

TEACHERS RETIREMENT

SAVINGS SCHEME



Welcome to the latest newsletter for the Teachers Retirement Savings Scheme. The second half of the Scheme year continued to deliver some good returns for Scheme members. You'll find more details on investment performance, latest news and a special feature on retirement in this newsletter.

Scheme performance

The table opposite shows the indicative returns for each of the Scheme's funds for 1 month and 12 months to 30 June 2014 and the previous Scheme year to 30 June 2013.

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.

<i>Indicative Returns After Tax & All Expenses</i>			
	1 month to 30 June 2014	Scheme year- to-date (12 months to 30 June 2014)	Scheme year to 30 June 2013
Cash Fund	0.20%	2.26%	2.12%
Stable Fund	0.10%	5.85%	4.69%
Balanced Fund	-0.02%	9.03%	8.44%
Growth Fund	-0.15%	12.23%	12.78%

Investment commentary

The first half of 2014 saw some volatility in the investment markets.

January proved to be a difficult month for most share markets including emerging or developing markets. The exception was the New Zealand share market, which had a very good month.

February saw markets respond positively to confirmation from the new chair of the US Federal Reserve, Janet Yellen, that US interest rates would remain unchanged. Although some weaker economic data emerged from the US, much of the weakness in the data was attributed to the severe winter.

Investment returns weakened in **March** despite positive returns from the US market, European markets were dragged down by the continued unrest in the Ukraine and its potential consequences for Russia and the rest of the Europe.

In **April** markets performed solidly. The US share market largely ignored negative growth data and was boosted by Federal Reserve's announcement it would reduce the monthly asset purchasing programme.

May was another good month generally for share markets. International shares had an excellent month helped by the release of positive economic news in the US and signs the European Central Bank may reduce interest rates and increase the money supply to stimulate economic growth.

Scheme News

If you have supplied your email address to the Scheme your benefit statement and annual report will be emailed to you.

To receive these documents by email here's what you have to do:

Step 1: Go to www.trss.superfacts.co.nz, sign in to your account.

Step 2: Select the personal details tab near the top of the page.

Step 3: Click on the update your current details link towards the bottom of the page.

Step 4: Enter your email address in the space provided.

Step 5: Confirm you have read the supporting important information and click next step.

Step 6: Review and confirm your changes.

How to reset your PIN?

To reset your personal identification number (PIN) go to www.trss.superfacts.co.nz, click on **reset your PIN** in the sign in box and follow the directions.

You will be asked to enter your member number and date of birth. You might want to locate a previous benefit statement or another document, which has your number on it.

Alternatively, you can request a new PIN by calling the Scheme helpline on 0508 4 83224.

Retirement: a special feature

New Zealand Superannuation pension

When you retire you may be entitled to the Government superannuation pension, which will complement your Scheme savings. The age at which you can qualify for the pension is 65.

How much do I get?

From 1 April 2014 the before tax rates for the pension are:

Married couple (both qualify): \$33,199 pa

Single person (sharing): \$20,154 pa

Single person (living alone) \$21,932 pa

For more detail on eligibility go to www.workandincome.govt.nz

Different countries, Different retirement ages



* The age for collecting full Social Security retirement benefits will gradually increase from 65 to 67 over a 22 year period.

† The Australian retirement age will rise to 70 by 2035.

What can I do with my Scheme savings at retirement?

Let's take a look at two options:

1. Leave it in super

If you don't need the cash you can leave your savings in the Scheme. Leaving your Scheme savings untouched could mean your investments will grow.

If you are thinking about leaving your savings in the Scheme you need to ask yourself the following— how will I fund my income needs? And will the New Zealand superannuation pension be enough?

2. Start a income stream

There are a variety of ways you can start an income stream in retirement.

One option might be to withdraw your lump sum and put aside a given amount in a cash based investment like a savings account to help fund your income needs over two or three years.

The remainder of your lump sum could then be put into income generating assets (eg term deposits, bonds) and growth assets (eg shares, listed property trusts) with any income received reinvested. This will help provide income and capital growth in your retirement years.

Once the cash part of your investments is used up, you may want to reallocate a portion of your portfolio invested in income and growth assets back into cash to help fund another two to three years of income and so on.

The benefit of this approach is that it helps to preserve your capital in retirement, since you are drawing down an income from cash based investments.

Want to know more?

For more information on your options at retirement go to www.sorted.org.nz or seek advice from an Authorised Financial Adviser near you.

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