



DAIRY INDUSTRY SUPERANNUATION SCHEME NEWSLETTER

MAY 2016

Welcome to our final newsletter for the Scheme year to 31 March 2016.

Thank you to everyone who completed the recent survey. Your feedback is valued and where possible, we will incorporate the findings into future Scheme communications. Based on early feedback from the survey, we've changed the format of the newsletter a little.

We trust you will find the new format user friendly.

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.

Markets stage last minute improvement

The Scheme year to 31 March 2016 can best be described as turbulent, with share markets up one month and then sharply down the following.

However, having made the worst start to a calendar year since 2009, a strong rebound in share markets from mid-February onwards lifted final returns, particularly for investors in the Balanced and Growth funds.

While returns for the Scheme year to 31 March 2016 are lower than those experienced recently, they follow a series of strong returns particularly from the Growth and Balanced funds as share markets bounced back after the global financial crisis of 2008/2009.

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

	Cash	Cash/ Conservative	Conservative	Conservative/ Balanced	Balanced	Balanced/ Growth	Growth
Scheme year to 31 March 2015	2.4%	4.6%	6.9%	8.6%	10.3%	11.1%	12.0%
Periods to 31 March 2016							
1 year*	1.9%	2.4%	2.9%	2.9%	2.9%	3.0%	3.0%
5 years (average pa)	2.1%	3.5%	4.8%	5.8%	6.7%	7.1%	7.6%
10 years (average pa)	2.8%	3.3%	3.8%	3.9%	3.9%	3.8%	3.7%
13 years** (average pa)	3.2%	4.0%	4.9%	5.4%	5.8%	6.1%	6.4%

Fund returns are determined monthly. Reported returns take into account the effect of compound interest and are rounded to one decimal point.

*Returns shown for the year to 31 March 2016 are interim rates only as the returns for the month of March may be adjusted when the financial statements for the year ended 31 March 2016 become available.

**Since 2003 when investment choice was introduced.

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

Changes to the Scheme's insurance cover affecting some older members¹

Recently you received formal notification of a change to the Scheme's insurance cover.

As a result of the change, your insurance cover won't start to reduce until you reach age 62, but will reduce more quickly and continue to cease at age 65.

The following table shows how this works:

	Old	New
Reduction starts at:	Age 60	Age 62
Reduces (on a daily basis) by:	20.0% pa	33.3% pa
Cover ends at:	Age 65	Age 65

For example, Keith joined the Scheme in February 1996 and today is his 63rd birthday, which means that his insured benefit will reduce on a daily basis by 33.33%. He is contributing 6% of his \$50,000 salary. His insured benefit will be calculated as:



$$\begin{aligned} & 50 \times (\$50,000 \times 6.00\%) - 33.33\% \\ & = 50 \times \$3,000 - 33.33\% \\ & = \$150,000 - 33.33\% \\ & = \$150,000 - \$49,995 \\ & = \$100,005. \end{aligned}$$

Note that in the event of your death or permanent incapacity, your insured benefit will be paid **in addition** to your Scheme account balances. To read more about the Scheme's insurance cover, see the *Answers to your answers about the insurance cover* fact sheet under Documents & forms on dairysuper.superfacts.co.nz.

Changing from wages to salary

As you may know, the Fonterra Superannuation Scheme was wound up with effect from 31 December 2015.

Now, if your employment contract changes from wages to salary your membership of the Dairy Scheme will continue but as an elective member. Read the *Changing from wages to salary* fact sheet under Documents & forms on dairysuper.superfacts.co.nz.

Progress report - transition to the new legislative regime

Like most New Zealand superannuation schemes, the Scheme is required to comply with the Financial Markets Conduct Act with effect from 1 December 2016. The current intention is that the Scheme will transition to the new regime on 25 September 2016, as this is the date the current prospectus expires.

So far, much of the preparation for the transfer has been behind the scenes. The Scheme's trust deed and other documents such as the Statement of investment policy and objectives are being reviewed and updated.

Under the new regime, the Scheme's investment statement and prospectus will be replaced by a product disclosure statement. The new legislation sets out what must be included in the product disclosure statement and limits it to a maximum of 12 pages or 6,000 words.

Survey winner

Everyone who provided their name and member number at the end of the survey went into a draw for a \$100 prezy card.

The winner was Ray Johnston from Hawera.

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.

Did you know...

You can choose how information about the Scheme is sent to you. If you haven't done so yet, let us know by signing in to dairysuper.superfacts.co.nz and select either 'Update my preferences' or click on the 'Personal details' tab at the top of the 'Your super' page.

¹ Your insured benefit is not subject to any reduction if you joined the Scheme before 1 October 1994.