

Welcome

Welcome to the final Scheme newsletter for 2019.

This edition provides you with an update on market conditions, Scheme returns to date, a feature on the benefits of planning ahead for your future, and a confirmation that employer contributions remain unchanged. You should have now also received a copy of the annual report and your personal benefit statement for the year ended 30 June 2019.

As always, if you've got any questions about the Scheme or if there is anything you would like to see included in future newsletters, please call the Helpline on **0508 4 TEACH** (0508 4 83224) or email teachersretire@mercercor.com.

We wish you all a relaxing Summer season!

Regular withdrawal option – fortnightly or monthly

The Scheme offers members the option to apply for a regular withdrawal so you can regularly receive some of your savings, while keeping a majority of your savings invested in the Scheme. Members aged 55 to 65 who have reduced their working hours from full time down to 30 hours a week or less, or members who are age 65 or over, are eligible to apply for a regular withdrawal. This is a good way to have additional income, while still remaining a member of the Scheme. For more information about the regular withdrawal option, or to apply, please download the Regular Withdrawal Fact Sheet available at www.trss.superfacts.co.nz under 'Documents & Forms'.

Investments

It was a positive few months in June and July for investors with positive returns despite signs of increasing market strain and a weakening global economic outlook. While easing central bank policies (including interest rate cuts in the US and Australia) kept share markets afloat, investors continued to buy up defensive assets despite a general downward trend in global bond yields. With global inflation and unemployment still low, markets remain finely balanced with events such as the evolving landscape of US-China trade and Brexit negotiations doing little to calm investors' nerves.

Share markets around the globe struggled in August, as investors' risk appetite reduced amid concerns of a global recession. With US President Donald Trump back on the offensive and China unwilling to bend to those demands, international trade negotiations did little to calm investors' worries.

The Reserve Bank of New Zealand (RBNZ) cut its Official Cash Rate (OCR) down 0.5% to 1.0% in early August - the largest cut since March 2011 and only the third cut of its size ever. Despite the size of the cut coming as a surprise to local markets, the RBNZ Governor, Adrian Orr, insisted that a lower OCR was needed to meet future employment and inflation objectives.

Markets picked up again in September and October as the continuation of rate cuts from leading central banks maintained a feeling of cautious optimism among investors. Despite recent market ups and downs, developed equity markets which include the US, UK, Canada, Australia and New Zealand had positive returns in October, encouraged by the reprieve in trade tensions combined with continuingly positive monetary policy.

Scheme returns

The table below shows the returns of each investment fund for the first four months of the Scheme year, along with a comparison with the returns for the year prior.

Returns after tax and expenses			
	12 months to 30 June 2018	12 months to 30 June 2019	Scheme year-to-date 4 months to 31 October 2019
Cash Fund	1.5%	1.5%	0.4%
Stable Fund	3.8%	4.5%	1.8%
Balanced Fund	7.5%	5.3%	2.6%
Growth Fund	9.8%	5.7%	2.9%

Employer contributions continue for members

Subsidised members of the Teachers' Retirement Savings Scheme (TRSS) continue to receive employer contributions of up to 3% of salary. Recent announcements of changes to KiwiSaver do not impact TRSS as the Scheme is not a KiwiSaver Scheme, or Complying Fund.

You can still choose to have employer contributions paid to your TRSS account, or your KiwiSaver account, but not both (if you are a member of both). Employer contributions to TRSS are subject to contributions tax (ECST), which your employer pays to Inland Revenue in addition to its employer contribution of up to 3% of your salary.

Government contributions (formerly called Member Tax Credits) are only made to Complying Funds. Unlike a Complying Fund, TRSS is not 'locked-in' which allows members to access their funds for a number of reasons, including access to your Member Basic Account from age 50. More information about TRSS is available in the Member Booklet available at www.trss.superfacts.co.nz under 'Documents and Forms'. If you need help or further information, please call the Helpline on **0508 4 TEACH (0508 4 83224)**.

Annual report and benefit statement out now

You should have recently received your benefit statement and annual report either by post or email, depending on which method you have told us best works for you. If you did not receive these documents, or would like to change the way you receive future communication, please login to the Scheme website (www.trss.superfacts.co.nz) at any time.

Now we're talking – Money Week 2019

Conversations about money can be difficult, yet these discussions can be some of the most important ones to have. Not talking about money with those around us can cause stress, anxiety, and unnecessary problems for many families, so Money Week 2019 shared positive ways to start those conversations.

Find out more at moneyweek.org.nz



Financial advice

There are many free budget advisory services across the country that can provide advice on debt consolidation, budgeting, and finance options. A financial mentor can help you effectively plan and save for the future. More information is available at www.moneytalks.co.nz



Saving for the future – now or later mindset?

Planning for a longer retirement is becoming increasingly important as life expectancy increases around the world. Making decisions today to save through regular contributions is a good way to help ensure you have a more comfortable retirement. However, according to research developing a long-term money-saving mindset is no easy task. Read more on the Scheme website, www.trss.superfacts.co.nz.

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

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