

DAIRY INDUSTRY SUPERANNUATION SCHEME NEWSLETTER SEPTEMBER 2016

WELCOME TO OUR FIRST NEWSLETTER FOR THE 2016/2017 SCHEME YEAR.

The last few months have been particularly busy. We have been working on two new Scheme benefits to be introduced from 1 October 2016, as well as progressing the Scheme's transition to the new Financial Markets Conduct Act (FMC Act) regime.

New Scheme benefits

The new *Home Purchase Withdrawal benefit* allows members buying their first home (and in some cases, a subsequent home) to make a withdrawal from their Locked-In (Complying Fund) Accounts to go towards the deposit and/or settlement on their home.

The other new benefit is the *Significant Financial Hardship Withdrawal benefit*, which allows members in serious financial difficulties to apply for a withdrawal from the Scheme.

See overleaf for more information about the benefits and where to find the fact sheets and forms.

Transition to the new FMCA regime

The transition to the new FMC Act regime is on schedule for 23 September 2016. Refer to the letter to members included with this newsletter for official notification.

BEFORE AND AFTER BREXIT

Share markets continued the recovery which began in mid-February through until the last week in June when, in a surprise result, the UK voted to leave the European Union (sometimes referred to as 'Brexit'). In the 24 hours after the result, US\$2 trillion was wiped off global share markets. Despite their initial reaction, by the end of June, global share markets had begun an improvement which continued through to late July, when markets began to tread water as volatility declined and trading volumes fell.

Despite the improvement in global share markets, investors continued to look for so-called 'safe haven' investments pushing interest rates around the world to new lows. In August the English, New Zealand and Australian central banks cut interest rates. In contrast, there was ongoing speculation that the US Federal Reserve would increase interest rates.

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 July 2016							
Scheme year to date (4 months)	0.4%	1.4%	2.3%	3.0%	3.7%	4.0%	4.3%
12 months	1.7%	2.6%	3.5%	3.8%	4.0%	4.0%	4.0%
5 years (average pa)	2.1%	3.7%	5.3%	6.7%	8.0%	8.7%	9.3%
10 years (average pa)	2.7%	3.3%	4.0%	4.1%	4.2%	4.2%	4.2%
13 years* (average pa)	3.1%	4.0%	4.8%	5.2%	5.6%	5.8%	6.0%

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.*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.

HELP BUYING A HOME

House prices continue to reach record highs on an almost monthly basis, making it more and more difficult to reach that all-important first step on the property ladder, the purchase of a first home.

That's why, from 1 October 2016, if you have contributed to your Locked-In (Complying Fund) Accounts¹ for at least three years, you may be able to withdraw money from those accounts to put towards the purchase of a first home (or a second home if Housing New Zealand determines you are in a similar financial position to someone buying their first home).

The funds withdrawn can be used to buy a house, home unit or apartment, or a section on which your home is to be built but not an investment property or holiday home.

The earlier you can return your completed Home Purchase Withdrawal form (plus attachments) the better but as a minimum it must be returned to the Scheme's administration manager, Mercer, to arrive *at least 10 working days* before payment is required.

Answers to some frequently asked questions about home purchase withdrawals and the Home Purchase Withdrawal form are available on the Documents and forms page of www.dairysuper.superfacts.co.nz or by calling the Scheme helpline on 0800 355 900.

You may also qualify for a KiwiSaver HomeStart grant. Visit the Housing NZ website www.kiwisaver.govt.nz for details.

PROGRESS REPORT - TRANSITION TO THE NEW LEGISLATIVE REGIME

As mentioned earlier, the Scheme is to transition to the new Financial Markets Conduct Act (FMC Act) regime on 23 September 2016.

The changes affecting the Scheme are explained in the attached letter to members. The most obvious change for members is that the Scheme's investment statement and prospectus will be replaced by a new product disclosure statement (PDS).

The letter also summarises the terms and conditions of the new benefits.

Under the new regime, from 2017 onwards, both the Scheme's audited financial statements and annual membership statements will have to be completed by the end of June.

You can view or download copies of Scheme documents such as the trust deed and PDS on a new website www.business.govt.nz/disclose as well as www.dairysuper.superfacts.co.nz.

RUNNING OUT OF OPTIONS?

Sometimes, unfortunately, the unexpected happens and we find ourselves in a precarious financial position. It can be the result of a serious illness, redundancy or for a host of other reasons.

From 1 October 2016, you can apply to withdraw money from your Scheme accounts if you are suffering or are likely to suffer, significant financial hardship.

The maximum withdrawal is your leaving service benefit at the date of your application. If you have Locked-In (Complying Fund) Accounts you may be able to make a withdrawal from those Accounts too.

To be eligible for a withdrawal, you need to demonstrate to the Trustee that you are facing financial issues such as being unable to afford to feed your family or get proper medical attention for a serious illness. Lifestyle issues such as needing a holiday or car payments are not sufficient grounds. You will also need to demonstrate that you have exhausted all alternative sources of funding.

For further information and a copy of the form go to the Documents & forms page of the Scheme website or by calling the Scheme helpline on 0800 355 900.

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 www.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.

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@mercerc.com.

¹or a KiwiSaver scheme or another complying fund.