

TEACHERS RETIREMENT

SAVINGS SCHEME



Welcome to the second newsletter for the 2012/2013 financial year. Scheme returns continue to progress well, thanks to another strong quarter. You'll find more details of this in the following section.

In this issue we also introduce our newest feature — a mobile friendly website, helping you access information about your super whenever, wherever! You'll find more information about this, as well as the latest super news on the following page.

Investment commentary for March 2013 quarter

A strong start to 2013

The March 2013 quarter saw markets continue to build on the progress made in the first half of the Scheme year, although a number of international events kept investors nervous.

Investors enjoyed a strong month of returns in **January** as the expected (albeit late) partial resolution of the US "fiscal cliff" encouraged investors' optimism. In Europe, early repayment of funds loaned to European banks as part of the Long Term Refinancing Operation also contributed to a more rosy economic outlook. There was, however, a blight on the horizon in the form of the upcoming Italian elections. The nation is facing the prospect of a resurrection of former Prime Minister Silvio Berlusconi's political career. Such an outcome would almost certainly see Italy exit the Euro.

These fears were heightened in **February**, as Italian politicians struggled to form a government following elections. Meanwhile in the US politicians continued to argue over a debt reduction package. No lasting agreement was reached and the first round of spending cuts began on 1 March 2013. As a result, returns for the month were flat, although still positive.

March saw markets again rally, giving returns another boost. Central to this was the release of US economic data, which painted a very encouraging picture of an economy in transition. This was further buoyed as Federal Reserve Chairman, Ben Bernanke reiterated his

support for further quantitative easing packages (in effect, governments printing money to reduce interest rates) into 2014. Despite this there was still some uncertainty in the markets, as the European Debt Crisis reared its ugly head once more. This time Cyprus was the problem child, with bailout conditions causing widespread discontent thanks to an announcement that investors with more than €100,000 would effectively have their funds frozen and subject to a tax of up to 40%. This was exacerbated following comments by Eurogroup head Jeroen Dijsselbloem that this could become the blueprint for future bailouts.

Market outlook

It is now clear that global downturn bottomed in the second half of 2012. However, since then the recovery has been uneven, concentrated primarily in the US, Germany, China and other parts of the developing world.

Moreover, economic data softened abruptly across almost every major region towards the end of the quarter, threatening a repeat of the past three years in which global growth stalled in the second and third quarters of the calendar year.

Meanwhile in New Zealand the recent drought which affected the entire North Island is expected to have a profound effect on our Gross Domestic Product (GDP), although the full extent of this is not yet clear.

Scheme performance

The table opposite shows the indicative returns for each of the Scheme's funds for the nine months and 12 months to 31 March 2013 and the previous Scheme year to 30 June 2012.

As you can see, the 2011/2012 Scheme year was challenging, however returns since then have improved significantly.

<i>Indicative Returns After Tax & All Expenses</i>			
	Scheme year-to-date (9 months to 31 March 2013)	12 months to 31 March 2013	Scheme year to 30 June 2012
Cash Fund	1.62%	2.29%	2.52%
Stable Fund	5.14%	5.33%	2.69%
Balanced Fund	8.36%	7.69%	0.59%
Growth Fund	11.90%	9.04%	-2.23%

Note: *These numbers 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.*

Scheme news

Check out our new mobile website. Your super to go!

We're pleased to announce the launch of our new mobile site, which allows you to see details of your super on your smartphone in a mobile-friendly format.

To access the new mobile site, enter www.trss.superfacts.co.nz into your smartphone browser or scan the QR code opposite using your smartphone's QR reader.



Not sure how to use a QR code?

Quick Response codes (known as "QR" codes) are a simple way to show information that can be easily scanned and processed. Put simply, they're a bit like bar codes, but for smartphones.

If you have a smartphone, you can use these easily. All you need to do is download a QR Reader app (if you don't have one already) from your smartphone's app store. A number of these apps are available free of charge. Now, open the app and use it to take a picture of the code. It will decode and take the action specified — in this case, taking you to the Scheme's mobile site.

Want to start receiving these updates via email?

As you may have read in our previous newsletter, we also send these updates via email. There are a number of advantages to receiving these electronically, and it also helps us continue to work towards reducing paper waste. To receive these via email, log on to the Scheme's website and add your email address under the 'Personal details' tab or call the Helpline on 0508 4 TEACH (0508 4 83224).

New anti-money laundering legislation could affect you

Legislation to detect and deter money laundering and terrorism financing comes into effect from 30 June 2013. The extent to which superannuation schemes will be affected is uncertain, but some schemes will be able to apply for an exemption. The Trustee is considering applying for an exemption on the basis that requirements imposed will be disproportionate to the actual risk. We will continue to keep you informed of any changes once confirmed.

Changes may come at significant cost to the Scheme. Once quantifiable, these costs will be communicated to members.

Only 9% think NZ Super is enough to live on

A recent survey has found that only 9% of New Zealanders think that universal New Zealand Superannuation payments will be enough to live on in retirement. The study, conducted by Horizon Research in December 2012, also found that 65% felt that New Zealand Superannuation payments weren't enough to live on, 10% were unsure and 15% were neutral.

The survey highlights the importance of saving for retirement through superannuation schemes like the Scheme to supplement income from New Zealand Superannuation payments.

While globally New Zealand Superannuation is one of the more generous superannuation systems, for many of us this will still not be sufficient. For example, if you plan to travel or launch into a new hobby in retirement your expenditure may be higher than the income New Zealand Superannuation will provide.

For details of the current NZ Super rates, refer to the table opposite.

Current NZ Super rates

The table below sets out the New Zealand Superannuation payments that apply from 1 April 2013.

If you are eligible for New Zealand Superannuation, the amount you are paid will depend on your personal circumstances. Here are some of the more common rates of payment:

Pension type	Net weekly rate*
Single, living alone	\$357.42
Single, sharing	\$329.93
Married, civil union, or de facto couple (each)	\$274.94
Married, civil union, or de facto couple (total)	\$549.88

* After tax at 'M' code.

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

Call: 0508 4 TEACH (0508 4 83224) **Email:** teachersretire@mercero.com **Visit:** www.trss.superfacts.co.nz

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