

DAIRY INDUSTRY SUPERANNUATION SCHEME NEWSLETTER MARCH 2017

WELCOME TO OUR FIRST NEWSLETTER FOR THE 2017 CALENDAR YEAR.

After a fairly hectic September 2016 quarter, which included the Scheme's transition to the Financial Markets Conduct Act regime and the introduction of two new benefits, the last few months have been relatively quiet.

INVESTMENT NEWS

After Brexit, another surprise - Trump wins US election

Donald Trump's victory in the US presidential election surprised most of the world. When the election results began rolling in, most share markets fell sharply as investors moved into low-risk government bonds. But a little like their reaction to Brexit, investors' pessimism did not last long. In fact most share markets have rallied strongly since his victory, reflecting a softening of some of Trump's more extreme positions, as well as expectations that he will seek to loosen regulations, spark economic growth and reduce taxes.

Returns from global fixed interest investments fell as interest rates surged after the US election, reflecting many investors' belief that President Trump's fiscal promises will prove inflationary in the near term.

Recent stronger returns from share markets have benefited members invested in the Growth and Balanced funds, while four straight months of negative returns from global fixed interest investments have weakened returns to investors in the Cash and Conservative funds.

Returns for each investment option after tax, fees and expenses to 31 July 2016

	Cash	Cash/ Conservative	Conservative	Conservative/ Balanced	Balanced	Balanced/ Growth	Growth
Scheme year to 31 March 2016	2.0%	2.4%	2.8%	2.8%	2.8%	2.8%	2.9%
Periods to 31 January 2017							
Scheme year to date (4 months)	1.1%	1.6%	2.1%	3.0%	3.9%	4.4%	4.9%
1 year	1.5%	2.7%	3.9%	5.5%	7.0%	7.9%	8.7%
5 years (average pa)	2.1%	3.6%	5.1%	6.6%	8.1%	9.0%	9.8%
10 years (average pa)	2.5%	3.1%	3.6%	3.6%	3.6%	3.6%	3.5%
13 years* (average pa)	3.0%	3.7%	4/4%	4.8%	5.1%	5.3%	5.4%

Fund returns are determined monthly. Reported returns take into account the effect of compound interest and are rounded to one decimal point.
*Since 2003 when investment choice was introduced.

For more information about factors affecting the Scheme's investment returns go to www.dairysuper.superfacts.co.nz.

FOUR TIPS TO PROTECT YOUR PRIVACY

Scammers know all kinds of tricks to get you to hand over your money but remember, if it looks too good to be true, it probably is. Here are some practical tips to stay one step ahead of the scammers.

1. Ask the right questions

- What is your name and what company do you represent?
- Who owns your company?
- What is your address?

If they avoid answering, the deal they are offering you is probably a scam. Hang up.

2. Protect your personal information

Do not give out any personal, banking or credit card information to anyone who makes contact with you.

Check your bank and credit card statements each month. Use strong passwords and create a unique password for different purposes.

Hints for creating a strong password:

- Use more than one word with no spaces.
- Choose words or a phrase that is unrelated to your personal information.
- Use numbers, symbols and a mix of upper and lower case letters. Select a random word or phrase and insert letters and numbers into the beginning, middle, and end to make it extra difficult to guess (such as "sPo0kyh@ll0w3En").
- Don't use simple words or phrases like "password" or "letmein," keyboard patterns such as "qwerty" or "qazwsx," or sequential patterns such as "abcd1234".
- Use phonetics in the words or avoid spelling words correctly, e.g. lthawtbetaofgointothebeech@Piha2day.

- Use first letters of a phrase. For example, “The first house I ever lived in was 613 Fake Street. Rent was \$400 per month “would become Tfhleliw613FS.Rw\$4pm.

3. Emails and security

Do not open unsolicited or suspicious emails and enable security settings on your computer or mobile device. Install current anti-virus programs.

NEED HELP BUDGETING?

It’s happened to most of us, the car and the fridge have broken down at almost the same time and there is very little (or no) money in the kitty. Once over the immediate crisis, it’s easy to slip back into old spending patterns but a more pro-active response would be to do a budget.

Did you know that your local Citizens Advice Bureau can help you find a budgeting service that suits your situation, and offers a free service in some areas? To contact the CAB, call 0800 367 222. Another option is the New Zealand Federation of Family Budgeting Services, which provides free, confidential and personalised budgeting advice from trained budget advisers. Call 0508 BUDGET or 0508 283 438 for further information or visit www.familybudgeting.org.nz/.

NEW LEGISLATIVE REGIME

The Scheme transitioned to the new Financial Markets Conduct Act (FMC Act) regime on schedule on 23 September 2016.

The notice to members included with our last newsletter explained the changes made to the Scheme to comply with the new regime. The most significant changes directly affecting members are:

- The Scheme’s investment statement and prospectus have now been replaced by a product disclosure statement (or PDS). Copies of the PDS are available by clicking on the ‘New scheme documents’ button on Scheme website. (You do not need to sign in to access this.)
- The timing within which the Scheme’s annual review information must be issued has been shortened. The deadline for the Scheme’s annual report and benefit statement is now the end of June and by the end of July, the Scheme’s financial statements must be prepared, audited and lodged with the Financial Markets Authority.

You can view or download copies of Scheme documents such as the trust deed and PDS on the Scheme website www.dairysuper.superfacts.co.nz.

HAVE YOU REVIEWED YOUR SUPER LATELY?

Saving for your retirement isn’t a set and forget exercise. Every year or so ask yourself the following questions:

1. Will my current contribution rate:
 - Be sufficient to provide the standard of living I would like when I retire? For help working this out click here to go to the Retirement Planner on the Sorted website www.sorted.org.nz.
 - Provide the level of death and disablement insurance cover my family would need should I die or suffer permanent incapacity while a member of the Scheme ¹?
2. Do the people I’ve nominated as potential recipients of any death benefit from the Scheme (your nominated beneficiaries) reflect my current wishes?
3. Is my current investment option still appropriate for my circumstances, including the length of time I intend to remain a member of the Scheme?
4. Are my personal details (including your home address) up to date? You can check and if necessary update the information held by the Scheme on the Personal details page of the Scheme website or by calling the helpline on 0800 355 900.

WE’RE NUMBER THREE!

Your Scheme has shown steady growth both in terms of its membership and asset size. At 31 March 2016, Scheme membership stood at 7,363 and net assets available to pay benefits totalled \$644.4 million making it the third largest superannuation scheme of its type. Well out in front in terms of size is the Police Superannuation Scheme (9601 members and total net assets of \$1.780 billion) followed by UniSaver² (9,212 members and total net assets of \$750.3 million).

¹ If you contribute 3% of your salary, your insurance cover is 1.5 times your salary, if you contribute 6% or more of your salary your cover is 3 times your salary.

² the New Zealand Universities’ Superannuation Scheme

Looking for information about the Scheme?

The Scheme website www.dairysuper.superfacts.co.nz includes a wealth of information. If you have any questions about the Scheme or your membership, we encourage you to make it your first port of call.

As always, we value suggestions for topics and additional information for future Scheme newsletters. Please either talk to one of the trustee directors or email your suggestions to diss@mercero.com.