

August 2020

Welcome

The past few months have been highly disruptive not only for financial markets, but also for kiwis both professionally and personally as the country went into national lockdown. The Scheme is always here if you need it. Give Helpline a call on 0508 4 TEACH (0508 4 83224) if you want to speak with someone about your retirement savings or email teachersretire@mercer.com.

This edition includes an update on financial market performance over recent months, videos explaining market volatility, Scheme returns, estate planning, and notice that your member statement and annual report is due out soon.

The Markets

Global financial markets experienced heightened volatility over recent months following the rise of COVID-19. March was a tough month for the global investment markets, with market fluctuations reaching a scale not seen since the Global Financial Crisis in 2008. The worst affected sectors of share markets were generally energy and real estate. Meanwhile, the better places to be positioned were in the consumer staples (such as Colgate, Palmolive, Walmart, Coca-Cola, and Mondelez International), healthcare and I.T. sectors.

Financial markets experienced a strong positive rebound in April, despite COVID-19 continuing to spread. US share markets had their best performance since 1987 as the prospect of economies gradually re-opening (after being in lockdown) sustained the rally in growth assets. This continued into May, with the US share market back to where it was at the start of 2020.

The rate of new COVID-19 cases continued to increase in many parts of the world, and although the number of new cases started to slow in the US in May, the trend sharply reversed in June across Southern and Western States, while Brazil, Russia, and India saw cases rise rapidly.

Despite the ongoing effects of COVID-19, developed equity markets (that includes the US, UK, Canada, Australia and New Zealand) were up +2.4% in local currency terms in June.

To read the full article go to secure.superfacts.com/public/trss and click 'Article Library'

What's market volatility? New videos out now

Have you seen the latest videos on market volatility? These will give you a basic understanding of how share market cycles work, the types of asset classes there are, how they are affected by market fluctuations and the common strategies to help manage risk. They also look at some factors you should consider when choosing an investment strategy.

Watch the video at secure.superfacts.com/public/trss, click 'Article Library' and select 'investments'

Switching your investment fund

The Scheme offers you four investment funds – Growth, Balanced, Stable, and Cash (more information about each investment fund is available in the Member Booklet). You have the flexibility to choose a single fund or a combination of funds for your current account balance or future contributions. However, before you decide to change your investment fund(s) it is important to gain financial advice and understand what's involved in the investment switching process.

Read more on investment fund switching at secure.superfacts.com/public/trss and click 'Article Library'

Your member statement and annual report due soon

We are currently working on your member statement and annual report for the year ended 30 June 2020. These will be with you in the next few months. These important documents show how your retirement savings have performed over the year, and other information relating to the four investment options and Scheme administration. Keep an eye out for these documents.

Scheme returns

The table below shows the returns of each investment fund for the Scheme year*, along with a comparison to the returns from the year prior.

Returns after tax and expenses			
	Scheme year-to-date (12 months to June 2020*)	12 months to 30 June 2019	12 months to 30 June 2018
Cash Fund	0.89%	1.51%	1.51%
Stable Fund	2.94%	4.49%	3.84%
Balanced Fund	1.87%	5.27%	7.52%
Growth Fund	1.20%	5.66%	9.78%

*these are interim rates and may change when the final interest rates are declared for the year.

You can find the latest information on monthly returns at secure.superfacts.com/public/trss and click 'Article Library'

Monthly market updates

Get the latest information about how selected markets are performing direct from the Scheme website. The Selected Market Indicators summarise key factors which impacted financial markets during the month, and include some key metrics on how specific indexes performed.

June's edition is available at secure.superfacts.com/public/trss and click 'Article Library'

Retirement savings is a long-term undertaking

It's a fact that financial markets can be volatile. You may have noticed your account balance going up and down recently and when this happens it's natural to feel a little nervous. However, it is important to recognise that your savings won't always grow at a steady rate. Sometimes they'll surge ahead, sometimes they'll stay flat and sometimes they'll dip. The good news is that over the longer term, markets typically recover. Saving for retirement is a long term undertaking, and returns over 10+ years remain positive.

COVID-19 and your money: *Live* sorted

7 things to do right now

We're living in such a changed world that it can feel overwhelming. The coronavirus has upended our working lives, our kids' lives, and our money lives as well. That said, there's a lot we can do: here are 7 things to do straight away.

See the 7 things to do at sorted.org.nz/must-reads/covid-19-and-your-money-7-things-to-do-right-now

Estate planning – enduring power of attorney

An enduring power of attorney (EPA) is a legal document that gives someone you trust (referred to as your "attorney") the power to make decisions on your behalf if you lose the ability to make decisions yourself. There are two types of EPA:

- **EPA for Personal Care and Welfare** – one that gives someone the power to make decisions about your health and welfare, such as selecting a rest home, or deciding on and/or refusing medical treatment. However, this only comes into effect when you lose your mental capacity and a health practitioner has issued a medical certificate stating so, or if the court also reaches that decision.
- **EPA for Property** – one that gives the power to either one or more individuals or a trustee corporation to make decisions on your money and property. You can decide whether you wish this to take effect immediately or only once you lose your mental capacity.

In making decisions, your attorney(s) have to follow any conditions and restrictions set out in the relevant EPA.

The Citizens Advice Bureau shares some things to consider when choosing to give someone power of attorney. You can set up an enduring power of attorney through your lawyer or trustee corporation.

To read the full article go to justice.govt.nz/family/powers-to-make-decisions/the-court-and-enduring-power-of-attorney-epa

Contact us

To find out more about anything mentioned in this newsletter please call us on 0508 4 TEACH (0508 4 83224), email teachersretire@mercerc.com or visit www.trss.superfacts.co.nz.

 Find the retirement planner at sorted.org.nz/tools/retirement-planner

 To speak to a financial adviser visit fma.govt.nz/investors/getting-financial-advice/finding-an-adviser