

Welcome

It is pleasing to see that although the country returned to varying levels of lockdown in August, New Zealand share markets have continued their positive upward trend in recent months. More on the financial markets, interest rates, and Scheme returns is included in this newsletter.

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

We wish you all an enjoyable summer break, and the very best Christmas and New Year holiday season.

Interest rates

Interest rates in New Zealand and around the world are exceptionally low, and have just recently gone lower. They are the lowest they have ever been in New Zealand. This low interest rate environment we are in is positive for borrowers, like those with mortgages, however not so great for savers or investors. The Reserve Bank of New Zealand (RBNZ) have a mandate of controlling inflation and supporting full employment. One of the tools they have to do this is setting the Official Cash Rate (OCR), which influences short-term interest rates such as the 90-day bank bill rate and cash investments, as well as long-term interest rates and the foreign exchange rate.

When things aren't going well, the RBNZ will cut the OCR, which will make it easier for people and companies to borrow. This may mean people have more disposable income to spend, and companies are more likely to hire people, which is a positive cycle to help the overall economy function. The opposite happens when things are going too fast and inflation might be a concern, the RBNZ will increase the OCR to slow things down to a manageable pace.

The RBNZ has signalled that negative interest rates are a possibility and for those that are investing for the immediate future, cash may still be the best option. While it will not generate much of a return, it will still provide the stability and lower risk profile than the other Funds. However once tax and fees are taken into account, the return you get in your account (the Cash Fund mainly) may be close to zero or even slightly negative.

To read the full article go to www.trss.superfacts.co.nz and click 'Article Library'

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 (4 months to 31 October 2020)	12 months to 30 June 2020	12 months to 30 June 2019
Cash Fund	0.06%	0.90%	1.51%
Stable Fund	1.25%	3.00%	4.49%
Balanced Fund	2.21%	2.10%	5.27%
Growth Fund	2.78%	1.40%	5.66%

You can find the latest information on monthly returns at www.trss.superfacts.co.nz and click 'Article Library'

The Markets

Heightened market volatility experienced earlier this year due to the rise of COVID-19 subsided across July and August, with global share markets achieving positive returns for both months. Supportive monetary policies, including low interest rates and the wage subsidy scheme, helped support households and businesses during periods of lockdown, and as restrictions eased production of goods and services gradually increased.

Strong performance in US tech shares resulted in the share market returning +6.3% (in local currency terms) in August. Although global share markets were positive in August, Australia officially entered into a technical recession on the basis they had two consecutive quarters of declining economic growth for the first time since 1991.

The ongoing impact of the global pandemic is still being felt, with worldwide COVID-19 cases topping 33 million people by the end of September. A 'second wave' of confirmed COVID-19 cases was experienced in various countries around the world during September. Combined with the uncertainty of both the US and NZ political elections, financial markets fell during the month of September by -2.9% globally, and -1.4% locally here in New Zealand.

Financial market volatility remained elevated throughout October, in anticipation of the US presidential election campaign on 3 November. After a drawn-out process, Democratic nominee Joe Biden was announced the winner with a small majority over the incumbent President Donald Trump. Global shares were down again for October (-3.1%) as the resurgence of COVID-19 brought Europe to a standstill. In contrast, New Zealand markets saw positive returns (+2.9%) with the country's economy

picking up, spurring an increase in business confidence.

The outlook for 2020 remains highly uncertain, and depends almost entirely on the path of COVID-19. It is important to remember that saving for retirement is a long-term task and that previous market downturns (such as the Global Financial Crisis in 2008) have generally been followed by sustained periods of positive returns.

MoneyWeek 2020

Live
sorted

COVID-19 has landed many of us in the same boat with money worries, and are seeking a safe, trusted place to get our money questions answered. Sorted's Money Week 2020 campaign 'Just wondering' launched to reflect the explosion of questions about money we've seen during this time of change and uncertainty. Some of the top 10 questions asked were:

"How can I budget when I'm a shopaholic?"

"Should I be putting more or less money into KiwiSaver now?"

"I'm looking at my KiwiSaver and all the debt I'm carrying – why can't I withdraw my KiwiSaver and just pay off all my debt?"

"How soon should I start saving for retirement, and do I really need a million dollars to retire on?"

Read more at sorted.org.nz/justwondering and read all of the top 10 questions.

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'.

Upcoming website upgrade

We are delighted to let you know that the Scheme website will be upgraded in early 2021. This new platform will bring a brand new look and extra features. We will keep you up to date of these changes as they happen early next year.

Importance of having a Will

An up-to-date Will is a central part of the estate planning process. A Will is a legal document, which formally spells out who will receive your assets or your 'estate' in the event of your death. Do you have a Will? If so, is it up-to-date and does it reflect your current situation? Perhaps your financial or personal circumstances changed since you signed it.

If you don't have a Will, you can get one drawn up by a trustee corporation or a lawyer, or by preparing one yourself using a write-your-own-Will toolkit purchased from a book retailer or an online Will service. If writing your own, you may wish to have it checked by a lawyer to ensure everything is in order. You can find out more about Wills by visiting the Sorted website at sorted.org.nz.

Finding a Financial Adviser

The Financial Markets Authority (FMA) publish a list of financial advisers to help kiwis source quality financial advice. Visit www.fma.govt.nz/investors/getting-financial-advice to read more.

Member statement and annual report 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

Privacy Act 2020

From 1 December 2020, the Privacy Act 2020 sets out a new requirement for us to report to the Privacy Commissioner, any breaches that cause material harm.

As the Privacy Act is being updated, it serves as a timely reminder for members to consider their online privacy, and use a complex password if they do not have one already. A complex password includes a mixture of numbers and capital letters. Also remember do not click on any unidentified links, and do not share any of your passwords with anyone.

Contact us

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.



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