

The Latest News On Your Retirement Savings

Welcome to the June 2025 edition of the TRSS newsletter.

Featured in the second edition for 2025 is an update on market volatility and the lessons everyone can take away, as well as the findings of the latest Massey University Retirement Expenditure Guidelines. We also share the latest market update and Scheme returns.

If you have any questions or would like to provide feedback about the Scheme or any of the benefits, please don't hesitate to contact the Helpline at **0508 4 TEACH (0508 4 83224)** or email us at nztrsresp@mercercor.com.

Regards,

Mercer,
On behalf of Public Trust as Trustee

Update on market volatility

As we move through the second quarter of 2025, many of us are feeling the effects of market volatility and global trade tensions. Recent events, including President Trump's announcement of "Liberation Day" tariffs, have stirred up uncertainty in financial markets. These tariffs, aimed at promoting domestic industries, have raised concerns about potential trade wars and their impact on global economies.

Having the right knowledge at your fingertips supports you to make informed decisions about your retirement. Here's what you need to know about market volatility and the lessons we can all take away.

A recap on market volatility

Market volatility refers to the ups and downs in the value of investment assets over a given period. The value of any asset – be it shares, property, bonds, or commodities like gold – can fluctuate over the short-term. These fluctuations are commonly referred to as 'up markets' and 'down markets'. Markets move in cycles, and history shows that after periods of decline, they tend to recover over time.



Learn more
about market
cycles here



Lesson 1

It's all about long-term thinking. Short-term fluctuations can be unsettling, but they are a normal part of long-term investing. To achieve higher expected long-term returns from the share market, investors must accept a certain level of volatility, especially when compared to the lower returns of traditional savings accounts. Remember, investing for your retirement is a journey, not a sprint.



Lesson 2

Stay informed but avoid overreacting. While it's important to stay updated on market trends and news, it's equally crucial to avoid overreacting to every headline. Markets can be influenced by a variety of factors, and not all news will have a lasting impact. Focus on the bigger picture and your long-term investment strategy rather than getting caught up in daily fluctuations and news reports.



Lesson 3

Seek advice. We caution against making impulsive decisions based on media headlines. If you are concerned about the current market fluctuations, we recommend talking to a financial adviser before making decisions that may impact the long-term potential of your retirement savings.

As always, we are here to support your retirement goals, contact our Helpline on **0508 4 83224**.

Market news

The first quarter of 2025 has been marked by considerable economic, geopolitical, and market instability in the US – having a significant global impact. A combination of slowing economic indicators, escalating global tensions, and rising policy uncertainty has led to a reversal of the "Trump trade" (where shares soared following Trump's election win) resulting in heightened market volatility, declining US Treasury yields, and corrections in the US share markets.

After achieving a remarkable 57.8% total return over the previous two years (its best performance in 26 years), the S&P 500 experienced a correction of over 10% in the latter half of Q1, culminating in its worst quarterly performance (-4.3%) since the peak of the interest rate hike cycle in Q3 2022.

However, many international economies recovered in Q1, aided by fiscal and monetary stimulus and a weakening US dollar. China's stimulus efforts include wage hikes for government workers, increased bond issuance, a consumer goods trade-in program, and a record-high budget deficit. In Europe, rising fiscal spending is partly driven by a renewed focus on national defence amid uncertainties regarding US leadership and NATO commitments. Locally, data released in March indicated that economic activity rose 0.7% in Q4 2024, coming in above expectations and pulling New Zealand out of a technical recession. With the largest industry contributors being rental, hiring and real estate, along with a push from tourism and international visitors leading to increased activity during the quarter.





Unpacking the latest Massey University Retirement Expenditure Guidelines

The annual update to Massey University's Retirement Expenditure Guidelines has revealed that the required savings (on top of New Zealand superannuation) to live to the age of 90 for retirees has increased.

The guidelines include findings around the current costs of retirement for retirees, using data from Statistics NZ's triennial 2022/2023 Household Economic Survey.

The latest report revealed that retirees are still spending at levels that exceed New Zealand Superannuation during the 12 months to June 2024, with insurance, housing, household utilities, and transport being the primary drivers of rising costs.

This means that retirees need to supplement their superannuation with additional income or savings if they want a comfortable retirement which includes travel and dining out.

The report found that for a comfortable retirement in a city, a couple will need about \$1.14 million, while those in the provinces can manage with around \$446,000. If a couple opts for a simpler lifestyle, they will need \$120,000 in the city and \$252,000 in rural areas, all in addition to their superannuation payments.

The good news is that it's never too late to review your retirement saving strategy and assess whether changes are needed to keep you on track for a fulfilling retirement. Small changes made early can have a significant impact on your savings.



Read full report

Review communications preferences

Your annual report and benefit statement for the year ending 30 June 2025 will be sent in October and September respectively, and it is important to confirm that we have your correct information on file. To ensure the timely delivery of these documents, we ask you to take a moment to log in to our website at **www.teachersretire.org.nz**. Once logged in, please check that your contact details and communication preferences are up to date.



www.teachersretire.org.nz

Scheme returns

The table below shows the returns of each investment fund for the first six months of the Scheme year, along with the returns from the two years prior.

	Scheme year-to-date 9 months to 31 March 2025	12 months to 30 June 2024	12 months to 30 June 2023
Cash Fund	2.69%	4.1%	2.9%
Stable Fund	3.33%	4.6%	2.8%
Balanced Fund	4.82%	7.4%	6.0%
Growth Fund	5.36%	9.2%	8.0%

You can find the latest information on monthly returns here:



More information



Retirement
calculator



Financial
advisers



Helpline

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Scheme
website

