

Newsletter

March 2010

The Teachers Retirement Savings Scheme – Your Scheme

Welcome to the first Scheme newsletter for 2010. As mentioned in the 2008/2009 annual report, investment markets started to recover in March 2009, which is reflected in recent Scheme returns. Performance during the seven months to 31 January 2010 has been especially pleasing, with all Funds (Cash, Stable, Balanced and Growth) posting positive returns.

This issue summarises the impact of a recent law change on members who change schools, looks at the trends we've seen in investment markets since the Scheme year-end and suggests some factors to help you work out how much you need to save and how to maximise your super.

IMPORTANT INFORMATION:

Changing schools? From 6 October 2009 your employer subsidy to the Teachers' Scheme is no longer affected.

A recent change to legislation means that if you change schools, you will no longer be automatically enrolled in KiwiSaver when you join the new school.

Consequently, your employer's contribution to the Teachers' Scheme will no longer be affected when you change schools.

What do I need to do?

Nothing. If you change schools and would like your employer's contributions to the Teachers' Scheme to continue, you don't need to do anything - your superannuation arrangements in the Teachers' Scheme will remain the same as they are when you change schools.

If you are a member of KiwiSaver as well as the Teachers' Scheme when you change schools, your employer contributions will continue as set up prior to the transfer (unless, of course, you elect to make a change).

If you would like to join a KiwiSaver scheme you will find all the information you need at www.kiwisaver.govt.nz. Please note that your employer's contributions will be directed to either the Teachers' Scheme or KiwiSaver, but not both.

Remember, in the Teachers' Scheme your employer matches your contributions up to 3% of your salary. You can contribute anywhere from 1% of your salary upwards in multiples of 0.5%. Your employer's contribution to KiwiSaver is a set rate of 2% of your salary.

Go in the draw to win a \$100 Prezzy Card!

Complete the Teachers Retirement Savings Scheme Member Survey about Scheme communications at www.teachersretire.org.nz under the 'Your super value' tab and go in the draw to win a \$100 Prezzy Card.

The survey closes on 7 April but to be eligible to win the prize you need to complete the survey before 31 March.



Positive returns for all Funds

The chart below shows the effect the recent upturn in the markets has had on Scheme returns for the seven months to 31 January 2010 in comparison with returns for the Scheme year to 30 June 2009, when the Scheme was still feeling the effects of the Global Financial Crisis.

Scheme Returns <u>After Tax, Fees & Expenses</u>		
	7 months to 31 Jan 2010	Year to 30 June 2009
Cash Fund	1.54%	3.92%
Stable Fund	7.79%	-4.44%
Balanced Fund	10.62%	-11.27%
Growth Fund	11.90%	-17.78%

The returns for the seven months to 31 January 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.

Investment markets show signs of recovery

The first seven months of the current Scheme year saw the global economic recovery gather pace, as positive economic data continued to emerge. Recovery was a bit patchy, but there was an overall upwards trend which spanned across almost all countries (New Zealand included).

Trans-Tasman shares had a good run for much of the seven months to 31 January 2010 benefiting from both global and domestic share market recoveries.

Overseas shares also had a strong run for the seven months to 31 January 2010, despite a minor set back in October and again in January. Improved returns were helped along by investors moving back into shares as their appetite for risk reverted to pre-financial crisis levels.

Property provided strong returns for the seven months to 31 January 2010. This improvement was largely thanks to improved investor sentiment and continued evidence of the global economic recovery.

New Zealand fixed interest posted moderate returns for the seven months to 31 January 2010 reflecting initial expectations that the Reserve Bank of New Zealand is set to increase interest rates earlier than previously anticipated.

Overseas fixed interest produced only modest returns for the seven months to 31 January 2010. This reflected a lack of demand as investors looked to take more risk and move out of defensive assets like fixed interest and back into growth assets like shares and property.

Cash returns remained stable, with the OCR remaining unchanged at 2.5% over the seven months to 31 January 2010.

The countdown: will my super last me through my retirement?

Will you have enough money saved to fund your retirement comfortably?

You need to make sure that your savings will last you through your retirement – after all, your retirement years should be some of your most enjoyable.

A general rule of thumb is to base your annual retirement income needs on 70% of your current salary. There are also a number of factors you may want to consider, such as:

- The lifestyle you aim to have when you retire
- Any other investments or assets you have
- Any continuing financial obligations (e.g. mortgage or rent)
- When you plan to retire
- Whether you are single or living with a partner

Maximising your super

Retirement is there to be enjoyed and superannuation is there to make this possible.

Here are a few tips to help you along the way:

- Plan, plan plan
- The more you know the better you can plan
- Start now!
- Increase your contributions or make voluntary contributions
- Talk to a financial planner
- Work longer or part time

This article is a summary of some aspects you might want to consider when looking at your retirement. For further information visit www.teachersretire.org.nz and click on the 'Latest News & Tips' tab to access a more detailed version of this article.

To find out more...

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

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