DAIRY INDUSTRY SUPERANNUATION SCHEME NEWSLETTER SEPTEMBER 2017

dairy industry
superannuation scheme

WELCOME TO THE SEPTEMBER 2017 NEWSLETTER FOR THE DAIRY INDUSTRY SUPERANNUATION SCHEME.

As well as looking at influences on the current investment markets, this newsletter contains information about two important changes that have been made to member benefits – an extension to the Scheme's first home withdrawal facility and improvements to how Individual Members can withdraw funds they have left in the Scheme.

FIRST HOME WITHDRAWAL FACILITY EXTENDED

From 29 September, the ability to apply for a first home withdrawal is being extended to include balances in members' standard accounts (your Member's Account and Employer's No 1 Account). Until now, this facility was restricted to those members with Locked-In Accounts.

The rules governing a withdrawal application are the same as those already in place for Locked-In Accounts, with a first home withdrawal benefit usually payable if:

- you are purchasing your first home (or in special circumstances a second home) and have not previously made a first home withdrawal from a complying superannuation fund or KiwiSaver scheme;
- it is at least three years since we received the first contribution in respect of you, or you have been a member of one or more KiwiSaver schemes or complying superannuation funds for at least three years; and
- we (the Trustee directors) consent to the withdrawal.

The maximum benefit payable is:

- the standard accounts balance that would have been payable had you resigned at the date you apply for a withdrawal; plus
- your Locked-In Account balances (if applicable) less any amounts the KiwiSaver Act states must remain in your accounts (currently $1,000).

Additional information, including how to make an application, is provided in the Home Purchase Withdrawal Form, which is available here.

REGULAR WITHDRAWALS

We are introducing greater flexibility for withdrawals by individual members.

If you are an individual member, from 29 September, you will be able to:

- Set up regular monthly payments[1] from your Individual Member's Account (of a minimum of $250) payable on the 15th of every month, or
- Make up to three withdrawals (of a minimum of $2,500) from your Individual Member's Account in a Scheme year at no cost (as currently applies).

[1]A one-off fee of $70 will be charged for setting up regular monthly payments.

In both cases, if a withdrawal reduces your account balance to less than $5,000, your total account balance will be paid and your membership of the Scheme will cease.

You can find out more about making regular withdrawals as well as the Individual Member Withdrawal Request form here.

INVESTMENT NEWS

Investment markets started the new Scheme year on a subdued note, reflecting concerns about rising US interest rates and the results of an election called by UK Prime Minister, Theresa May, to strengthen leadership before the start of Brexit negotiations but which ended with a 'hung' parliament.

The news wasn't all gloom for investment markets however, as the French Presidential elections held in May resulted in a victory for the pro-Europe candidate, Emanuel Macron over populist candidate, Marine Le Pen. Meanwhile, the US share market shrugged off concerns about President Trump's ability to implement his pro-growth campaign promises and increasing tension between the US and North Korea, reaching record highs in July and August.

FOR MORE INFORMATION CALL NZ: **0800 355 900** AUS: **03 8687 1813**
INTERNATIONAL: **+61 3 8687 1813** OR VISIT: **WWW.DAIRYSUPER.SUPERFACTS.CO.NZ**

As a result over the first five months of the Scheme year the Growth and Balanced options have posted the Scheme's strongest returns as growth assets such as shares have continued to provide good positive returns supported by moderate returns from fixed interest.

Returns for each investment option after tax, fees and expenses							
	Cash	Cash/ Conservative	Conservative	Conservative/ Balanced	Balanced	Balanced/ Growth	Growth
Scheme year to 31 March 2017	1.5%	2.7%	3.9%	5.5%	7.2%	8.1%	9.0%
Periods to 31 August 2017							
Scheme year to date (5 months)*	0.5%	1.4%	2.3%	3.1%	3.9%	4.3%	4.7%
1 year	1.4%	2.6%	3.8%	5.6%	7.5%	8.6%	9.6%
5 years (average pa)	1.9%	3.4%	5.0%	6.7%	8.4%	9.3%	10.2%
10 years (average pa)	2.3%	3.0%	3.8%	4.0%	4.2%	4.2%	4.2%
14 years* (average pa)	3.0%	3.9%	4.8%	5.4%	6.0%	6.3%	6.7%

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

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

FINDING A FINANCIAL ADVISER

A financial adviser can provide you with independent guidance and advice on superannuation and other financial services and products. The right adviser can save you time and help you achieve your financial goals.

Remember, however, that it's your money, so the advice provided should focus on your individual requirements and, where necessary, take into account your short, medium and long-term needs.

Speak with several advisers before making a decision about which one to use. Find out if they only offer general financial guidance or are qualified (and have the experience) to provide advice that matches your particular needs. Some advisers charge a service fee, while others operate on a commission basis or may receive sales-related incentives.

The Financial Markets Authority website, fma.govt.nz/consumers/getting-financial-advice, provides helpful information about choosing the right financial adviser. You can also find out more about individual financial advisers on the Companies Office's Financial Service Providers Register (FSPR), www.fspr.govt.nz.

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.

ACCUMULATION V DECUMULATION

Decumulation – is it a real word? Well, no it's not really, but it is entering the retirement lexicon. Whether or not it is in the dictionary, it is a useful description of the time in your life when you have stopped work and are spending your retirement savings. It is opposite to the 'accumulation' phase, when you were saving for your future lifestyle.

One of the biggest challenges preparing for the decumulation phase is working out how long it will last. Unlike accumulation, which generally runs from when you enter and leave the workforce, who knows what the future will hold?

Another challenge is that, from a spending perspective, decumulation isn't always a nice straight line. When creating an annual budget it isn't just a matter of simply dividing your savings and anticipated NZ Super income by 20, 25 or 30 years. Quite often you will find that costs at the beginning are higher, reduce in the middle and then increase again in later years.

When you first hit retirement, you may, quite reasonably, look at travelling overseas or ticking of a few other bucket-list objectives that can make a dent in your savings. Once they have been ticked off and you begin to become physically restricted in what you can do, your spending could reduce. Unfortunately, however, costs are likely to start rising again as the cost of health and residential care begin to mount.

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@mercer.com.