Teachers Retirement Savings Scheme

The latest news on your

retirement savings

Welcome to the March 2023 edition.

We hope that this newsletter finds you safe. Our thoughts are with everyone who has been impacted by Cyclone Gabrielle and the communities around the country who are now on the road to recovery.

This edition includes the latest investment returns and market commentary, article on pre-retirement tips, where to find independent financial advice on the Scheme and the financial planning tools for 2023. We also talked to Craig Taylor, a teacher at the Coastal Taranaki School, about his membership with the Scheme.

If you have any questions about the Scheme, this newsletter or your member statement, please contact Helpline on **0508 4 TEACH (0508 4 83224)** or email **teachersretire@mercer.com**.

We wish you and your family a safe year ahead.

Regards,

Mercer,
On behalf of Public Trust as Trustee

Key dates for 2023

March
Newsletter

June
Newsletter

October
Annual statement and annual report

November
Newsletter

Pre-Retirement tips

What are your retirement goals?

The concept of retirement means different things to different people. Whether it is the opportunity to travel, spend time with family, to start a new project, or to dabble in a mixture of all of the above, retirement is a time to enjoy and be free of financial stress. It can be a major life transition and we need to be honest about what our goals are and what trade-offs we are willing to live with. Even if retirement seems a while away, it is good to have a plan. Here are some tips to help you plan for retirement:

1. Start saving early and consistently as every little bit helps. Compound interest adds up over time so the sooner you start the better.
2. Calculate your retirement expenses to estimate your future needs: use some of the tools mentioned on the website to calculate how much you might need in your budget and what your retirement income could look like.
3. Diversification of the Scheme means your investments are not stored in one 'basket' and are not impacted by the performance of one company or industry.
4. The cost of living is a big topic currently so factor in inflation and how this might affect your long-term retirement income. Some members choose to keep their savings in the Scheme even after leaving employment.
5. Consider possible large expenses and health care treatments you may need after you retire.
6. Regularly review and adjust your retirement plan as needed. The most common preference is to think about finances and insurance annually. Key calendar dates are a good reminder, such as the change of year.

Member Story - Craig Taylor

Craig Taylor has been a teacher for 30+ years. He is currently a classroom teacher and has previously been a year 7-8 lead teacher and a team leader for the 7-9 cohort.

Being a teacher has given me the opportunity to shape the future of our rangatahi and I love that about my job. I also taught at a Middle school in the United States for two years, which added depth to my work. Furthermore, I have been a part of the NZ Territorial Army as an officer and went on operations in East Timor, Lebanon and Syria, eventually returning to my educational career.

I always valued the leave available to me as a teacher, as that has helped me serve my country whenever there was a need.

One thing I have learned over the years is to never have all my eggs in one basket and have some diversity when it comes to my investments. Being a part of the Teachers Retirement Savings Scheme has served me well over the years and given me peace of mind. I would say that it has been a significant part of my financial strategy but not my entire strategy. I generally visit the website to get more information regarding the Scheme, I also like to read and be in conversation with people to understand the economic world. I have been through quite a lot of financial cycles and what I have learned is to consider the bigger picture and pay attention to the economic signals before taking any decision. Over the years, I have seen some of my savings go up and down which has concerned me a little however, all my goals are long-term which is why market volatility does not bother me.

In my retired life, I look forward to spending reduced time in teaching, and having more time to catch up with my whanau as the pandemic was not an easy on us. We previously lived in Auckland, but later moved to New Plymouth and got a lifestyle block here. In my spare time, I enjoy gardening and doing things around the block as well as spending time with our dogs.

Financial tools for 2023

Retirement savings are important for the future as it is always good to have a pool of funds in case of an uncalled-for event like a health condition or expenses related to your house or car. It is always good to get started on your savings journey early on. The tools mentioned here are not just about putting aside money every month, but would rather encourage you to change your spending and savings habits and help you with budgeting for today and planning for the future.

Financial advice

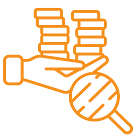
The Financial Markets Authority (FMA) website has a library of information on financial advice and where to get it.

Budgeting tool

This tool helps set goals for spending, to ensure money goes where you want it to.

Retirement calculator

How much money do you think you might need for retirement? This tool can help you plan ahead of time.



Risk tolerance tool

How much risk are you willing to take on with your investments? This tool can help give you a guide.

Money Talks

Talk to someone about setting new budget goals for the new year.

Getting independent financial advice

Getting best possible financial advice will ensure that your hard earned savings will help achieve your financial goals. An independent financial adviser considers your individual circumstances and financial goals and then advices on superannuation and other financial matters.

Before seeking advice, it is essential to find out if the adviser is qualified enough to provide guidance. All financial advisers operate differently, some work on commission basis or receive sales-related incentives or they might charge a fee.

You can find more information regarding getting the right financial adviser on the Financial Markets Authority website.

FMA website

Market news

Quarter ending 31 December 2022

After negative returns in August and September across most asset classes, the last quarter of 2022 showed early promise with positive performance in developed market equities, emerging market debt and high yield bonds. During Q4, investor sentiment generally improved on better than expected US earnings data and an expected slowdown in policy tightening, despite inflation readings and US labour market growth refusing to budge. Coming in at a revised figure of 3.2% year-on-year (y/y), Q3 US GDP sprung back from the negative territory seen in Q2, while Q3 Eurozone GDP kept its head above water at 0.2% quarter-on-quarter (q/q) amid a harsh economic backdrop. The appointment of Rishi Sunak as Prime Minister seemingly brought the UK's chaotic political scene to a close, while Xi Jinping broke the norm by cementing a third term as the President of China.

Global equity markets experienced back-to-back monthly gains over the first two months of Q4 as inflation pressures showed signs of plateauing. US inflation clocked a 0.4% rise in October, resulting in the smallest y/y increase since January. Even so, the economic outlook remained soft with major US companies, including tech-heavyweight Meta, revealing large scaled corporate layoffs as higher-pegged interest rates began to take their drawn-out effect on projected earnings performance. The continuation of this recovery rally throughout November was built upon the same rationale, as investors saw further evidence that would perhaps allow the US Federal Reserve (Fed) to take their foot off the brakes. Equities aside, fixed income returns were supported by lower real yields, while the US dollar saw a sharp decline against most major currencies amidst an increased appetite for risk assets.

The positive momentum seen over the first two months of Q4 did not last into December. Although job creation has fallen back and the signs of a slowing economy are evident, data showed that the US economy added more jobs than expected in November. Non-farm payrolls grew by 263,000 versus the 200,000 anticipated, while wage price growth shot up 0.6% to 5.1% y/y, adding further complications to the Fed's task at hand. Another round of encouraging US inflation figures gave investors a short-lived confidence boost before the Fed forged ahead with ramping up the overnight borrowing rate by half a percentage point (taking it to a targeted range between 4.25% and 4.5%), while simultaneously issuing a revised 'dot plot' which suggested a higher terminal federal funds rate and fresh tightening to come in 2023. Despite a lacklustre culmination, Q4 registered positive returns across all major asset classes to see out the year on a slightly more optimistic note, in what has been a decidedly difficult 2022 for financial markets through and through.

Scheme Returns

The table below shows the returns of each investment fund for the first seven months of the scheme year, along with a comparison to the returns from two years prior.

	Scheme Year-to-Date 7 months to 31 Jan 2023	12 months to 30 June 2022	12 months to 30 June 2021
Cash Fund	1.41%	0.6%	0.1%
Stable Fund	1.67%	-4.8%	4.5%
Balanced Fund	3.64%	-7.5%	14.1%
Growth Fund	4.68%	-8.5%	19.5%

You can find the latest information on monthly returns **here**.

Access your online acount

You can access your online account anywhere at any time by logging in with your PIN/password.

Create or reset your PIN/password online with your member number, a valid email address (which must be registered and must match to the one in our system), and your date of birth.

To check and update your personal details, visit the Scheme website.

Log in

Changing your investment option(s)

The beginning of a calendar year is a good time to review your finances, especially your super, as your personal circumstances, financial goals or the financial markets can change from time to time. Assess your situation and consider changing your investment strategy if your superannuation looks like it is not set on the right path to meet your goals. You might be willing to trade-off low or negative returns in the short-term for potential gains in the longer run.

The scheme offers you four investment funds – Growth, Balanced, Stable, and Cash. You have the flexibility to choose a single fund or a combination of funds for your current account balance or future contributions.

The Scheme gives you the option to change your investment fund(s) at any time. There is no fee for the first investment switch made within the financial year (1 July – 30 June). However, a fee applies for any subsequent changes during the same financial year. At the time of writing this article, the fee for subsequent changes is currently $40.

You can switch your investment option(s) online by logging into www.teachersretire.org.nz, by calling 0508 4 TEACH (0508 4 83224) or by filling the Investment Alteration Request form available on the website.

Before making any changes or switching your investment fund(s), it is recommended for members to read the Member Booklet (available on the website for a description of the switching process) and to get financial advice from a professional advisor.

For more information on switching your investment fund, please visit:

Scheme website

Prefer to receive updates by email?

Do you want to change your communications preferences in the new year?

Now is the perfect time to check and review how you would like to receive important Scheme information and updates so that you do not miss them throughout the year.

If you would like to change or update your preferences, log into your account at the Scheme website.

Log in

Contact Us

Retirement Planner

Financial Advisers

Helpline
0508 4 TEACH (0508 4 83224)
teachersretire@mercer.com

Scheme Website