



New Zealand Post Superannuation Plan

NEWSLETTER TO MEMBERS FROM THE TRUSTEE | NOVEMBER 2018

! Special edition

Roadshow round-up

Thanks to all of you who turned out to our October/November roadshow. Our directors met with members in 14 sessions at eight sites around the country. There was lots of interest, including from members who have left Post but still have money invested with the Plan. One member drove 2 hours from Invercargill to Dunedin to join us. It's great to know that members are motivated to find out more about the Plan. Don't worry though if you couldn't join us – this special edition of our member newsletter covers the main points.

Future of the Plan

A number of members asked about the future of the Plan now that it is closed to new members. We can tell you that there are no thoughts of winding up the Plan. Membership is decreasing, but the fund is still a considerable size and many costs reduce as members exit. However, by 2022, we expect it may be more cost-effective to have the Plan managed externally. As always, we will keep you informed of any changes that are planned.



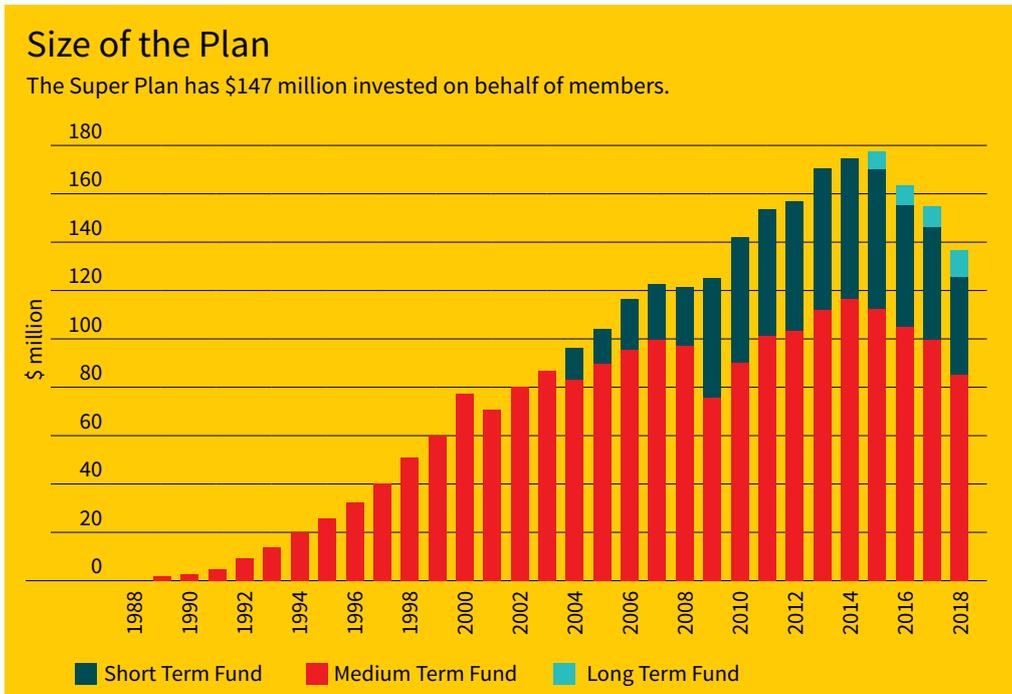
Congratulations
to Andrew Conway from Upper Hutt who won our draw for a \$100 Prezzy card for returning our roadshow questionnaire.

Things to do

Make sure you:

- have a will and that you keep your nominated beneficiaries' details up to date
- select the right tax rate (PIR) so you don't pay more tax than you need to
- talk to us about financial hardship or housing benefits if you need to
- fill in a leaving form if you leave Post (or if you have already left Post and haven't claimed your benefit).

The forms you need are on the website.



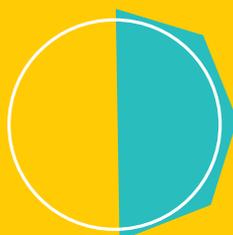


How your money is invested

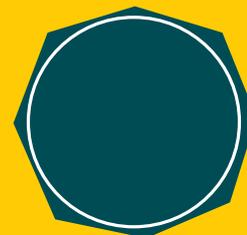
The Plan invests in cash, bonds and shares in New Zealand and international companies. Each of your three investment options is made up of a different mix of these:



Three-quarters of the **Long Term Fund** is made up of shares – the rest is cash and bonds.



The **Medium Term Fund** is split fairly evenly between shares and investments in cash and bonds.



The **Short Term Fund** is made up of cash investments only.

We manage cash, bonds and New Zealand shares in house. This gives us the flexibility to respond to market changes more quickly. It also helps keep fees low as there are no hidden costs or commissions.

We invest in global shares through products offered by investment companies Vanguard and BlackRock. This gives us access to shares in 8,000+ companies around the world. It's a reliable, inexpensive way to diversify our portfolio.

Investing responsibly

Ensuring members' funds are invested responsibly is a concern for the trustee's directors, as it is for many members. This is relatively straightforward when it comes to illegal activities. For example, we don't invest in companies involved in the manufacture of cluster munitions and anti-personnel mines. The issues are more complex when it comes to legal activities with the potential to cause social or environmental harm, for example, tobacco, alcohol or fossil fuels.

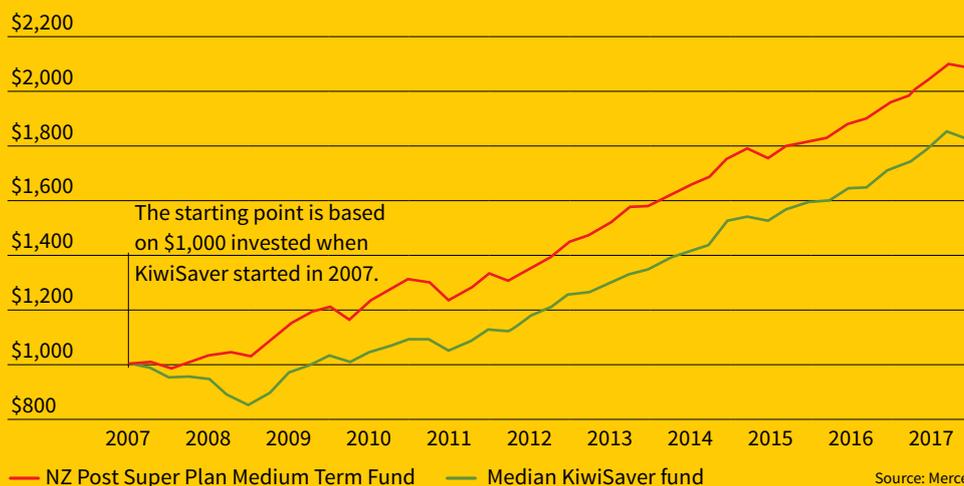
Our approach has been to move in line with the wider investment community. Vanguard and BlackRock are signatories to the UN Principles for Responsible Investment. They are required to consider environmental, social and governance issues when making investment decisions. They must also report on progress towards meeting these principles.

How the funds have performed

All three investment options have met or exceeded the investment objectives we have set for them (to 31 March 2018). Our returns also compare well against most KiwiSaver schemes. This graph shows our Medium Term Fund against the middle-performing KiwiSaver balanced fund.

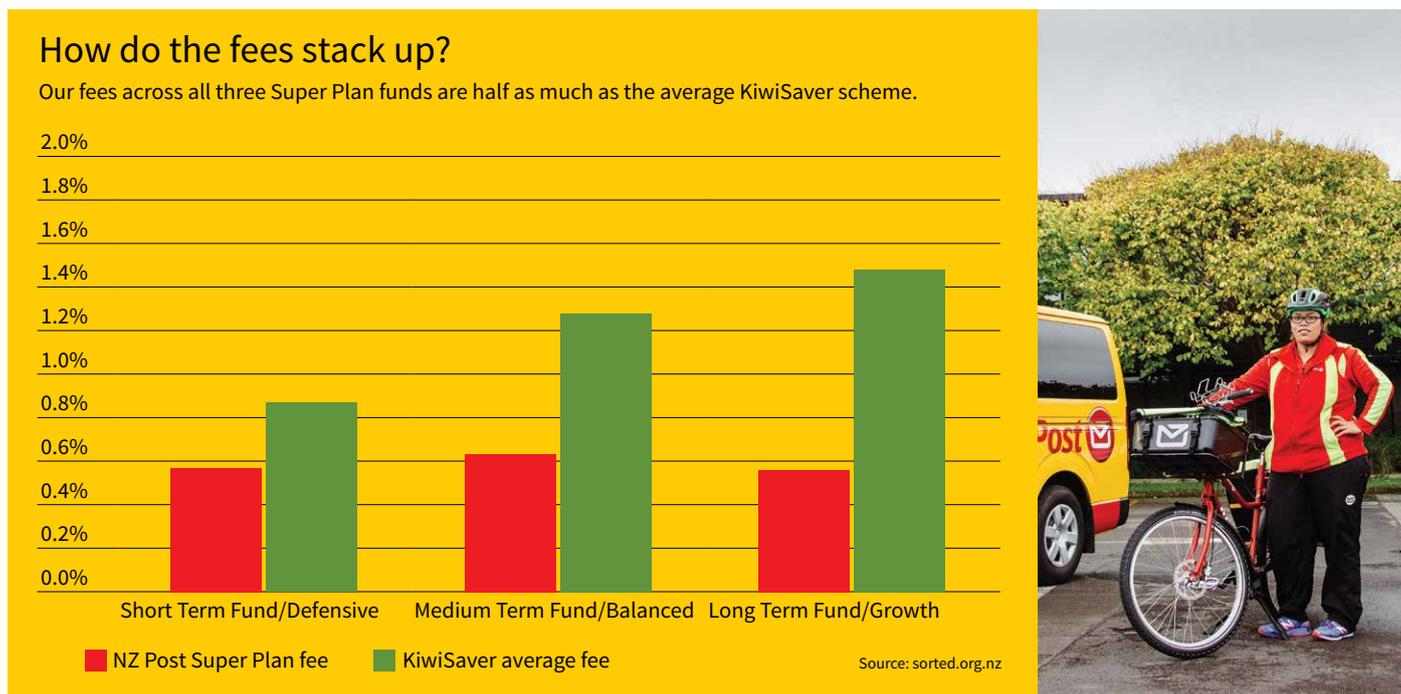
How have the funds performed?

The Super Plan has consistently outperformed the KiwiSaver average return.



How fees stack up against KiwiSaver

Returns are only one side of the equation. Fees cut into the growth of your savings. Our fees are half as much as the average KiwiSaver scheme. Unlike most KiwiSaver schemes, we don't need to return a profit for our shareholder. That's one of the reasons we can keep our fees low.



October brings market jitters

After many years of extraordinary stability, share markets dipped sharply in October before rebounding somewhat. There's no reason to be concerned. This sort of volatility is to be expected with shares. In fact, it's more remarkable that share prices have been rising fairly smoothly and steadily for such a long time. At the time of writing, share prices were about the same as they were at the beginning of the calendar year (see the graph below).

S&P 500 January–November 2018

The S&P 500 index covers 80% of the US equities market (by capitalisation). The index is widely seen as an indicator of the health of the US economy.



The current volatility in share markets is a good reminder that you need to review your investment choice from time to time to make sure it's appropriate. Generally, the best option depends on when you need to access your money. The names of the options give an indication of what timeframe you're looking at. By short term, we mean up to 3 years, and long term would be 10+ years. Another way of looking at it is that the Short Term Fund is designed for people who are risk averse. The Long Term Fund is for members who are prepared to accept some market risk in order to maximise their return over time. Seek professional advice if you're not sure which option is right for you.

Insurance

We are currently renegotiating the free life cover provided to all active members. This is likely to remain at \$35,000 for members up to age 65 but reduce from \$15,000 to \$10,000 for members aged 65–80.

The premiums for this free cover are paid from the Plan's reserve account, which is reducing. That's why, in 2015, we offered you the chance to pick up optional voluntary cover. In the past week or so, you will have received an offer from Aon to take out voluntary cover (to either top-up the cover you have now or take cover for the first time). If you wish to take advantage of this offer, you need to return the form by Tuesday 18 December 2018. Contact the helpline urgently if you haven't received the form.

Remember, premiums for voluntary cover are paid from your employer account in the Plan – not out of your pay. You can continue the cover privately when you leave without having to complete a medical questionnaire, but you have to do that within 6 weeks of leaving New Zealand Post.



What happens when you leave Post?



Your money isn't paid out to you automatically. You need to fill out a leaving form. Remember, when you leave New Zealand Post, you can:

- leave all your savings in the Plan or
- leave 80% of your savings in the Plan and receive the balance in cash.

Your options are explained on the leaving form, which you can get from the website. Call the helpline if you have questions.

Getting help and information

www.superplan.co.nz

www.sorted.org.nz

Our website is a great source of information about the Plan. Check out the latest returns, get answers to your questions or find a form.

Sorted has financial planning tools and is a great source of advice on money management in general.

Call the helpline if you have a question about your savings or you need to make a change.

0800 NZP SAVE
0800 697 728 (choose option 1)

There's someone available to take your call from 9am to 7pm Monday to Friday (excluding public holidays).

You can also email your request to nzpostsuper@mercero.com or fax to (04) 819 2699.

Call 0800 697 728 and choose option 2 if you need to talk to the management team.