



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

REPORT 2020

**NEW ZEALAND DEFENCE FORCE
FLEXISAVER SCHEME**

**A FORCE FOR
NEW ZEALAND**

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SCHEME SNAPSHOT

AS AT 31 MARCH 2020



1,905
members



\$10,642
average member balance



\$20,273,732
invested



194
Prezzy Card winners across
our savings schemes

MESSAGE FROM THE CHIEF OF DEFENCE FORCE

The New Zealand Defence Force (NZDF) FlexiSaver Scheme has had a challenging year, however membership did see an increase by 346 members which is positive. I am proud of the FlexiSaver Scheme and its importance to our personnel when it comes to saving.

COVID-19 and its aftermath, has highlighted the importance for all of us to be prepared for the future. Regardless of what you are saving for, now is a good time to see if you are on track to achieve your investment goals. If you are concerned at the progress in achieving your goals, you may wish to take advice on how to improve your investment outcomes, by increasing contributions or changing your investment portfolio.

Having a plan that enables you to achieve your goals is useful in both the work and personal elements of your life. The attainment of personal goals will often include a requirement to purchase something, and without a plan to save for that purchase, it is unlikely that you will just 'happen to have' the money. I have used savings accounts for many of the significant purchases I have made so far in my life; vehicles, homes, holidays, and in one case, a commissioned item of jewellery to celebrate a significant wedding anniversary.

I congratulate the members of the NZDF FlexiSaver Scheme on taking positive action, and taking up a tool that will aide you in saving for your personal goals.



Air Marshal Kevin Short
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.nzdf.superfacts.co.nz where you can check your personal information.

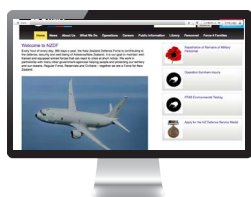
All NZDF Savings Schemes are part of the Force Financial Hub which has been set up so you can easily access all of the Defence Force's financial benefits in one place. As a member of the NZDF you are able to access products, benefits, services and tools through the Force Financial Hub.

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.

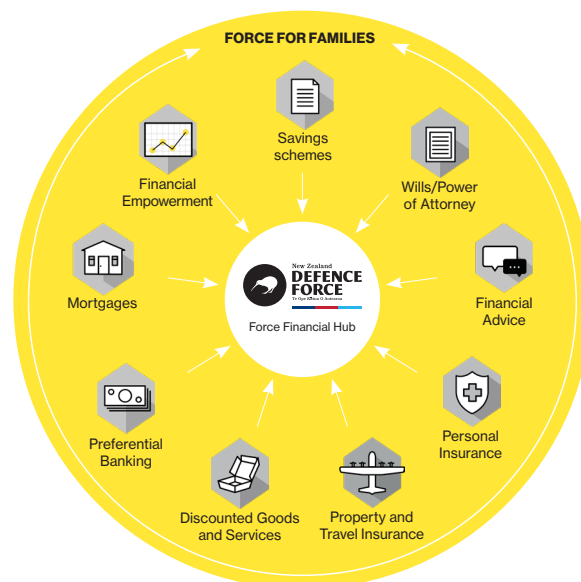
Force Financial Hub

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



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.nzdf.superfacts.co.nz.



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

The Retirement Income Simulator

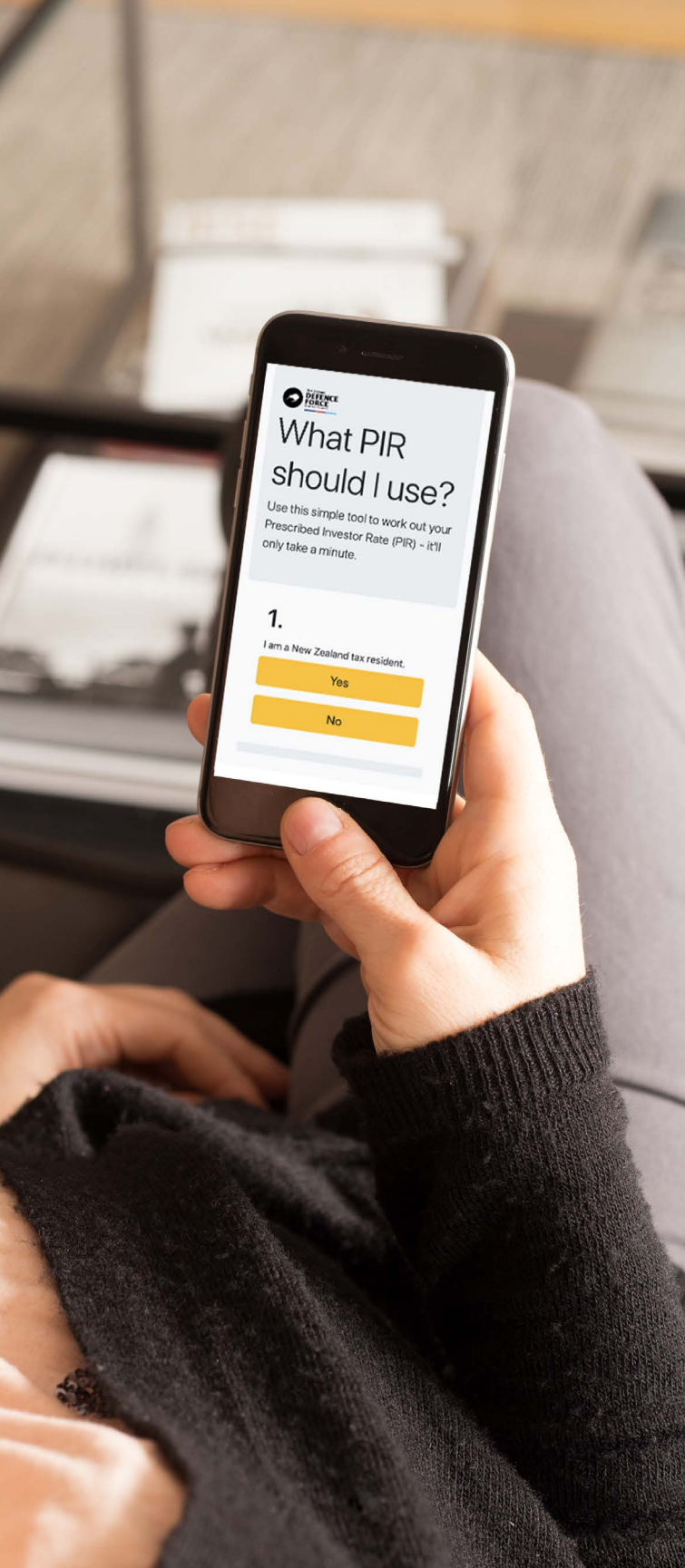
is provided to plan for your retirement and keep your plan on track. Sign in to your personal account at www.nzdf.superfacts.co.nz to check out this tool.



Financial Advice from Milestone Direct

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 on matters such as financial planning for your retirement. To access the Milestone Direct website go to nzdf.milestonedirect.co.nz.





**Technology
to help you
get sorted.**

SECTION 1:

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 17 October 2019 and is open for applications.

Fund updates:

A fund update for each of the seven investment funds for the quarter ended 30 June 2020 was made publicly available on 28 July 2020.

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 2019 to 31 March 2020 and were authorised for issue by the manager, Mercer (N.Z.) Limited, on 24 July 2020.

The auditor's report on those financial statements was dated 27 July 2020. The auditors' report did not refer to any fundamental uncertainty, nor was it qualified or modified in any respect.

SECTION 2:

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 2020.

MEMBERSHIP DETAILS	TOTAL NUMBER OF MEMBERS	MEMBERS' ACCUMULATION
At 1 April 2019	1,559	\$17,410,826
Plus		
New members	498	
Less		
Exits	152	
Total Membership at 31 March 2020	1,905	\$20,273,732

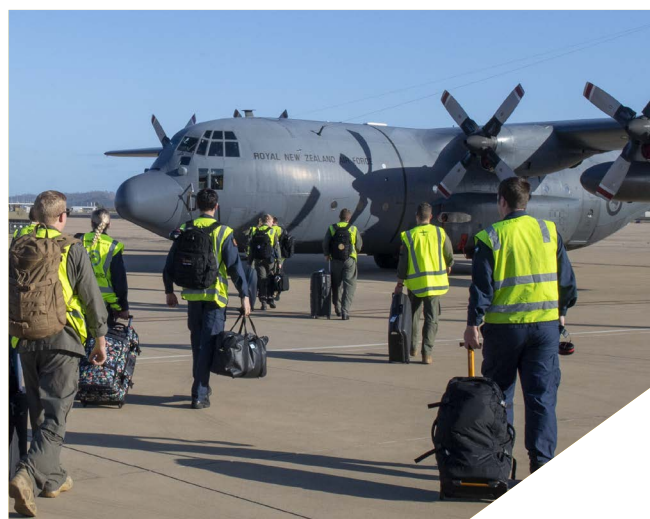
CONTRIBUTIONS

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.nzdf.superfacts.co.nz or the Force Financial Hub at www.nzdf.mil.nz/families/financial-hub.
- It is important to keep track of your account balance and have a contributions strategy. Milestone Direct advisers can help you to set your goals and stay on track.

CONTRIBUTIONS

TYPE	NUMBER OF MEMBERS	TOTAL AMOUNT
Member contributions	1,192	\$10,723,369



SECTION 3:

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 no changes to the terms of offer of interests in the scheme during the year.

SECTION 4:

OTHER INFORMATION FOR THE FLEXISAVER SCHEME

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 and check that you have the correct tax rate selected for your savings.

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

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.

Related Party Transactions

The New Zealand Defence Force FlexiSaver Scheme is not a separate managed investment scheme, but a section within Mercer FlexiSaver. On 28 May 2019, the Mercer Super Trust subscribed for additional units in the Scheme amounting to \$11 million. On 26 April 2018, the Mercer Super Trust subscribed for units in the Scheme amounting to \$5.7 million. These subscriptions were settled through an in specie transfer of investments for equivalent amounts. Details of the transactions and balances are disclosed below:

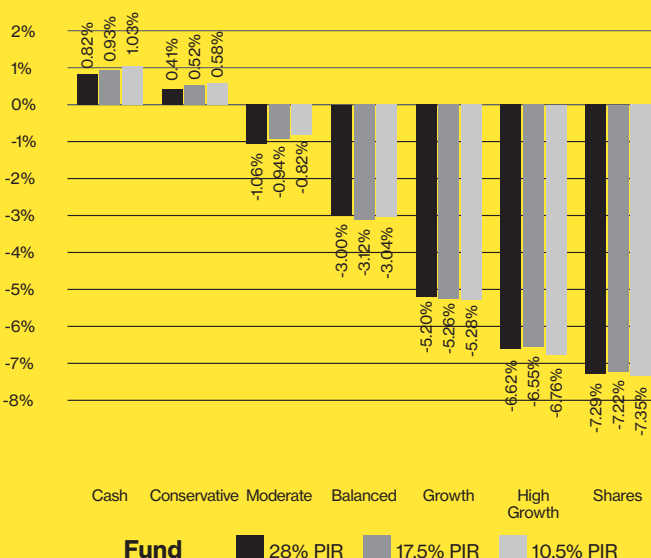
FUND	SUBSCRIPTIONS 26 APRIL 2018	BALANCE 31 MARCH 2019	SUBSCRIPTIONS 28 MAY 2019	BALANCE 31 MARCH 2020
Cash	\$1,300,000	\$1,325,480	-	\$1,346,540
Conservative	\$900,000	\$940,410	-	\$951,660
Moderate	\$750,000	\$783,900	-	\$779,700
Growth	\$2,000,000	\$2,101,200	\$11,000,000	\$12,285,756
High Growth	\$750,000	\$790,800	-	\$734,325
	\$5,700,000	\$5,941,790	\$11,000,000	\$16,097,981

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

Statement of Investment Policy and Objectives of the Scheme

26 November 2019, the SIPO was updated to reflect the changes made to the benchmark indices. In addition, further detail has been added to the information on derivatives, hedging and tax.

One year returns as at 31 March 2020 (after tax and fees)



You can find up to date performance information by visiting www.nzdf.superfacts.co.nz.

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 contribute 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.nzdf.superfacts.co.nz at any time.

UNIT PRICES

TYPE	1 APRIL 2019*			31 MARCH 2020		
	28% PIR	17.5% PIR	10.5% PIR	28% PIR	17.5% PIR	10.5% PIR
Shares	1.3109	1.3259	1.3432	1.2153	1.2302	1.2444
High Growth	1.2893	1.2930	1.3042	1.204	1.2083	1.216
Growth	1.2383	1.2647	1.2703	1.1739	1.1982	1.2033
Balanced	1.1927	1.2110	1.2238	1.157	1.1732	1.1866
Moderate	1.1510	1.1557	1.1631	1.1388	1.1448	1.1536
Conservative	1.1166	1.1381	1.1419	1.1213	1.144	1.1485
Cash	1.0421	1.0509	1.0488	1.0507	1.0607	1.0596

* Opening price as at 1 April 2019 is the closing price on 31 March 2019.

Need help?

Milestone Direct advisers can help you choose the right investment option for your circumstances, plan your retirement, and ensure you are on track to achieve your goals. Please contact Milestone Direct on **0508 MILESTONE (0508 645 378)** or email them at info@milestonedirect.co.nz.

Milestone
Direct | LIFE IS A
JOURNEY.
GET GOOD
DIRECTIONS

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 2020

TYPE	NUMBER OF MEMBERS	TOTAL AMOUNT
Partial withdrawal	453	\$5,256,542
Full withdrawal	122	\$1,426,101

MANAGER'S ANNUAL STATEMENT

As the manager of the New Zealand Defence Force FlexiSaver Scheme, we confirm that for the period ended 31 March 2020:

- 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 2020, 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.



SECTION 5:

CHANGES TO PERSONS INVOLVED IN THE SCHEME

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

- Sarah Roberts resigned as a director on 2 October 2019
- Mark Darrow resigned as a director on 2 October 2019
- Ryan Bessemer was appointed as a director on 2 October 2019
- Victoria Grace was appointed as a director on 2 October 2019
- Graeme Kirkpatrick was appointed as a director on 2 October 2019
- Laurence Kubiak was appointed as a director on 25 October 2019
- Matthew Sale resigned as a director on 17 December 2019

Since year end:

- Richard Klipin was appointed as a director on 1 May 2020

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

- Kristen Jane Kohere-Soutar (appointed 7 August 2017, appointed as Chairperson 30 November 2019)
- Paula Elizabeth Jackson (appointed 1 February 2020)
- Ross Gregory Butler (appointed 1 January 2013, resigned 29 November 2019)

Since year end:

- Benjamin Jon Cossart Walsh (appointed 1 June 2015, resigned 30 April 2020)

SECTION 6:

HOW TO FIND FURTHER INFORMATION

Information relating to the New Zealand Defence Force FlexiSaver Scheme, for the offer register and the scheme register can be found at 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.nzdf.superfacts.co.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.



SECTION 7:

CONTACT DETAILS AND COMPLAINTS

Contact details for the Manager:

Mercer (N.Z.) Limited
151 Queen Street
PO Box 105591
Auckland 1143
Telephone: 0800 333 787

Supervisor's contact details:

Trustees Executors Limited
Level 7, 51 Shortland Street
PO Box 4197
Auckland 1010
Telephone: 0800 809 962

Inquiries and Privacy Officer's contact details:

Mercer (N.Z.) Limited
Attn: Privacy Officer
151 Queen Street
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
151 Queen Street
PO Box 105591, Auckland 1010
Attn: Inquiries and Privacy Officer
Telephone: 0800 333 787
Email: feedbacknz@mercero.com

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

Trustees Executors Limited
Level 7, 51 Shortland Street, Auckland 1010
PO Box 4197, Auckland 1010
Attn: Client Manager – Corporate Trustee Services
Telephone: 09 308 7100

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.

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

4th Floor, 101 Lambton Quay, Wellington
PO Box 5967, Wellington 6140
Telephone: 0800 347 257
Facsimile: 04 472 3728
Email: complaints@fscl.org.nz

Further information about referring a complaint to FSCL can be found at 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

