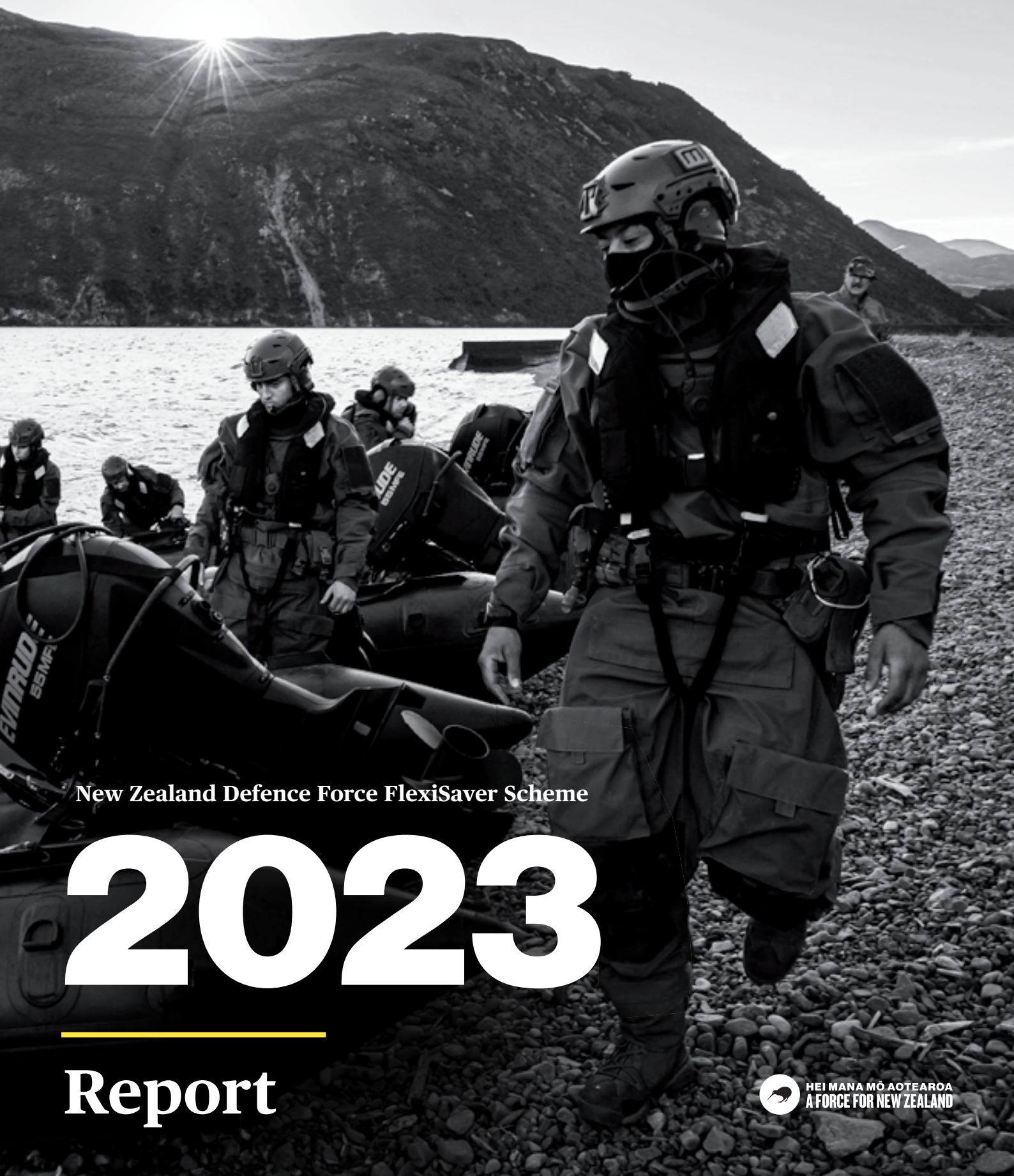




TE OPE KĀTUA O AOTEAROA  
**DEFENCE FORCE**



New Zealand Defence Force FlexiSaver Scheme

# 2023

## Report



HEI MANA MŌ AOTEAROA  
A FORCE FOR NEW ZEALAND

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# Scheme snapshot

As at 31 March 2023



**2,337**

members



**\$16,287**

average member balance



**\$38 million**

invested



**192**

Prezzy Card winners across our savings schemes

# Message from the Chief of Defence Force

Welcome to the Annual Report for the New Zealand Defence Force FlexiSaver Scheme for the year ended 31 March 2023.

## 8 years and counting

The New Zealand Defence Force FlexiSaver Scheme (Scheme), a sub plan within Mercer FlexiSaver, is currently in its eighth year and will be celebrating its eighth birthday in October this year.

The Scheme has grown from having no members in 2015, to 2,337 members and a total of \$38 million in funds under management, invested on behalf of the Defence Community. Together with Mercer FlexiSaver members, it has about \$100 million in funds under management.

The Scheme offers an opportunity to access similar investments as the Defence Force Superannuation Scheme and the New Zealand Defence Force KiwiSaver Scheme without the lock in rules, which typically means you can withdraw your money when you want to. However, this offer allows you to invest not just for retirement, but other goals and allows NZDF members to contribute directly from their pay.

## A tough year for markets, means a tough year for investments

The year has been a challenging one for the Scheme. Like for many managed funds, unit trusts, superannuation and KiwiSaver schemes, investments have been adversely affected by the war in Ukraine and the impact of increased inflation and interest rates on both the domestic and international economies.

While the returns for the year are negative for most funds, it is important to remember that markets go both up and down, which is what we have been experiencing for the last few years. It is important to remember what your goals were when you set this account up and revisit them at least once annually, particularly because you can withdraw your funds more easily than in KiwiSaver or a superannuation scheme. Knowing your risk appetite is also critical. If you are unsure, please use the tools offered to you through the Force Financial Hub. More importantly, if you are thinking of withdrawing your money or changing your investment funds, speak to a Become Wealth financial adviser who is available to you as part of our offering. Furthermore, it is important to continue to save regularly and remember investing while investment values decline, typically pays off over the longer-term.

Spend time understanding what is impacting your investment and what action to take. Sometimes, taking no action is the right action.

## Take a moment to find out more

I encourage you to take a moment to read this annual report and if you haven't already your personal annual statement. These documents are available online when you sign in at [www.nzdfsavings.mil.nz](http://www.nzdfsavings.mil.nz). They contain important information about your account and Scheme's performance including short and long-term returns. If you have any questions about these documents or your account, please give Helpline a call on 0800 333 787.

I'd like to take this opportunity to thank all those across NZDF and our partners for their ongoing commitment and contribution to the NZDF Savings Schemes. And of course, thank you to all of you, members of the Scheme, for partnering with us to deliver this offering.



**K.R. Short**  
Air Marshal  
Chief of Defence Force

## NZDF looking after your financial wellbeing

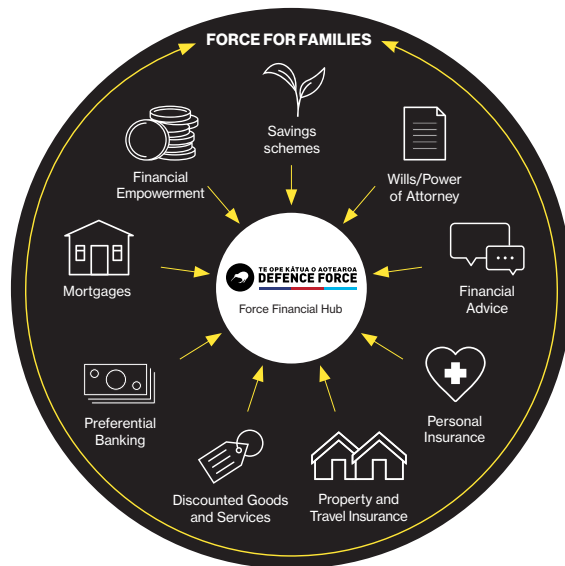
This annual report covers the New Zealand Defence Force FlexiSaver Scheme, one of three savings schemes available to members of NZDF. As a member of the Defence Community you can join the New Zealand Defence Force KiwiSaver Scheme and / or the New Zealand Defence Force FlexiSaver Scheme. The Defence Force Superannuation Scheme is closed to new entrants.

All three savings schemes are managed by Mercer, who administers these schemes, manages your investments and looks after the schemes' online portal [www.nzdfsavings.mil.nz](http://www.nzdfsavings.mil.nz) where you can check your personal information.

All NZDF Savings Schemes are part of the Force Financial Hub which has been set up so you can easily access all of the Defence Force's financial benefits in one place. As a member of the NZDF, you are able to access products, benefits, services and tools through the Force Financial Hub.

### Further information

There are lots of useful sources of further information to help you plan for your future and save for retirement. Here is a list of some places you may want to check out.



**The NZDF is committed to supporting your family to become financially secure.**



#### Force Financial Hub

It is a great source of information to help you and your family get sorted financially [force4families.mil.nz/](http://force4families.mil.nz/) [force-financial-hub](http://force-financial-hub) or Google the Force Financial Hub.



#### The Retirement Income Simulator

is provided to plan for your retirement and keep your plan on track. Sign in to your personal account at [www.nzdfsavings.mil.nz](http://www.nzdfsavings.mil.nz) to check out this tool.



#### The scheme's online portal

contains a lot of information to help you make the most of your scheme membership. This information includes useful articles and reports along with all the scheme documents and forms you may need from time to time. You can also use the portal to sign in to your personal account and view information about your savings. To access the portal, go to [www.nzdfsavings.mil.nz](http://www.nzdfsavings.mil.nz).



#### Financial Advice from Become Wealth

You can get general advice about the New Zealand Defence Force FlexiSaver Scheme, and other NZDF investments. If you wish, personalised advice and recommendations tailored to your individual situation are also available. To access the Become Wealth website, go to [become.nz](http://become.nz).



**Technology  
to help you  
get sorted.**

# 01

## Details of scheme

**Name of the scheme:**

The New Zealand Defence Force FlexiSaver Scheme is not a separate managed investment scheme, but a section within Mercer FlexiSaver (the scheme).

**Type of scheme:** Managed Investment Scheme

**Manager:** Mercer (N.Z.) Limited

**Supervisor:** Trustees Executors Limited

**Product disclosure statement:**

The current product disclosure statement for the New Zealand Defence Force FlexiSaver Scheme is dated 30 March 2023 and is open for applications.

**Fund updates:**

Fund updates for each of the available investment funds for the quarter ending 30 June 2023 were made publicly available on 31 July 2023.

**Financial statements and auditors' report:**

The latest full financial statements for Mercer FlexiSaver that comply with, and have been registered under, the Financial Markets Conduct Act 2013 cover the financial year 1 April 2022 to 31 March 2023 and were authorised for issue by the manager, Mercer (N.Z.) Limited, on 27 July 2023.

The auditor's report on those financial statements was dated 27 July 2023. The auditors' report did not refer to any fundamental uncertainty, nor was it qualified or modified in any respect.

# 02

## Information on contributions and scheme participants

All of the membership and other information in this section is shown for the New Zealand Defence Force FlexiSaver Scheme for the period ended 31 March 2023.

Membership details	Total number of members	Members' accumulation
At 1 April 2022	2,306	\$40,623,149
Plus		
New members	204	
Less		
Exits	173	
<b>Number of members at 31 March 2023</b>	<b>2,337</b>	<b>\$38,063,612</b>

### Contributions

Contributions are what helps you grow your savings and it's easy to contribute to your New Zealand Defence Force FlexiSaver Scheme account.

- You can make regular or lump sum contributions at any time.
- 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, and you will need to complete the MD221 form available from the HR Toolkit.
- Anyone can make regular or lump sum contributions directly into their FlexiSaver Scheme account from their online banking.
- There are no minimum contributions when you use online banking.
- More information on how to make contributions can be found at [www.nzdfsavings.mil.nz](http://www.nzdfsavings.mil.nz) or the Force Financial Hub at [www.force4families.mil.nz/force-financial-hub](http://www.force4families.mil.nz/force-financial-hub).
- It is important to keep track of your account balance and have a contributions strategy. Become Wealth advisers can help you to set your goals and stay on track.

### Contributions

Type	Number of members	Total amount
Member contributions	1,504	\$8,304,336



# 03

## Changes relating to the scheme

### Trust Deed

There were no amendments to the trust deed during the year.

### Terms of Offer of Interests in the Scheme

There have been changes to the terms of offer of interests in the scheme during the year. Three investment options, Real Assets, Overseas Shares and Overseas Shares (Hedged) were withdrawn. These options were only available through a Portfolio Investor Proxy (PIP) and the Product Disclosure Statement for these funds was disestablished and finalised in September 2022.

### Statement of Investment Policy and Objectives of the Scheme

During the year the Statement of Investment Policy and Objectives (SIPO) was updated on:

- 22 August 2023 to remove the transitional wording on the change to the Trustee and updating the reference to the Sustainable Investment Policy.
- 27 September 2022 to reflect the removal of the three PIP Investment Options.

### Related Party Transactions

In previous years, the Mercer Super Trust subscribed for units in Mercer FlexiSaver. These subscriptions were settled through an in specie transfer of investments for equivalent amounts.

There were transactions during the year. Details of the 2023 balances of the investment in Mercer FlexiSaver are disclosed below:

	Opening Balance	Purchases	Sales	Net Change in Fair Value	Closing Balance
Fund	1 April 2022				31 March 2023
Cash	\$1,355,066	\$1,000,000		58,452	2,413,518
Conservative	\$1,021,919		\$(906,000)	(30,513)	85,406
Moderate	\$887,182		\$(766,000)	(38,566)	82,616
Growth	\$16,265,361		\$(10,000,000)	(748,680)	5,516,681
High Growth	\$1,024,795		\$(879,000)	(59,014)	86,781
<b>Total</b>	<b>\$20,554,323</b>	<b>\$1,000,000</b>	<b>\$(12,551,000)</b>	<b>(818,321)</b>	<b>8,185,002</b>

All related party transactions were conducted on normal commercial terms and conditions during the accounting period and were on arm's-length terms.

# 04

## Other information for particular types of managed funds

### Explaining returns

The investment returns for each investment option provided by the Scheme are shown after all investment fees and taxes have been deducted.

There are three sets of investment returns shown for each option for the year covered in this report. This is because different tax rates apply and the one applicable to your returns depends on the tax rate being applied to you.

Please go online to [purl.co.nz/pir\\_nzdf](http://purl.co.nz/pir_nzdf) and check that you have the correct tax rate selected for your savings.

### How your investment earnings are worked out

Contributions made to the New Zealand Defence Force FlexiSaver Scheme are used to purchase what are known as 'units' in your chosen investment option. The number of units that your money purchases depends on the unit price at the time of purchase. For example, if \$1,000 is contributed and the unit price is \$1.00 at that time, then 1,000 units would be purchased on your behalf.

Unit prices are calculated daily and fluctuate according to the investment performance of each investment option. The value of your investment at any time is simply the number of units you own multiplied by their price at that time.

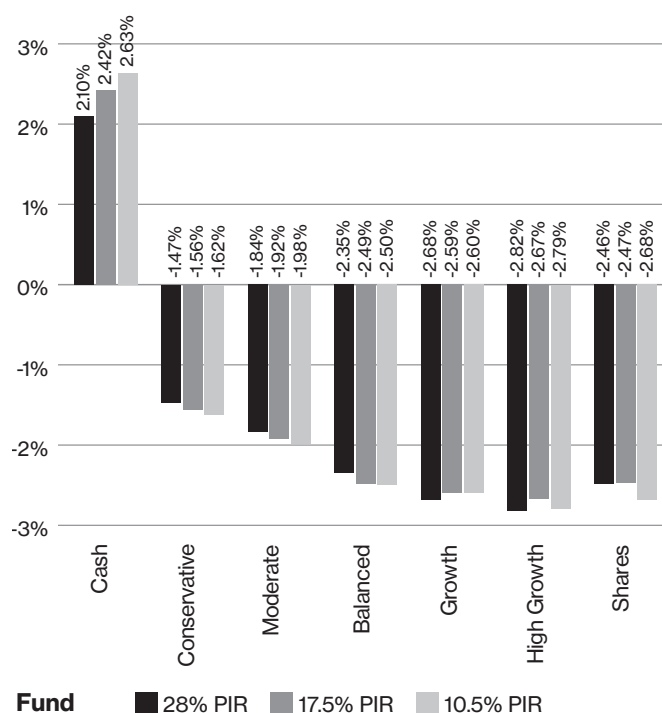
Your latest member annual statement shows how many units you have, their price and your savings balance. You can also view unit prices by signing into your account [www.nzdfsavings.mil.nz](http://www.nzdfsavings.mil.nz) at any time.

### Unit prices

Type	1 April 2022*			31 March 2023		
	28% PIR	17.5% PIR	10.5% PIR	28% PIR	17.5% PIR	10.5% PIR
Cash	1.0529	1.0631	1.0627	1.075	1.0888	1.0906
Conservative	1.1885	1.2167	1.2233	1.171	1.1977	1.2035
Moderate	1.2703	1.2844	1.3005	1.2469	1.2597	1.2748
Balanced	1.3832	1.4123	1.4374	1.3507	1.3772	1.4014
Growth	1.5012	1.5545	1.5650	1.4609	1.5143	1.5243
High Growth	1.6154	1.6415	1.6691	1.5699	1.5976	1.6225
Shares	1.6722	1.7135	1.7524	1.6311	1.6712	1.7055

\* Opening price as at 1 April 2022 is the closing price on 31 March 2022.

### One year returns as at 31 March 2023 (after tax and fees)



You can find up to date performance information by visiting [www.nzdfsavings.mil.nz](http://www.nzdfsavings.mil.nz).

The investment returns are shown after deducting fund fees (but excluding any applicable other charges) and after tax at the Prescribed Investor Rate (PIR) noted. Your individual return can differ from these returns depending on the unit price applicable to each contribution or withdrawal you have made and how long they have been invested, as well as what proportion of each fund you may have selected to invest in. Note fund fees can differ for certain investors which also will vary the return stated. Returns represent past performance only and are not an indication or guarantee of future performance.



## Withdrawals

You may withdraw contributions made to the New Zealand Defence Force FlexiSaver Scheme at any time either by making regular withdrawals, lump sum withdrawals or a withdrawal of the full amount.

If you withdraw the full amount your account may be closed.

### Withdrawals made during the year ended 31 March 2023

Type	Number of members	Total amount
Partial withdrawal	467	\$7,118,043
Full withdrawal	173	\$2,673,510

Are you in the right scheme fund choice?

Will your nest egg last as long as you do?

Can your mortgage be repaid years faster?

Are you on track to achieve major life goals?

A financial adviser from Become Wealth can help you answer the questions above, and more. Free-call 0508 232 663 or email [hello@become.nz](mailto:hello@become.nz).

**become**<sup>NZ</sup>  
REDEFINING WEALTH



# Manager's annual statement

**As the manager of the New Zealand Defence Force FlexiSaver Scheme, we confirm that for the period ended 31 March 2023:**

- all the benefits required to be paid from the scheme in accordance with the governing document have been paid;
- the market value of the assets of the scheme at 31 March 2023, equalled or exceeded the total value of the benefits that would have been payable had all members of the scheme ceased to be members at that date and, where necessary, had provision been made for the continued payment of all benefits being paid to members and other beneficiaries as at the close of the financial year.

# 05

## Changes to persons involved in the scheme

There were no changes to the manager, the supervisor, administration manager, investment manager, securities registrar, custodian or auditor of the scheme.

There were no changes to the directors of the manager during the year, however since year end:

- Ross Butler was appointed as a director on 14 April 2023.

There was a change to the key personnel of the manager during the year:

- Padraig Brown was appointed as Chief Investment Officer on 19 August 2022.

There were changes to the directors of the supervisor during the year:

- Victoria Grace resigned as a director on 7 March 2023
- Ryan Bessemer resigned as a director on 12 December 2022
- Lawrence Kubiak resigned as a director on 12 December 2022
- Robert Kirkpatrick resigned as a director on 14 September 2022
- Keith Richards was appointed as a director on 12 December 2022
- Robert Russell was appointed as a director on 13 February 2023
- Kevin Wallace was appointed as a director on 5 October 2022

# 06

## How to find further information

Information relating to the New Zealand Defence Force FlexiSaver Scheme, the offer register and the scheme register can be found at [www.disclose-register.companiesoffice.govt.nz](http://www.disclose-register.companiesoffice.govt.nz).

The scheme register includes financial statements, the governing document and statement of investment policy and objectives.

The offer register includes information relating to the scheme's membership and funds. It also includes fund updates and other material information.

Information relating to the scheme, such as fund updates, the annual report, the current Product Disclosure Statement and other useful information is available at [www.nzdfsavings.mil.nz](http://www.nzdfsavings.mil.nz) or through the Force Financial Hub.

You can also call the manager on 0800 333 787 to request this information. All the information can be obtained from the manager without charge.



# 07

## Contact details and complaints

### Contact details for the manager:

Mercer (N.Z.) Limited  
PwC Tower, 15 Customs Street West  
PO Box 105591  
Auckland 1143  
Telephone: 0800 333 787

### Supervisor's contact details:

Trustees Executors Limited  
Level 11, 51 Shortland Street  
PO Box 4197  
Auckland 1040  
Telephone: 0800 878 783

### Complaints and Privacy Officer's contact details:

Mercer (N.Z.) Limited  
Attn: Privacy Officer  
PwC Tower, 15 Customs Street West  
PO Box 105591  
Auckland 1143  
Telephone: 0800 333 787

In the first instance, please direct any complaints about your investment to Mercer at:

Mercer (N.Z.) Limited  
PwC Tower, 15 Customs Street West  
PO Box 105591, Auckland 1143  
Attn: Complaints and Privacy Officer  
Telephone: 0800 333 787  
Email: feedbacknz@mercer.com

Mercer may discuss your complaint with the supervisor.

If Mercer are unable to resolve your complaint, you may choose to contact the supervisor at:

Trustees Executors Limited  
Level 11, 51 Shortland Street, Auckland  
PO Box 4197, Auckland 1040  
Attn: Client Manager – Corporate Trustee Services  
Telephone: 0800 878 783

Mercer is a member of the Insurance and Financial Services Ombudsman Scheme (IFSO Scheme) and the supervisor is a member of Financial Services Complaints Limited (FSCL), both of which are independent dispute resolution schemes.

If you have made a complaint to Mercer and the complaint cannot be resolved, then you may refer it to the IFSO subject to certain conditions being met.

Office of IFSO Scheme  
Level 2, Solnet House  
70 The Terrace, Wellington  
PO Box 10-845, Wellington 6143  
Telephone: 04 499 7612 or 0800 888 202  
Facsimile: 04 499 7614  
Email: info@ifso.nz

The IFSO will not charge a fee to any complainant to investigate or resolve a complaint. Further information about referring a complaint to the IFSO can be found at [www.ifso.nz](http://www.ifso.nz).

If you have made a complaint to the supervisor and it has not been resolved, you can refer it to FSCL at:






Level 4, 101 Lambton Quay, Wellington  
PO Box 5967, Wellington 6140  
Telephone: 0800 347 257  
Email: complaints@fscl.org.nz

The FSCL will not charge a fee to any complainant to investigate or resolve a complaint. Further information about referring a complaint to FSCL can be found at [www.fscl.org.nz](http://www.fscl.org.nz).

Note that different procedures apply when making a complaint to the IFSO and FSCL. Full details can be obtained at their respective websites.

### 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 BECOME (0508 232 663)

