



New Zealand  
**DEFENCE  
FORCE**  
Te Ope Kātua O Aotearoa

April 2019

New Zealand Defence Force

# FLEXISAVER SCHEME

A guide to help you make the most of your membership



The New Zealand Defence Force FlexiSaver Scheme is a section of Mercer FlexiSaver. Mercer FlexiSaver is registered under the Financial Markets Conduct Act 2013 as a managed investment scheme. The issuer of interests in Mercer FlexiSaver and the New Zealand Defence Force FlexiSaver Scheme section of Mercer FlexiSaver is Mercer (N.Z.) Limited (Mercer). A Product Disclosure Statement for the New Zealand Defence Force FlexiSaver Scheme section of Mercer FlexiSaver is available on the [www.nzdf.superfacts.co.nz](http://www.nzdf.superfacts.co.nz) website. This document provides an overview of certain features within the New Zealand Defence Force FlexiSaver Scheme as at the date of publication and is not necessarily exhaustive. While every reasonable effort has been made to ensure that the information contained in this communication is correct, none of the New Zealand Defence Force, Trustees Executors Limited (as supervisor of Mercer FlexiSaver), Mercer (N.Z.) Limited (as manager of Mercer FlexiSaver) or any other person accepts any responsibility arising in any way from any error or omission or for any consequences flowing from its use.

**A FORCE FOR  
NEW ZEALAND**

# SAVING FOR YOUR FUTURE, TOGETHER

Welcome to the New Zealand Defence Force FlexiSaver Scheme.

This guide will help you make the most of your membership in the New Zealand Defence Force FlexiSaver Scheme, a section within Mercer FlexiSaver (FlexiSaver Scheme).

Saving for your future has now become easier and more flexible.

## This Booklet includes

### Section 1:

FlexiSaver basics

### Section 2:

Deciding how much you need to contribute

### Section 3:

Your investment choices

### Section 4:

Help with your decisions



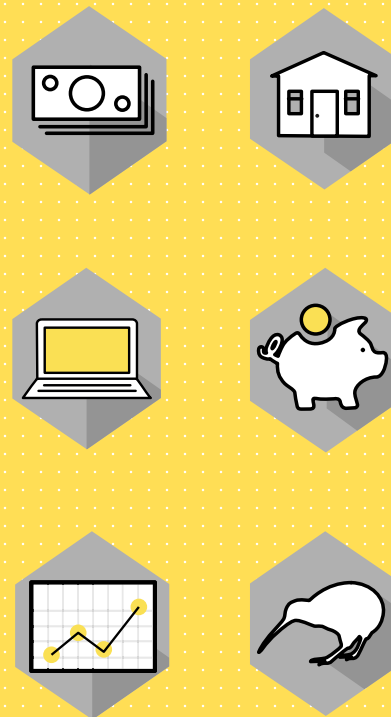
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## REASONS TO BE IN THE FLEXISAVER SCHEME

The New Zealand Defence Force (NZDF) worked with Mercer to develop this FlexiSaver Scheme to help members of the Defence community achieve their savings goals.

The FlexiSaver Scheme allows you to have control and flexibility over your savings.

- 1 Flexibility** - unlike any KiwiSaver scheme, the FlexiSaver Scheme allows you to withdraw your money at any time. You choose how much to invest, when to invest and what you invest in.
- 2 Investment choice** - the FlexiSaver Scheme allows you to invest in one or more investment options. There are seven to choose from. These options are some of the most diversified in New Zealand.
- 3 You own the account** - your FlexiSaver Scheme account can stay with you throughout your life. If you are no longer a member of the NZDF, you can continue saving in your FlexiSaver Scheme account. You will be able to access your account online at any time.
- 4 Support with making decisions** - a team of financial advisers are able to help you with making sound decisions. You'll also have access to leading edge calculators, tools and information.



### Who manages the New Zealand Defence Force FlexiSaver Scheme?

The Manager of the New Zealand Defence Force FlexiSaver Scheme is Mercer. Further information regarding the Manager and other key organisations, including Mercer, can be found in the Product Disclosure Statement for the Scheme.

### Where do I go for Financial Advice?

Milestone  
Direct

LIFE IS  
A JOURNEY.  
GET GOOD  
DIRECTIONS

Call 0508 MILESTONE (0508 645 378)  
Email [info@milestonedirect.co.nz](mailto:info@milestonedirect.co.nz)

### Defence Community

You are in the Defence Community if you are a member of the New Zealand Defence Force (current or past), a Veteran, partner, child or a close relative of current or past NZDF members.

## SECTION 1:

# FLEXISAVER SCHEME BASICS

Knowing all the facts could help your money grow, so it's important you know what the FlexiSaver Scheme offers. We recommend that you take the time to consult with one of NZDF's appointed financial advisers who can help you understand your options. The financial adviser may also be able to assist with setting your financial goals and other financial needs.

### Joining the FlexiSaver Scheme

It's easy to open a FlexiSaver Scheme account. You can join if you are a member of the Defence Community.

To join simply complete the application form at the back of the New Zealand Defence Force FlexiSaver Scheme Product Disclosure Statement and return it to us or you can join online at [nzdf.superfacts.co.nz](http://nzdf.superfacts.co.nz).

## YOUR FLEXISAVER ACCOUNT AT A GLANCE



Your Contributions

+ or -



Investment Gains or Losses

-



Fees and Taxes

=



**YOUR FLEXISAVER SAVINGS**

# YOUR FLEXISAVER SCHEME ACCOUNT

## Your contributions

It's easy to contribute to the FlexiSaver Scheme. If you are a member of the New Zealand Defence Force you can contribute from your pay. There is a minimum contribution of \$20 per pay. Otherwise you can make regular or lump sum contributions directly into your FlexiSaver Scheme account from your online banking. There are no minimum contributions when you use online banking to contribute into your FlexiSaver Scheme account.

## Tax

Mercer will deduct or refund tax on your behalf. You simply need to provide us with your tax rate.

## Opportunity to win a share of \$50,000 worth of rewards for participation in the NZDF Savings Schemes

You will go in the draw to win monthly rewards. Currently 16 \$250 Prezzy cards each month and other rewards each year are able to be won by members of the NZDF Savings Schemes.

## There are four chances to win \$250 Prezzy Cards each month! To qualify for each prize draw you need to:

- Simply be a member of one of the New Zealand Defence Force Savings Schemes at the end of the month
- Make at least one contribution during the month
- Sign into your online account
- Choose how we communicate with you.

Winners are published on the Force Financial Hub website.

## Investment performance

Mercer's global expertise and local team offers diversified investment options to cater for your saving requirements. Investment performance will affect your account balance as returns can go up and down.

Please read the Product Disclosure Statement for the Scheme for further details.

## Fees

Fees vary depending on the investment option you invest in. In addition there is a fixed monthly charge of \$2.50. These are deducted from your account.

Please read the Product Disclosure Statement for the Scheme for further details.

## SECTION 2:

# DECIDING HOW MUCH YOU NEED TO CONTRIBUTE

Before you start, it is important that you set your saving goals. This way you are not tempted to take your money out before you need to. There are a few simple rules that you can follow when setting your goals:

- 1** Keep your saving goals simple
- 2** Be specific. Set a timeframe and an amount to save for your goal
- 3** Be realistic, that way you don't get discouraged or feel tempted to give up
- 4** Make sure you write down your goal.

### Withdrawing your FlexiSaver Scheme savings

You are able to withdraw your savings at any time by completing a withdrawal form. However, there are some rules that you need to be aware of:

- Minimum (lump sum) withdrawal is \$500
- Minimum regular withdrawal \$100 per month or \$50 a fortnight

Your minimum balance must be \$1,000 after every withdrawal or you can choose to withdraw the total amount and your account will be closed.

### An example of a goal could be:

"I need to save \$5,000 extra to buy a car in the next 3 years." or "My child will need \$10,000 for their university studies in the next 8 years."

Saving for what you need also means that you are less likely to get into debt.

You can make lump sum or ongoing contributions to your FlexiSaver Scheme account at any time.

### Meet Jake

Jake is 22 years old and is a private in the NZ Army for 3 years. Over this time he has been saving fortnightly using \$300 of the amount he has left over once he's paid all his living expenses and other outgoings. Jake invests in the Conservative fund and he has saved the \$24,800\* he needs to buy the car he wants. Jake plans to continue putting a portion of his pay into his FlexiSaver Scheme account to help him reach his next saving goal.

To talk to a financial adviser please contact Milestone Direct on **0508 MILESTONE (0508 645 378)**, or email them at [info@milestonedirect.co.nz](mailto:info@milestonedirect.co.nz).

\*This example assumes an annual return of 3.4% (after tax and fees). Your personal situation will be different. Past returns are no guarantee of future returns and none of the Manager, the Supervisor or CDF guarantees the returns of the funds or that you will get back the money you have invested.

# BUYING YOUR FIRST HOME

If you are already maximising your KiwiSaver benefits, you may choose to open a FlexiSaver Scheme account as it offers flexibility while ensuring you have access to the same investment choices and low fees. Manage your savings by logging in to the enhanced member website at [www.nzdf.superfacts.co.nz](http://www.nzdf.superfacts.co.nz).

## Meet James & Sam

**James is 30 years old and Sam is 25, they live in Palmerston North.**

Between them they earn \$100,000 a year (before tax). They are looking to buy their first home for \$410,000 in Palmerston North and need a \$82,000 deposit.

They opened a FlexiSaver Scheme account because they wanted some flexibility with their savings and they were also maximising their employer contributions and Government contributions in KiwiSaver. After five years in addition to their KiwiSaver savings of \$48,000, they saved \$26,000 in their FlexiSaver Scheme accounts.



## How does it work?

**\$26,000 of their FlexiSaver savings**

**+**

**\$46,000 of other savings (leaving the required minimum balance of \$1,000 in each of their KiwiSaver accounts)**

**+**

**\$10,000 as a HomeStart grant\* from Housing New Zealand**

**=**

**\$82,000 Home Deposit**

This example assumes a HomeStart grant of \$5,000 per person and an existing house rather than a new build.

\*HomeStart grant is administered by Housing New Zealand. Rules apply and more information can be found at [hnzc.co.nz](http://hnzc.co.nz).

## **SECTION 3:**

# **YOUR INVESTMENT CHOICES**

When it comes to investing one size does not fit all and unlike many other savings schemes the FlexiSaver Scheme offers you seven investment options, each with a different focus. This also means that you have the same investment options as in the New Zealand Defence Force KiwiSaver Scheme and in the Defence Force Superannuation Scheme. You can read more about these schemes in their respective member guides.

### **Help with choosing your investment option**

No matter what age you are, the investment option(s) you choose can have the biggest impact on your savings balance and in achieving your other financial goals such as buying a first home.

Your savings goals and the timeframe for achieving them are not the only thing you should be considering when choosing your investment option. The option(s) you choose also depend on whether you're an aggressive investor with an appetite for risk or the type who likes to play it safe. Even if you are somewhere in between, this scheme has an investment option for you.

To help you work out your risk appetite, take the quiz on the next page. This quiz is also available online on the Force Financial Hub or on the [www.nzdf.superfacts.co.nz](http://www.nzdf.superfacts.co.nz) website.

**Different fees are charged for each investment option.**

**You can choose to invest all of your savings in one option, or split your savings between the different options. Over time your needs might change so it's a good idea to check whether the investment option you have chosen is still right for you. You can change your investment options at any time.**

**To change options you can sign in to your FlexiSaver Scheme account online, call us or complete and return an investment switch form.**



## Quick Investment Quiz

<b>1</b>	<b>When do you plan to withdraw most of your savings?</b>	<b>Score</b>
<input type="radio"/>	0-2 years	0
<input type="radio"/>	2-5 years	3
<input type="radio"/>	5-10 years	6
<input type="radio"/>	10-15 years	8
<input type="radio"/>	More than 15 years	10

<b>2</b>	<b>How much do you know about investments and financial markets?</b>	<b>Score</b>
<input type="radio"/>	No understanding	0
<input type="radio"/>	Very little	2
<input type="radio"/>	Some	4
<input type="radio"/>	Moderate	6
<input type="radio"/>	High	8
<input type="radio"/>	Very high, I am a sophisticated investor	10

<b>3</b>	<b>If you're seeking a higher return on your investment, describe how willing you are to accept investment returns that vary each year</b>	<b>Score</b>
<input type="radio"/>	None at all – I want a steady return with no variation	0
<input type="radio"/>	Low – I'm ok with some small variation in the return	2
<input type="radio"/>	Moderate – I could accept some variation in the investment return	5
<input type="radio"/>	High – I don't mind variations as I'm a long term investor	8
<input type="radio"/>	Very high – I recognise that investment returns can vary significantly and that does not worry me	10

<b>4</b>	<b>How concerned would you be if your investment value fell by 20% over a 6 month period?</b>	<b>Score</b>
<input type="radio"/>	Very concerned	0
<input type="radio"/>	Somewhat concerned	3
<input type="radio"/>	A little concerned	8
<input type="radio"/>	Not concerned	12
<input type="radio"/>	Consider investing more	15

<b>5</b>	<b>How important to you is it that your investment grows faster than inflation?</b>	<b>Score</b>
<input type="radio"/>	Not important	0
<input type="radio"/>	Slightly important	2
<input type="radio"/>	Fairly important	4
<input type="radio"/>	Very important	5

**Add up your score here and match your score to an investment option in this booklet.**

The quiz and associated investment scores are a guide only, and it is recommended that you seek independent financial advice before you make any investment decisions.

## Your Investment Option(s)

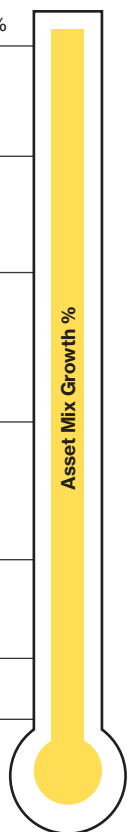
### Quiz Score

0–8	<b>Cash</b> Invests mainly in cash and short term interest bearing investments. Designed for investors who want no exposure to growth assets or where the funds may be required in the shorter term.		<ul style="list-style-type: none"> <li>Defensive 100%</li> <li>Cash 100%</li> </ul>	
9–15	<b>Conservative</b> Invests mostly in cash and fixed interest, with only limited investment in growth assets such as shares and real assets. May be suitable for investors who want to achieve slightly higher returns than those expected from investing solely in cash. Investors need to be comfortable with the possibility of some fluctuations in returns.		<ul style="list-style-type: none"> <li>Defensive 80%</li> <li>Cash 30%</li> <li>Fixed Interest 50%</li> </ul>	<ul style="list-style-type: none"> <li>Growth 20%</li> <li>Real Assets 4%</li> <li>Trans-Tasman Shares 5%</li> <li>Global Shares 11%</li> </ul>
16–26	<b>Moderate</b> Invests in cash and fixed interest, with about a third of investments being in growth assets such as shares and real assets. May be suitable for investors who want to invest in a broad mix of assets and who are comfortable with a higher degree of volatility in returns than can be expected from the Conservative fund.		<ul style="list-style-type: none"> <li>Defensive 65%</li> <li>Cash 24%</li> <li>Fixed Interest 41%</li> </ul>	<ul style="list-style-type: none"> <li>Growth 35%</li> <li>Real Assets 9%</li> <li>Trans-Tasman Shares 7%</li> <li>Global Shares 16%</li> <li>Alternative Assets 3%</li> </ul>
27–35	<b>Balanced</b> Invests in a wide range of assets. May be suitable for investors who want a diversified investment with exposure to shares, real assets, alternative assets, fixed interest and cash, who are comfortable with a higher degree of volatility in returns than can be expected from the Moderate fund and who can invest for the long term.		<ul style="list-style-type: none"> <li>Defensive 45%</li> <li>Cash 10%</li> <li>Fixed Interest 35%</li> </ul>	<ul style="list-style-type: none"> <li>Growth 55%</li> <li>Real Assets 13.5%</li> <li>Trans-Tasman Shares 10%</li> <li>Global Shares 28.5%</li> <li>Alternative Assets 3%</li> </ul>
36–40	<b>Growth</b> Invests mainly in growth assets such as shares, real assets and alternative assets with only a limited amount in cash and fixed interest. May be suitable for investors wanting to invest mostly in growth assets who are comfortable accepting more volatile returns than those expected from the Balanced fund with a view to achieving higher longer term returns.		<ul style="list-style-type: none"> <li>Defensive 25%</li> <li>Cash 4%</li> <li>Fixed Interest 21%</li> </ul>	<ul style="list-style-type: none"> <li>Growth 75%</li> <li>Real Assets 16%</li> <li>Trans-Tasman Shares 12%</li> <li>Global Shares 44%</li> <li>Alternative Assets 3%</li> </ul>
41–45	<b>High Growth</b> Invests almost entirely in growth assets such as shares, real assets and alternative assets, with only a small amount invested in cash and fixed interest. May be suitable for investors wanting to invest predominantly in growth assets, who want higher long term returns and are comfortable with high volatility in returns.		<ul style="list-style-type: none"> <li>Defensive 10%</li> <li>Cash 2%</li> <li>Fixed Interest 8%</li> </ul>	<ul style="list-style-type: none"> <li>Growth 90%</li> <li>Real Assets 16%</li> <li>Trans-Tasman Shares 18%</li> <li>Global Shares 53%</li> <li>Alternative Assets 3%</li> </ul>
46–50	<b>Shares</b> Invests almost entirely in the share market. May be suitable for investors seeking exposure mostly to shares and who are comfortable with a high level of volatility in returns.			<ul style="list-style-type: none"> <li>Growth 100%</li> <li>Trans-Tasman Shares 26%</li> <li>Global Shares 74%</li> </ul>

# Where do investment options sit on the risk scale?

## Expected Risk & Return

Shares	100%
High Growth	90%
Growth	75%
Balanced	55%
Moderate	35%
Conservative	20%
Cash	0%



## What is driving the difference in risk?

The funds at this end of the spectrum are expected to achieve higher levels of return and have higher levels of risk primarily because they have a larger proportion of their investments in shares and other growth investments, and also have a higher level of currency risk.

The funds at this end of the spectrum are expected to achieve lower levels of return and have lower levels of risk primarily because they have a smaller proportion of their investments in growth assets and a greater proportion in defensive investments such as cash and fixed interest.

Now that you know your appetite for risk, what your options are and where each investment option sits on the risk/return scale, it's time to choose your fund.

We recommend that every year you review whether your current investment option is right for you. You don't have to change how you invest although it's worth checking in regularly to make sure you're on track to meet your goals.

You can also read more about the investment option risk in the Product Disclosure Statement.

If you need further help choosing an investment option, please call NZDF's appointed financial advisers, Milestone Direct Limited, on **0508 MILESTONE (0508 645 378)**, or email them at [info@milestonedirect.co.nz](mailto:info@milestonedirect.co.nz).

## Fees

Please read the New Zealand Defence Force FlexiSaver Scheme Product Disclosure Statement for information about the fees applicable in the Scheme.

## SECTION 4:

# HELP WITH YOUR DECISIONS

**NZDF's priority is the financial wellbeing of our members and through the Force Financial Hub we are able to extend this to the greater Defence Community. The entire team are here to help you maximise your savings.**

Mercer's Helpline team will answer any questions you may have about your membership in the FlexiSaver Scheme from 9.00am to 7.00pm on all business days. You can also leave them a message and they will call back at a time convenient to you or can email you the information you need.

They can help you get started and understand how your account works, as well as answer general queries about your investment options, fees and confirm your account balance. They can also connect you with NZDF's appointed financial adviser network.

You'll also find a suite of great financial solutions on the Force Financial Hub website. Make the most of them!

For further information, please call Helpline on **0800 333 787**, or visit **[www.nzdf.superfacts.co.nz](http://www.nzdf.superfacts.co.nz)**.

Milestone Direct Limited and the wider Milestone network has been appointed as the official financial advisers to members of the New Zealand Defence Force. They are able to provide you with financial advice on the scheme plus all other financial products provided by NZDF. They must place your interests first and help you to determine what is the right choice for you.

Milestone Direct will provide general advice on all NZDF saving solutions. If you require more detailed advice on a wider range of financial solutions you can receive their assistance at a reduced fee.



Milestone Direct | LIFE IS A JOURNEY. GET GOOD DIRECTIONS

Call **0508 MILESTONE (0508 645 378)**  
Email **[info@milestonedirect.co.nz](mailto:info@milestonedirect.co.nz)**



**The entire team are here  
to help you maximise  
your savings.**

# YOUR CHECKLIST

The New Zealand Defence Force FlexiSaver Scheme can help you save more, so it's worth ensuring it is set up properly.

Here's a simple checklist to help ensure your FlexiSaver Scheme account is set up correctly and the best thing is that you can do all of this online by signing into your own account at [www.nzdf.superfacts.co.nz](http://www.nzdf.superfacts.co.nz).



## Check your PIR (tax rate)

There are three PIRs; 28% which is also the default rate, 17.5% and 10.5%.

We will remind you every year to check your Prescribed Investor Rate (PIR); and suggest you check it if your circumstances have changed. Otherwise you may find you are not paying the right amount of tax.

You can sign into your savings account online to check you are on the correct PIR.



## Your personal and contact details

Check and update your email, mobile number and address details, especially if you have moved or are about to. This will ensure we can keep you updated about your FlexiSaver Scheme account.



## Tell us your preferences

You can choose how you would like to receive information from us – whether it's by email or post.

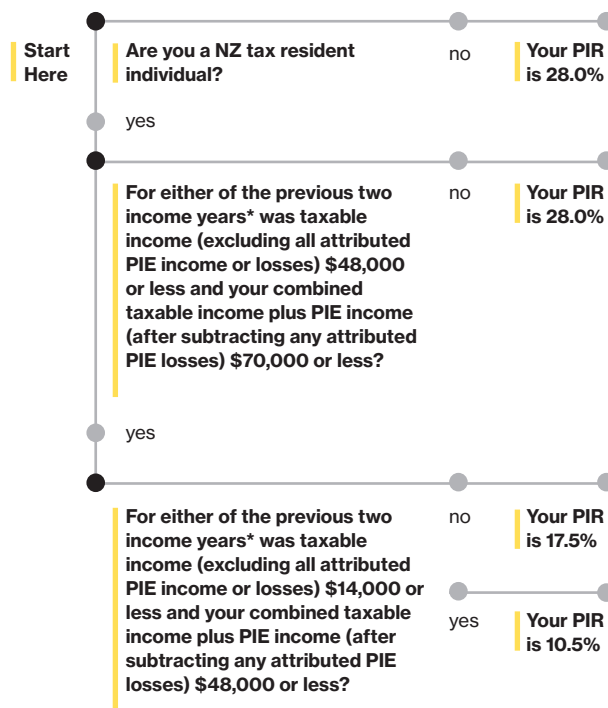


## Investment choice

Choose the right investment option for you and your circumstances.

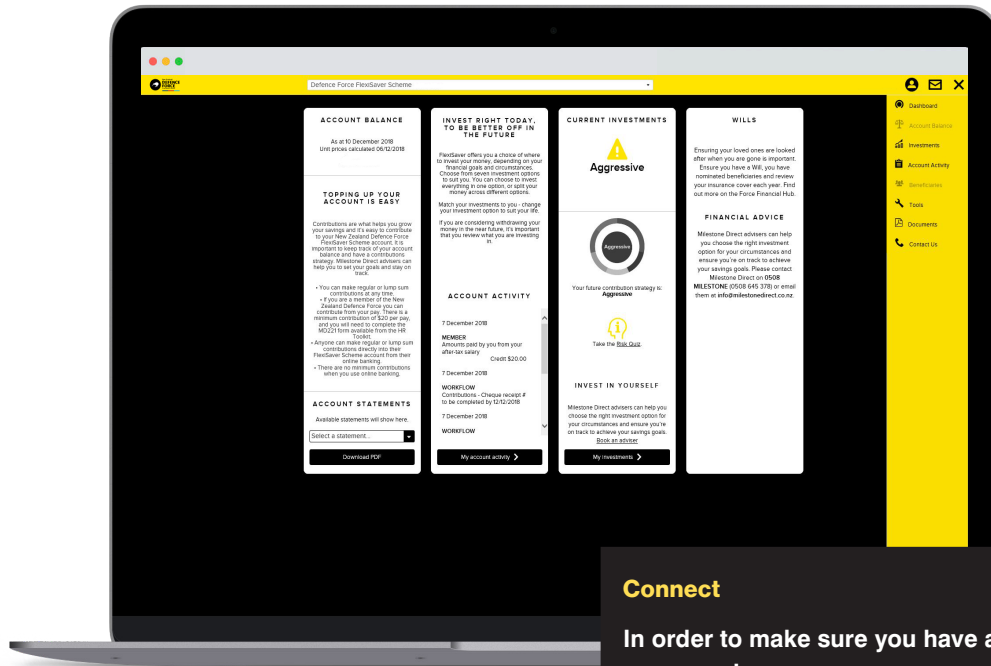
## How to choose your PIR

To work out your PIR simply follow the chart below.



\* Previous two income years refers to the two years prior to the tax year that the PIR is being applied to. An income year is generally the period from 1 April to 31 March of the following year. However, an income year can start and end on alternative dates if Inland Revenue consents. The tax year is always the period from 1 April to 31 March of the following year.

**IMPORTANT:** Please note that any information in this material regarding legal, accounting or tax outcomes does not constitute legal advice or an accounting or tax opinion and prior to relying and acting on this information it is important that you seek independent advice from a qualified lawyer or accountant regarding this information.



## Connect

In order to make sure you have all the facts you can also:



Call us on 0800 333 787



Visit the Force Financial Hub website



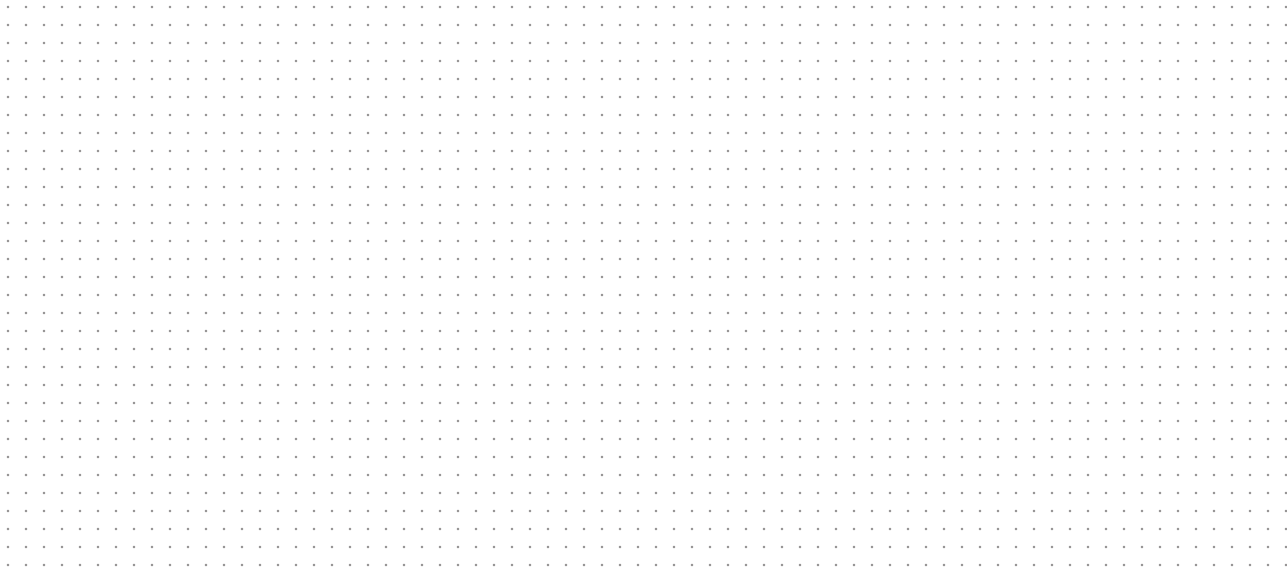
Read the Product Disclosure Statement for the New Zealand Defence Force FlexiSaver Scheme



Speak to New Zealand Defence Force



Speak to a financial adviser on  
0508 MILESTONE (0508 645 378)



**Force Financial Hub | 0800 333 787**



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