



...for the teacher

Newsletter

January 2011

The Teachers Retirement Savings Scheme – Your Scheme

Welcome to the first newsletter for the 2010/2011 Scheme year. By now you would have received your annual report and personalised benefit statement for the year to 30 June 2010. If you haven't, please get in touch with the Helpline on 0508 4 TEACH (0508 4 83224).

This issue looks at the latest Scheme news, some of your most frequently asked questions and an update on the Scheme's progress since the 30 June 2010 Scheme year end. We've also included an article on spring cleaning your super, after responses to the survey you recently received identified retirement and savings strategies as one of the key areas you would like to see covered.

Scheme news

Have you checked out the Scheme's new online Investment Choice Basics guide?

The Scheme's website now hosts a new online guide to the basics of investment choice. If you're thinking of making a change to your investment arrangements, or want to make sure your investment arrangements are still appropriate, this guide can help you with this. Simply visit the Scheme website at www.teachersretire.org.nz.

New website on its way!

We're pleased to announce that a major upgrade of the Scheme's website is scheduled for early 2011. The new website will include a wide range of features and much more functionality to help you manage your super more effectively. Stay tuned for more information closer to the time!

Dispute resolution changes

Public Trust, the Scheme's Trustee, is now a member of an independent dispute resolution scheme, operated by the Insurance & Savings Ombudsman ("ISO").

New legislation requires financial service providers (including trustees of superannuation schemes) to be registered on the financial services providers register since 1 December 2010. The aim of this legislation is to give consumers (such as members of superannuation schemes) access to a complaints procedure that is fair, accountable and effective.

Public Trust was not required to register as it is a Crown entity. However, it decided to voluntarily register in order to provide the same sort of assurance to members of schemes where it acts as trustee, as its competitors provide.

If you are not satisfied with the service you receive from the Trustee you should get in touch. The Scheme has a complaints process and undertakes to investigate your concerns promptly and fairly. You may make a complaint by telephone, email or in writing. (Please refer to the Scheme's contact details at the bottom of the following page.)

If you are not satisfied with the Trustee's response to your complaint, you may refer the matter to the ISO. Full details of how to make a complaint and copies of the ISO complaint form can be obtained from their website <http://www.iombudsman.org.nz>. There is no cost to you to use the services of the ISO.

Let's take a look at some of your most frequently asked questions

The Helpline team has put together a list of your most frequently asked questions. Over the next few issues these questions will be covered bit by bit. In this issue we look at what members have been asking us about **contributions**.

How can I change my contribution rate?

To change your contribution rate all you need to do is get in touch with the Helpline on 0508 4 TEACH (0508 4 83224). From here one of our consultants will send you the 'Vary or Suspend Contributions' form to complete.

Alternatively, if you have your Member Number and PIN, you can download this form from the Scheme's website, www.teachersretire.org.nz. (Your Employer Number is 900021.)

Once you have completed the form, send it on to the Ministry of Education (MOE) at PO Box 1317, Wellington. The MOE will then complete the form and send it on to Mercer, the Scheme's administrator.

You can change your contribution rate at any time during the year but remember, you can only make three changes in any 12 month period and you must contribute at least 1% of your salary.

Do I have to contribute?

No. You can suspend your contributions at any time during the year. Simply contact the Helpline or visit the Scheme's website. You will need to complete the 'Vary or Suspend Contributions' form. Once completed, send the form on to the Ministry of Education.

How do I make voluntary contributions?

Again, all you need to do is contact the Helpline or visit the Scheme's website. You will need to complete the 'Make Lump Sum Contributions' form.

Return the completed form and cheque to Mercer at PO Box 1849, Wellington. Your cheque will then be credited to your account once your request is processed.

If your voluntary contribution is over \$10,000 you will need to include a copy of your photo ID (for example, your passport or drivers licence) and details of where the money is coming from (for example, bank term deposit, income from an investment, etc.).

A positive start for the new Scheme year

As the table below shows, investment returns for the new Scheme year got off to a good start.

Scheme Returns After Tax, Fees & Expenses		
	Scheme year to date (6 months to 31 December 2010)	Year to 30 June 2010
Cash Fund	1.29%	2.43%
Stable Fund	3.51%	9.13%
Balanced Fund	6.39%	11.01%
Growth Fund	9.33%	10.57%

The returns for the six months to 31 December 2010 have been calculated on a standardised basis and are indicative only, reflecting the monthly changes in unit prices for each Fund. The actual returns you receive may differ from those shown as the timing and amounts of your contributions may impact on your actual returns.

Past performance should not be relied on as an indicator of future returns and care should be exercised not to make decisions based on past performance only.

After a dip in the final quarter of the previous Scheme year, the new Scheme year has seen the market recovery regain momentum, though at a slower pace than previously.

New Zealand shares had a strong rebound, largely shrugging off weak domestic economic data. In particular, construction and manufacturing stocks boosted returns, as investors expect these stocks to benefit from the global economic recovery. The market also responded positively to the reconstruction efforts in Canterbury, after the 7.1 earthquake.

Across the Tasman the positive rebound in commodity prices and the strongest quarterly increase in gross domestic product in three years contributed to a strong return for the Australian market.

Further afield, returns for overseas shares were volatile as positive corporate earning results and sluggish economic data provided mixed signals. Overall, returns were solid, helped along by increasing demand from emerging economies for commodities and indications of another round of quantitative easing in the U.S. (in effect printing money to buy bonds and lower borrowing costs).

Property enjoyed strong returns in nearly all major geographies, benefiting from a positive response to European bank stress tests in July and investors' increasing willingness to take on more risk.

New Zealand fixed interest produced a solid return, thanks to the Reserve Bank's decision to hold the Official Cash Rate (OCR) "lower for longer". (Fixed interest investments benefit when interest rates fall because the security retains the interest rate applicable at the time of purchase.)

Overseas fixed interest also provided a solid return as speculation over a second round of quantitative easing gathered pace and interest rates continued to fall.

Cash remained steady, following the Reserve Bank's decision to keep the OCR steady in September.

Spring clean your super!

Even though summer is well underway, it's never too late to get your super in order with a bit of spring cleaning.

Experts suggest reviewing your super every year or so (or earlier if your circumstances change). The reality is that most of us do it less frequently.

The good news is that reviewing your super arrangements doesn't need to take a lot of time. Here are some quick tips to get you started:

1. Is your current investment choice still appropriate?

It's important your investment choice fits with your circumstances. When looking at your current investment arrangement, ask yourself: does my current investment arrangement still enable me to reach my target? How far off am I from withdrawing my savings? Do I still feel comfortable with my current investment arrangements?

The Scheme offers four funds to choose from ranging from lower risk, low return (the Cash Fund) to higher risk, high return (the Growth Fund). You can invest in one or any combination of these four Funds.

If you think your current investment choice doesn't stack up, we strongly recommend you talk to an authorised financial adviser. Let the professionals look at your investment arrangements and help you decide where the best place for you to invest is. You should also check out the Scheme's new Investment Choice Basics online guide available at www.teachersretire.org.nz.

2. Are you contributing enough?

Your retirement might last 20 years or more. It's a long time, so make sure you will have enough saved to fund an enjoyable retirement.

If you're looking to boost your super, upping your contributions is a great place to start. Remember, if you are a subsidised member your employer will match your contributions up to 3% of your salary. The more and the earlier you contribute, the better off you will be. Not only are you putting away more towards your retirement, but you benefit from compounding returns, in effect earning returns on returns.

3. Do we have your correct details?

Make sure your contact details are up-to-date so you don't miss out on important information about the Scheme, such as your annual report or benefit statement.

It's easy to check and update your contact details: simply log on to www.teachersretire.org.nz or call the Helpline on 0508 4 TEACH (0508 4 83224).

To find out more about anything mentioned in this newsletter...

- Call 0508 4 TEACH (0508 4 83224)
- Email teachersretire@mercer.com
- Visit www.teachersretire.org.nz