teachersretirement
SAVINGS SCHEME

Newsletter
July 2010

The Teachers Retirement Savings Scheme – Your Scheme

Welcome to the second Scheme newsletter for 2010. Since the last newsletter in March, investment returns have remained unpredictable, but on the whole they continued their upward trend. As the Scheme year draws to a close, it's pleasing to look back and take stock of the Scheme's returns and the progress made since the height of the global financial crisis back in 2008. However, there is still a way to go to recover from the losses incurred over the last two years.

This issue looks at the results of our recent Scheme communications survey and also includes a quick investment update and the latest Scheme news.

Congratulations to our Survey winner!

Congratulations to Andrea Pettigrew who won the $100 Prezzie Card after completing the Scheme communications survey.

Thank you to everyone who took the time to complete the survey – your feedback will be invaluable in helping us provide communications that continue to meet your needs.

With the results now in we can use the findings to continue to help you get the most out of the Scheme.

Briefly, some findings that may be of interest to you:

- Email communications are becoming increasingly popular; with just over half of those who responded saying they would prefer communications to be emailed.
- Most of those who responded said the newsletter's content was excellent or pretty good, although 16% said it was only OK and 1% felt it needed improvement.
- The majority of those who responded identified retirement and savings strategies, and investment choice and performance as topics of interest. Following behind this was global and local financial news and budgeting and managing debt.

So how does this help us?

Your feedback helps us continue to develop communication material that meets your needs. For example, a series of mini sites is currently under development, covering some of the topics you identified as being of particular interest. See opposite for details.

The survey results also allow us to look at existing communication material like the annual report and consider how the content fits in with your feedback.

Newsletters are also a great chance for us to cover topics some of you have expressed interest in – for example this issue looks at estate planning, an important part of your overall financial strategy.

Scheme news

Buying your first home? You could be eligible to make a withdrawal from the Scheme to help you on your way

If you have been contributing to the Scheme (or any State Sector Retirement Savings Scheme or KiwiSaver scheme) for at least three years from 1 July 2007, you may be able to make a once-only withdrawal from your Basic, Voluntary and Deferred Accounts.

Remember, it must be your first home, and you must intend the house to be your main home (so not a holiday home or investment property, for example).

If you wish to apply, you will need to complete the 'First Home Withdrawal' form, available from the Scheme's website, www.teachersretire.org.nz, or from the Helpline.

For more information, call the Helpline on 0508 4 TEACHERSRETIRE (0508 4 83224) or you can email teachersretire@mercer.com.

Keep an eye out for the new 'Investment Choice' minisite

A new mini website has been designed to provide you with key pointers you might want to keep in mind next time you decide to review your investment strategy.

The minisite is scheduled be up on the Scheme's website by July or August 2010.

2009/2010 annual report and benefit statements due out soon

The Scheme's annual report is scheduled for delivery to your mail box during early to mid October 2010.

Slow but steady progress made since the last Scheme newsletter

As the table below shows, Scheme returns made steady progress since the last Scheme newsletter.

Despite some weakening during April and May, the returns for the Scheme year so far (11 months to 31 May 2010) are pleasing, and compare well to the 30 June 2009 Scheme year returns. However, it's important to keep in mind that we are not yet 'out of the woods'. There is still a way to go to recover from the losses incurred in the wake of the financial crisis.

Scheme Returns After Tax, Fees & Expenses			
	4 months to 31 May 2010	**Scheme year to date (to 31 May 2010)**	**Year to 30 June 2009**
Cash Fund	0.70%	2.24%	3.92%
Stable Fund	1.71%	9.63%	-4.44%
Balanced Fund	1.71%	12.51%	-11.27%
Growth Fund	1.21%	13.25%	-17.78%

The returns for the four and eleven months to 31 May 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.

Since the last newsletter the debt crisis in Europe has seen share markets weaken, despite the release of positive economic data in certain sectors around the world.

Returns from fixed interest continue to be sound, reflecting investors' preference for lower risk assets. Record low short-term interest rates continue to keep returns from cash modest.

The ongoing debt crisis in Europe continued to cause concern. Shortly after agreeing to a €10 billion package to rescue Greece from its rising government deficit and debt levels, European financial ministers were faced with a downgrade in Spain's credit rating and concerns about Portugal.

Fears have also grown that the United State's shaky recovery could be derailed if Europe's debt crisis seeps further into the global economy, which could crimp lending in the US and around the globe. Consumer confidence in the US has taken a hit, further undermining earlier progress.

In New Zealand the economic recovery continues to make steady progress. Data released recently showed that over the March quarter, inflation growth was slower than expected and unemployment fell from more than 7% to 6%. The strength of the New Zealand dollar relative to the US dollar in particular, continues to hamper prospects of an export-led recovery.

Estate planning: do the right thing for the people you love

How can you make sure your assets will be protected and your loved ones taken care of if something should happen to you? The answer: estate planning.

An effective and up to date Will is central to the estate planning process and an important part of your overall financial strategy.

What is a Will?

Firstly, let's clarify the terminology. A Will is a legal document which formally spells out who will receive your assets in the event of your death. It also states other wishes you may have, such as instructions for your funeral.

Another crucial term to understand is estate planning. This is the overall process of working out beforehand how your assets are to be distributed on your death.

So, a Will is a document prepared as part of the overall estate planning process.

It is strongly advised that you have a Will drafted by someone with experience, rather than taking the 'do-it-yourself' approach. Your Will must be signed and witnessed – if the procedures are not properly followed a Will may not be valid.

What will happen if I die without a Will?

If you die without a Will, your property and belongings will be distributed according to the law. The law decides who (from among your family) gets your assets. This may not be what you would have wished or what your family wants and the process may also take longer and be more expensive. If there are no relatives in the categories listed in the relevant legislation your estate would go to the Government.

What about my super?

If you die while you are a member of the Scheme, the Trustee will pay your benefit to your estate. It's important that your preference as to whom your benefit is paid is made clear in your Will, so this can be taken into account.

How often should I update my Will?

Wills should be reviewed regularly (say, every five years) and amended as your personal circumstances change. In particular, you need to make (or update) your Will if you marry, enter a civil union or de facto relationship, or when you have children. You also need to update your Will if a relationship ends.

To find out more about anything mentioned in this newsletter…

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

This document has been prepared by Mercer (N.Z.) Limited on behalf of the Trustee of the Teachers Retirement Savings Scheme. This document does not contain investment advice and no investment decision should be made based on this information without first obtaining appropriate professional advice. In addition, past performance cannot be relied upon as a guide to future performance.