unpaid leave of absence, you can choose to make regular contributions of a minimum of \$10 per payment. Contributions must be made by automatic payment to payroll (via the Ministry) and must not exceed the amount or frequency of your contributions immediately before you went on leave.

Employer contributions

Regular employer contributions

If you are a subsidised member, your employer matches your contributions up to a maximum of 3% of your salary. Employer contributions are paid to your **Employer Account**. If you are an unsubsidised member, your employer does not contribute to the Scheme on your behalf.

Employer contributions to KiwiSaver

If you are a subsidised member and contribute to KiwiSaver, you may elect to have employer contributions paid to the Scheme or KiwiSaver, but not both.

If you are an unsubsidised member, your employer will contribute to a KiwiSaver scheme on your behalf, but not to the Scheme.

Tax on employer contributions

Employer contributions to the Scheme are subject to contribution tax, which your employer pays to Inland Revenue in **addition** to its contribution of up to 3% of your salary.

Investments

When it comes to investing, everyone's needs and circumstances are different. While some of us are happy to accept low or even negative returns in the shorter-term in exchange for the possibility of higher longer-term returns, others prefer to settle for funds which have historically provided more consistent but generally lower longer-term returns.

This is why the Scheme offers you the option to select one or multiple investment funds from a total of four options, each with a different level of risk and likely return. This gives you the flexibility to choose an investment strategy that best suits your own individual financial needs, savings requirements and changing circumstances.

Select your fund or combination of funds carefully because the strategy you choose could have a significant impact on your lifestyle when you retire. For help getting started, go to the investor profiler tool on the Sorted website at www.sorted.org.nz/tools/investor-profiler.

You choose where your savings are invested

Selecting your investment fund(s)

The Scheme offers you four investment funds – Growth, Balanced, Stable and Cash. The funds are invested in the Mercer Investment Trusts New Zealand ('MITNZ'). Mercer appoints specialist managers, selected for their expertise in a particular asset class, to manage MITNZ's assets.

By combining different investment managers with complementary investment styles in one portfolio or fund, Mercer aims to provide members with more consistent long-term returns. Each investment fund has a benchmark (or target) asset mix, depending on its expected return and risk.

The table on the following page sets out the characteristics, objectives and risk level for each investment fund. It also shows the benchmark (or target) asset mix for each fund.

Please note: The actual mix of investments will vary from the benchmark according to market valuations. For example, if international shares perform well, the international shares portfolio will increase in value, which will affect the actual asset mix.



Growth Fund

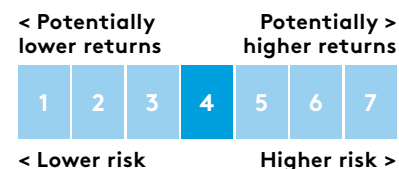
Characteristics

Potential for the highest long-term return of the four investment funds, but the greatest likelihood of negative return in the short-term.

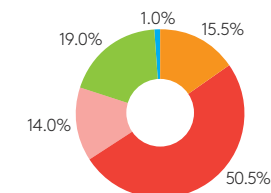
Objective

To exceed inflation by an average of at least 3.0% p.a. (after fees and tax) over a minimum 10-year period.

Risk level



Benchmark asset mix



Growth 80%, Defensive 20%

Balanced Fund

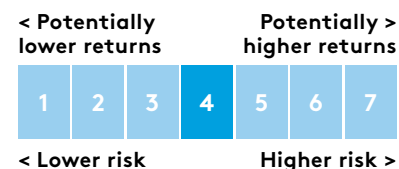
Characteristics

Expected to achieve good medium-term returns, but when compared to the Cash or Conservative Funds, this is more likely to receive a negative return in the shorter-term.

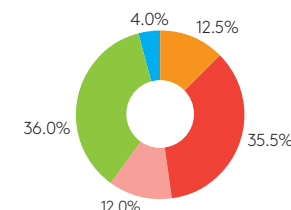
Objective

To exceed inflation by an average of at least 2.5% p.a. (after fees and tax) over a minimum 8-year period.

Risk level



Benchmark asset mix



Growth 60%, Defensive 40%

Stable Fund

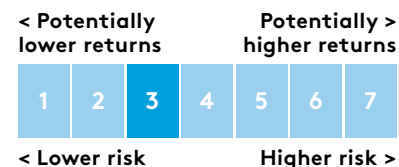
Characteristics

Intended to provide a stable return with a relatively low risk.

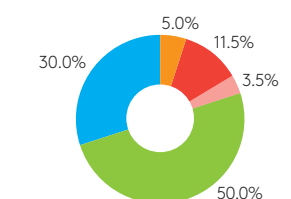
Objective

To exceed inflation by an average of at least 1.0% p.a. (after fees and tax) over a minimum 3-year period.

Risk level



Benchmark asset mix



Growth 20%, Defensive 80%

Cash Fund

Characteristics

Unlikely to achieve a negative return.

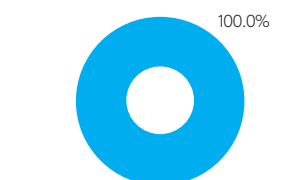
Objective

To outperform the NZX/S&P Bank Bills 90-Day Index over a minimum 1-year period.

Risk level



Benchmark asset mix



Growth 0%, Defensive 100%

Key Trans-Tasman shares Global shares Real assets Fixed interest Cash

Over time, your needs might change, so it's a good idea to check every year or so to see whether your current investment strategy continues to reflect your personal circumstances and willingness to accept low or negative returns in the shorter-term.

Changing investment funds

The Scheme offers you four investment funds – Growth, Balanced, Stable and Cash, as shown on page 3. You have the flexibility to choose a single fund or a combination of funds for your **current account balance** or **future contributions**. You can make changes to your investment fund(s) allocation at any time.

You can also direct **your own** and **your employer's future contributions** into a different fund or funds as often as you like, for no charge.

Are there any switch fees?

There is no charge for the **first** investment switch made within the financial year (1 July – 30 June). However, a fee applies for any subsequent changes during the same financial year. At the time of writing, the fee for **subsequent** changes is currently \$40.

While there is no limit on the number of switches you can make, retirement saving is a long-term undertaking. Often, it is best to stick to your savings strategy and not try to 'time the market' by making short-term decisions in response to changing market conditions.

Making an investment switch

Before making any changes to your investment strategy, you should speak with a financial adviser. A list of financial advisers is available on the FMA website at www.fma.govt.nz/investors/getting-financial-advice/finding-an-adviser.

You can submit an investment switch request:

Online when you log into www.teachersretire.org.nz.

By calling the Helpline on **0508 4 TEACH** (0508 4 83224).

Investment switch process

After submitting an investment switch request, you will receive a confirmation (receipt) that your request has been received. The Scheme is not an unitised scheme like most KiwiSaver schemes and has monthly crediting rates (interest rates) and weekly interim crediting rates. As a result, investment switch requests are processed weekly based on the following Monday's (or the next working day if the Monday is a public holiday) crediting rates. These crediting rates are not known until the Wednesday, but the actual change is made effective from the Monday. In the period prior to the investment switch being processed, your funds will remain invested in its existing asset allocation.

Find out your current investment fund(s)

Your current investment strategy is shown online.

When viewing percentages in any investment choice, please note that this site can only display whole numbers. As a result, if your account is invested across multiple investment options, the pre-populated percentages above may not total 100%.

Investment returns

It is important to understand that the Scheme provides market-linked investments. This means that the value of the underlying investments will rise and fall according to market conditions, which will affect the value of the investments shown on www.teachersretire.org.nz and on your annual statement.

Your benefits

Below are the balances that are available for you to access:

Name of Account	1. On request at any time	2. First home purchase	3. Withdrawal from age 50 (whether or not leaving school teaching)	4. Significant financial hardship/relationship property division	5. Regular fortnightly or monthly withdrawals while still in-service from age 55	6. Partially retiring within 10 years of New Zealand Super age
Basic		✓	✓	✓	✓	✓
Voluntary	✓	✓	✓	✓	✓	✓
Employer				✓	✓	✓

Name of Account	7. Permanent emigration	8. Serious illness	9. Permanently leaving school teaching due to disability, ill-health or redundancy	10. Permanently leaving school teaching after aged 50	11. On attaining New Zealand Super age	12. On death
Basic	✓	✓	✓	✓	✓	✓
Voluntary	✓	✓	✓	✓	✓	✓
Employer	✓	✓	✓	✓	✓	✓

TIP

For an up-to-date estimate of your benefits anywhere, any time, sign in to www.teachersretire.org.nz.

Your benefits in more detail

To find out which form to use for each category below, please visit page 8.

1. On request at anytime

At any time, you may transfer part or all of your account balances to any New Zealand registered or overseas superannuation scheme approved by the Ministry, provided you remain in the employment of a school.

2. Purchase of a first home

If you have contributed to the Scheme (or to any State Sector Retirement Savings Scheme or KiwiSaver scheme) for at least three years from 1 July 2007, the Trustee may allow you to make a once-only withdrawal from your Basic and Voluntary Accounts to go towards the purchase of your first home. You must intend for the house to be your main home (i.e. not a holiday home or investment property).

3. Withdrawal from age 50

When you reach age 50, even if you have yet to leave employment in a school, you may elect to withdraw from the Scheme all or any of the balance in your Basic and Voluntary Accounts.

4. Significant financial hardship/ relationship property division

At the Trustee's discretion, you may be permitted to withdraw all or part of your **Total Credit** to alleviate significant financial hardship on your part or to settle a division of relationship property under the Property (Relationships) Act 1976, upon your marriage or de facto relationship ending.

5. Regular withdrawals while still in-service

You may make regular withdrawals from the Scheme if you are either:

- aged between 55 and 65 and have reduced your working hours from full time to 30 hours a week or less; or
- aged 65 or older.

Regular withdrawals may be made on a fortnightly or monthly basis and will be paid by direct credit into your nominated bank account. For further information about making regular withdrawals, refer to the Regular withdrawals fact sheet available from the Documents page on www.teachersretire.org.nz or by calling **0508 4 TEACH** (0508 4 83224).

6. Withdrawal on partially retiring within 10 years of New Zealand Superannuation age

If you are within 10 years of reaching New Zealand Superannuation age, you have reduced your working hours from full-time to 30 or fewer hours per week and you have a signed statement from the Ministry of Education noting its understanding that your hours in paid employment will not increase, you may access your Total Credit.

7. Permanent emigration

If you permanently emigrate from New Zealand, you may apply to the Trustee to transfer your Total Credit to an overseas superannuation scheme. Alternatively, you may apply to withdraw your Total Credit one year after the date of your permanent emigration. In both cases you will be required to provide evidence of permanent emigration to the Trustee.

8. Serious illness

You can withdraw part or all of your Total Credit if, after obtaining and considering the relevant medical evidence, the Trustee considers you are suffering an injury, illness or disability that means you cannot engage in work you are suited for by reason of education, training or experience (or any combination of those things), or poses a serious and imminent risk of death.

9. Permanently leaving service due to disability/ ill-health/redundancy

If you have ceased being employed in any school (and confirm in writing that you have no intention of ever again being employed in a teaching capacity or as a principal in a school) and the Ministry certifies that you are no longer employed as a teacher because of disability, ill-health or redundancy, you have full access to your Total Credit.

Total Credit means the total balances in your Scheme accounts (Basic and Voluntary) incorporating year-to-date earnings (which may be positive, negative or nil, less any fees due for payment from the relevant account(s)).

10. Permanently leaving school teaching after age 50

You may access your Employer Account if you have attained age 50 and:

- you have ceased to be employed, either permanently or for a fixed term of two or more consecutive school terms' duration, in any school;
- the Ministry has certified to the Trustee that you have ceased to be employed, either permanently or for a fixed term of two or more consecutive school terms' duration, as a teacher or principal in any school; and
- you confirm to the Trustee, in writing, that you have no intention of ever again being employed in a teaching capacity or as a principal at any school, either permanently or for a fixed term of two or more consecutive school terms' duration.

The Scheme allows you access to your Employer Account if you retire at or after age 50, but wish to remain available as a relief teacher/principal for periods of employment, each of which is less than two consecutive school terms.

11. Withdrawal on reaching New Zealand Superannuation age

If you have reached New Zealand Superannuation age, you have full access to your Total Credit, which is payable as a lump sum.

12. Death benefit

If you die as a member of the Scheme, your estate will receive a lump sum equal to your Total Credit.



Getting your benefits paid

- To request a benefit payment, complete and return the appropriate form. Refer to page 8 for a list of forms and the benefit they apply to. Forms are available from www.teachersretire.org.nz or by calling 0508 4 TEACH (0508 483 224).
- Complete all relevant sections of the form correctly to speed up processing and, if applicable, payment of your benefit. Fees due on any payments are shown under *Charges* on page 9.
- After the Administration Manager receives your correctly completed form, they will arrange payment as soon as possible. Payment will usually be direct credited to your nominated bank account.
- Death benefits will usually only be paid once all supporting documents (e.g. certified birth and death certificates and copies of your Will and probate or letters of administration) have been received and/or sighted by the Trustee.

What form should I use?

What do you want to do?

Complete this form

	Form no.	Name
Change investment funds*	1	Investment alteration request
Request payment of a benefit on leaving teaching	2	Leaving service benefit payment request
Make an in-service withdrawal from your Voluntary Account when you are under age 50	3A	Under age 50 in-service voluntary account withdrawal
Make an in-service withdrawal from your accounts, aged 50 or over	3B	Aged 50 or over in-service benefit payment request
Apply for a significant financial hardship withdrawal	3C	Significant financial hardship withdrawal request
Apply for funds to settle a division of property on your marriage or de facto relationship ending	3D	Relationship property benefit withdrawal request
Apply for a serious illness withdrawal	3E	Serious illness benefit payment request
Notify the Administration Manager of a change to your name, postal address, telephone number(s) or email address*	4	Change of member details
Change your contribution rate	5	Application to vary, suspend or restart contributions
Make backdated contributions on returning to teaching to cover a period of parental leave	6	Backdated contributions for parental leave
Apply to make a withdrawal to go towards the purchase of a first home (or, in special circumstances, a second home)	8	First home or second chance withdrawal
Apply to transfer funds to an overseas superannuation scheme or withdraw Total Credit on permanent emigration	9	Permanent emigration benefit payment request
Apply to make regular withdrawals on or after age 55 (having reduced hours) or as of right from age 65	10	Request withdrawal request
Confirm your identity and residential address (if you have not previously done so, you must confirm your identity and residential address before a withdrawal or benefit payment can be made)		Confirmation of Identity and Address Guide (on the <i>Documents</i> page under <i>Member forms</i>). NB: You only need to confirm your identity and residential address once

TIP Scheme forms are available from the *Documents* page at www.teachersretire.org.nz or by calling 0508 4 TEACH (0508 4 83224).

*you can also make these changes by signing in to www.teachersretire.org.nz.

The Financial Markets Conduct Act

The Scheme transitioned to the new Financial Markets Conduct Act ('FMC Act') regime on 30 November 2016. From that date, the requirements of the FMC Act began applying to the Scheme. Most of the changes were operational and did not affect your membership. Some changes introduced include:

- member benefit statements to be issued to members within three months of the financial year end;
- financial statements and annual report to be issued to members within four to five months of the financial year end;
- closed Schemes (that includes the Scheme) are not required to produce a Product Disclosure Statement, as the Scheme is not open to new members; and
- fund updates are required on an annual basis.

All compliance documents can be downloaded from the Scheme website at www.teachersretire.org.nz and from the Disclose Register at www.disclose-register.companiesoffice.govt.nz (click on 'Search for a scheme', enter 'Employee Retirement Plan', and click on the 'Documents' tab).

KiwiSaver

If you change schools, you are not automatically enrolled in KiwiSaver and have the right to retain your employer's subsidy as set up immediately before you changed schools.

You can choose to join KiwiSaver at any time and choose to have employer contributions paid to the Scheme or KiwiSaver, but not both.

If your employer is contributing to a KiwiSaver scheme on your behalf, you will become an unsubsidised member and will be considered to have elected to suspend your employer's contributions to the Scheme.

Charges

Superannuation schemes and retirement savings plans commonly charge fees for activities such as administration, investment management and trusteeship.

The fees set out below are the current charges that you will have to pay, either directly or indirectly, as a member of the Scheme:

Standard administration fee: An administration fee is deducted monthly from your accounts. The fee is calculated on a sliding scale and averaged over the whole membership. For example, the fee for July 2024 is \$2.11 per member.

Fund transfer fee: The first transfer of all or part of your account balances from one investment fund to another in any financial year (i.e. between 1 July and 30 June) is free. However, if you make another transfer in the same financial year, a fund transfer fee of \$40 will be payable. It is possible that, in time, if the Scheme's membership becomes very small, physical transfers between investment sector funds could be required to give effect to your transfer, in which case entry and exit fees will apply.

Benefit calculation fee: A fee of \$50 is payable for each withdrawal you make from the Scheme and any transfer from the Scheme to another registered superannuation scheme. Members who receive regular withdrawals are not required to pay this fee.

The above fees will be debited, when they fall due for payment, from your accounts in the following order of priority:

- i. your Basic Account (if any);
- ii. your Voluntary Account (if any); and
- iii. your Employer Account.

The Trustee, after consultation with the Ministry, reviews each of the above fees, with any changes effective from the following 1 October. Investment management fees and Trustee fees are deducted from each of the investment funds before net investment earnings are determined.

Refer to the *Account Balance Details* table on your annual benefit statement to see the fees deducted from your account.

Investment management fees and Trustee fees are deducted from each of the investment funds before net investment earnings are determined. Refer to the audited financial statements for details. Copies are available by calling the Helpline.

Need help or further information? Call 0508 4 TEACH (0508 4 83224), visit www.teachersretire.org.nz or email teachersretire@mercero.com.

Other important information

Taxes

As at 9 May 2025 when this booklet was prepared:

- the Scheme's taxable investment earnings are taxed at 28%;
- your employer's contributions are subject to a contribution tax, which the Ministry (as your employer) pays to Inland Revenue on top of its contributions on your behalf; and
- Scheme benefits are paid free of income tax.

Trust Deed amendments

From time to time, the Trustee (with the Ministry's consent) can amend the Trust Deed of the ERP or the participating employer agreement governing the Scheme. Under certain circumstances (for example, if members' benefits could be reduced or fees increased), the Trustee must obtain the written consent of all affected members.

In addition, no amendment can be made without the consent of the FMA or that which would cause the Scheme to cease complying with section 84B of the State Sector Act 1988.

Scheme documents

Once a year, the Administration Manager will send you an annual member statement detailing the funds accumulated in the accounts held for you in the Scheme as at the most recent year end (30 June). At the same time, you will be sent a copy of the Scheme's annual report.

Your annual member statement must be sent to you within three months of the end of the Scheme year (30 June).

As a Scheme member, you are entitled, on request, to:

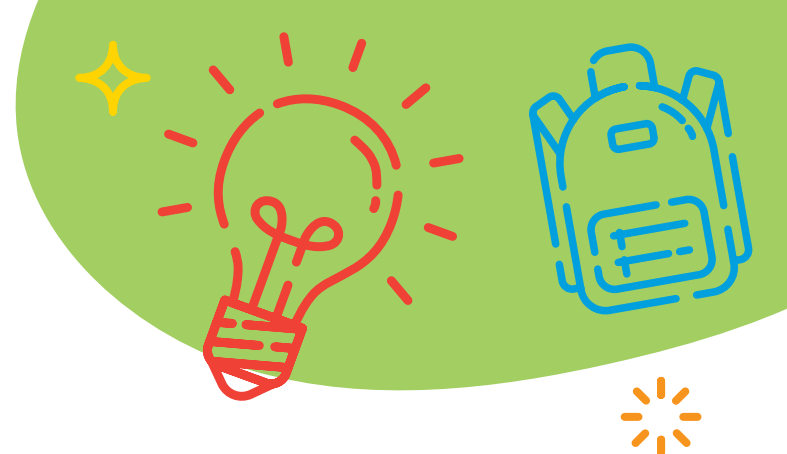
- receive copies of the full audited financial statements free of charge;
- view a copy of the Trust Deed*, or purchase a copy at a cost of no more than 20 cents per page (with a maximum fee of \$10);
- receive brief descriptions of the Trustee's investment policy and objectives*, and of the means by which those objectives and that policy can be changed; and
- view or receive (free of charge) a copy of that part of the Register of Members that relates specifically to you.

You should direct any such request to the Trustee or the Administration Manager, as appropriate.

Have your details changed?

You have an ongoing responsibility to ensure that the Trustee is kept informed of any changes to your personal details – in particular, any change of mailing address. If your details have changed, please contact the Helpline on **0508 4 TEACH** (0508 4 83224).

*Available on www.disclose-register.companiesoffice.govt.nz.



Contact information

Trustee

Public Trust

PO Box 5067
Wellington 6145

Phone: 0800 371 471

Email: cts.enquiry@publictrust.co.nz

Administration Manager

Teachers Retirement Savings Scheme

Mercer (N.Z.) Limited
PO Box 1849
Wellington 6140

Freephone: **0508 4 TEACH** or 0508 483 224

Email: nztrssep@mercero.com

Website: www.teachersretire.org.nz

Complaints

If you have any complaints about the Scheme or your investment in it, please contact either the Trustee or the Administration Manager.

Secretary to the Trustee & Complaints Officer

Marius Bornman

Mercer (N.Z.) Limited
PO Box 2897
Wellington 6140

Phone: 04 819 2675

Email: marius.bornman@mercero.com

