



Preparing for Retirement

Briefing for HQNZDF – February 2025

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FORCE FOR FAMILIES



NZDF Force Financial Hub (FFH)

Goal

All NZDF members (and their families) are financially secure, are financially capable and own their own home (if they wish to do so)

Aspirational and long term



NZDF Force Financial Hub (FFH)

Quote

“Being financially insecure sucks out your brain power, leading to poorer decisions in your day to day life...; Figuring out ways to survive consumes your brain power, leaving less available for making the smart money decisions that could get you out of trouble”

Frances Cook – Your money your future – 2022 (approx. \$29.00)



NZDF Force Financial Hub – preparing for retirement



Disclaimer



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NZDF Force Financial Hub –

Preparing for retirement

What are
we
covering
in the
workshop

How the Force Financial Hub is able to help you in preparing for retirement

Financial preparation for retirement

Managing your money in retirement

Hobbies and interests in retirement

Mental and physical fitness

Social interactions/family ties

Accommodation

Resources

UNCLASSIFIED NZDF Force Financial Hub (FFH)

A reminder - What is the Force Financial Hub?

- Internet based – google “Force Financial Hub”
- One stop shop
- Able to be accessed any time or place
- Range of benefits, products, services and tools available for members of Defence and their families
- Includes investment webinars and other resources
- Members (and families) continue to access FFH after member ceases service

UNCLASSIFIED

NZDF Force Financial Hub (FFH)

Components

- NZDF savings schemes
- Member Insurance Benefits Programme– MIBP staff insurance programme
- NZDF Southern Cross medical insurance programme
- Domestic insurances – house, vehicle, content, barracks/ship
- NZDF financial advisory service/ retirement planning
- NZDF mortgage broker service
- Wills/POA service (Perpetual Guardian)
- Tools (including webinars and guides)
- NZDF financial capability programme
- Free budgeting and money mentoring services
- Preferential banking services
- Police Credit Union – range of banking services

NZDF Force Financial Hub – Financial preparation for retirement

- Why plan for retirement?
 - We are living longer
 - Increased life expectancy for a 65 years old – (90 years women; 87 years men) – average of 25 years in retirement
 - Increasingly people report that national superannuation is insufficient to live on
 - Public health system is struggling
 - Recent high inflation is impacting on the real value of investments
 - Increasingly, retirees will still be renting or paying a mortgage



NZDF Force Financial Hub - Financial preparation for retirement



Where do you start

- In advance of retirement do a stock take of your financial position
 - Assets (e.g KiwiSaver, superannuation, bank accounts, shares, bonds etc)
 - Liabilities (money owing, e.g credit card, mortgage etc)
 - Income and expenditure
- You may be better off than you think



NZDF Force Financial Hub – Financial preparation for retirement

Work out what sort of retirement you would like, taking into account factors such as

- Will you ease yourself into retirement or go “cold turkey” – increasingly retirees work part time
- Where will you live – do you rent or own your house, cost of rent or rates and insurances, power bills etc
- How many in your household, including pets
- What sort of hobbies and interests will you have
- Managing health problems that may arise as your household ages
- Will there be an inheritance for you
- Do you want to leave an inheritance to any family members
- Do you plan to travel, if so, how often and where
- Grandchildren to help with or support
- How regularly will you update the car

NZDF Force Financial Hub – Financial preparation for retirement

What sort of retirement cont'd

- Realistic debt management plan for paying off debt
- Calculate how long you are likely to live in retirement, taking into account lifestyle, smoker or non- smoker, diet, exercise, blood pressure etc, family genes – plan on at least 25 years in retirement
- Review latest Massey University research figures (as a guide)
- If you are paying rent, and as your income may drop, check if you are eligible for housing supplement
- Calculate what your investments will generate in income to supplement national superannuation figures



NZDF Force Financial Hub (FFH) – Savings Schemes

- NZDF Savings Schemes now feature a retirement target calculator – interactive to facilitate personal modelling
- Linked to annual Massey University figures which project lump sums required for a no frills and choices (comfortable retirement) – figures to be updated annually
-

One person	Metro (Ak, Ch and Wgtn)	Rest of NZ	Two person household	Metro (Ak, Ch and Wgtn)	Rest of NZ
No Frills budget	\$181,000	\$46,000		\$116,000	\$248,000
Choices budget	\$269,000	\$250,000		\$1,02,000	\$441,000

NZDF Force Financial Hub (FFH) – Savings Schemes

- National superannuation rates per week

single person \$519.47

couple \$799.18

Weekly expenditure figures projected for a “No Frills” and “Choices” retirement are:

One person househ old	Metro (AK, Ch and Wgtn)	Rest of NZ	Two person househ old	Metro (AK, Ch and Wgtn,	Rest of NZ
No Frills budget	\$688.00	\$564.00		\$910.00	\$1032.00
Choices budget	\$769.00	\$752.00		\$1740.00	\$1210.00

NZDF Force Financial Hub – Financial preparation for retirement



Check KS or DFSS member statements – powerful planning information



Calculate total value of funds you will have in retirement

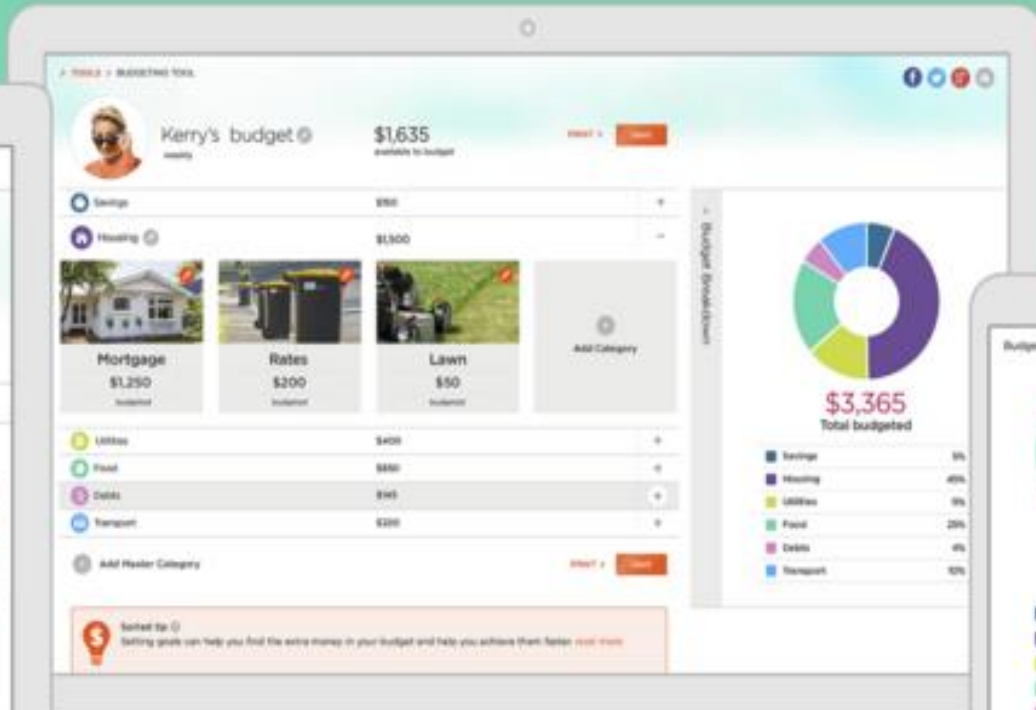
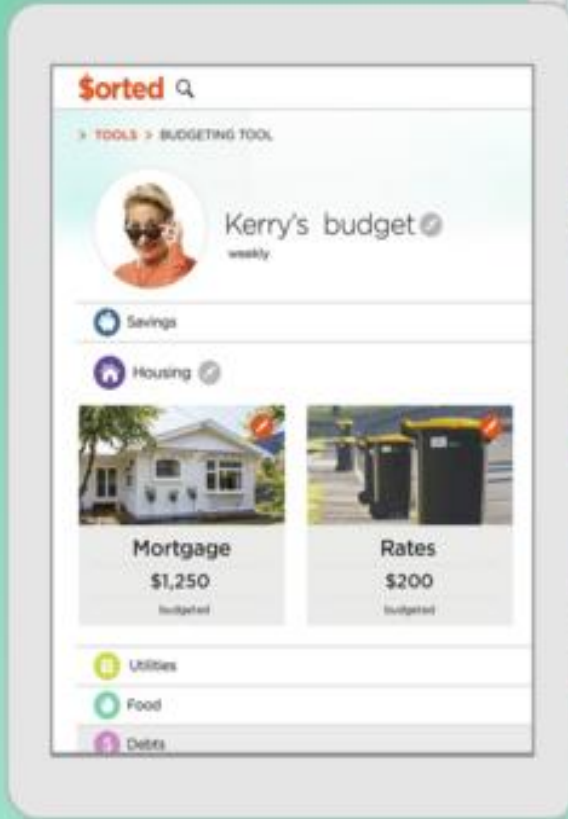
Part time income/business income
KiwiSaver/ Superannuation funds
Investment properties
Shares
Bank/ Fixed term deposits
Bitcoin
Other assets



Look at how much income each of those assets will generate-ideal should be 5% yield or \$50.00 per \$1000 invested p.a



Look at options for managing risks, including diversifying/planned asset allocation



NZDF Force Financial Hub – Financial preparation for retirement

How much do you think you will need in retirement

- Develop a realistic retirement budget (weekly income and expenditure) – look at last three to six months expenditure, taking into account adjustments to lifestyle in retirement
- Tools for developing retirement budget include
 - Sorted retirement calculator
 - Excel spreadsheet
 - MSN Money site
 - Your KiwiSaver or superannuation site, e.g. Mercer superfacts site
 - Bank sites
 - Seek assistance from Become Wealth or other financial planning service
- Factor in replacement of whiteware, TV etc every ten years and perhaps car every five years
- And factor in cost of downsizing, perhaps into a retirement village
- Or estimate 75% of pre retirement salary; or
- Use a formula like $10 \times$ pre retirement salary as a lump sum

Symbol/Company/Index

News Personal finance Tools

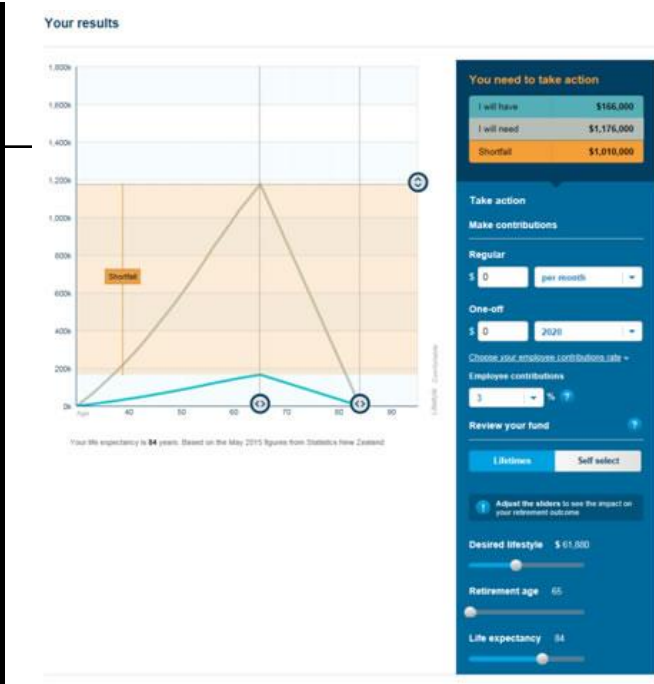
Currencies
What are the latest exchange rates?

Mortgage Calculator
What will my monthly mortgage payment be?

Tip Calculator
How much would the bill or tip per person be?

Wealth Estimator
How much should I save to reach my goal?

Retirement Planner
How much should I save to reach my goal?



Starting Cushion: \$ 240.00

Cushions/shortfalls are cumulative; they roll over to the next period!

Days 1-7	Days 8-14	Days 15-21	Days 22-31
Cushion: \$213.71	Cushion: \$231.49	Cushion: \$248.34	Cushion: \$17.34
INCOME Ann's Paycheck #1 \$ 1,200.00 Wal-Mart \$ 125.30 Drugstore \$ 13.80 Water & trash \$ 42.48 Texaco fuel \$ 25.40 Texaco fuel \$ 19.31	INCOME Bob's paycheck #1 \$ 800.00 Birthday gift \$ 100.00	INCOME Ann's Paycheck #2 \$ 1,200.00	INCOME Bob's paycheck #2 \$ 800.00 Interest earned \$ 4.70
EXPENSES House payment \$ 1,000.00 Visa payment \$ 250.00 Discover payment \$ 250.00 Electric bill \$ 106.00 Natural gas bill \$ 47.00 Target \$ 137.22 Haircut \$ 22.00 Prescriptions \$ 70.00	EXPENSES Medical insurance \$ 413.15 Estimated Dining \$ 100.00 Estimated Food \$ 450.00 Estimated Other \$ 220.00	EXPENSES Ann's car payment \$ 310.10 Bob's car payment \$ 275.60 Estimated other \$ 230.00 Xfer to savings \$ 220.00	

Total Income: \$4,104.70

Total Expenses: \$4,327.36

(\$222.66)

BoxBudget v1.2

Click here for info page!

Spreadsheet Courtesy of www.moneyspot.org

Scroll for More Rows

NZDF Force Financial Hub – Managing your money in retirement

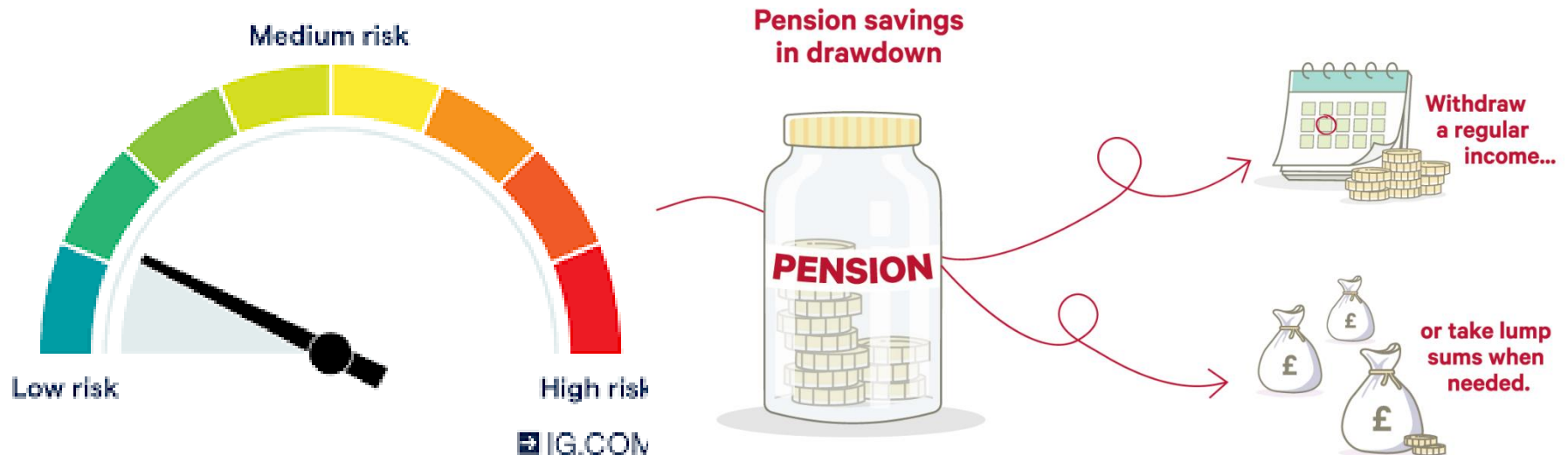
Decumulation Options

Look at Decumulation options for KiwiSaver and superannuation.

Calculate how much you can safely draw down and frequency. Also calculate if you want to withdraw funds from capital, or just the income stream from the capital

Decumulation Options

- Decumulation options include
 - Draw down all funds at once and invest in bank account or other low interest, but low risk portfolio




Decumulation Options

- Draw down a portion of the funds monthly, three monthly, six monthly or annually – KS and superannuation permit this – discuss options with your providers or financial adviser



Other Decumulation Options


- Apply 4% rule, i.e. 4% of funds withdrawn each year over 25 years, or
- 6% for first 10 years and then 2.5% for remaining 15 years, or
- A combination of both
- It is important to delay draw down of funds until you have a plan
- Have formal actuarial calculations prepared for you by an accountant or financial adviser– very useful tool but costly



The 4% Rule

[thē 'fōr pər-'sent 'rül]

A retirement planning rule of thumb that dictates a retiree withdraw 4% of their retirement funds in their first year and remove that dollar amount, adjusted for inflation, every year after.

 Investopedia

NZDF Force Financial Hub-

Managing your money in retirement

**YES I DO HAVE A
RETIREMENT PLAN
I PLAN ON
S.K.I.I.N.G**

*Spending the
Kids
Inheritance*



- Two key risks
 - Your money runs out before you die
 - You die before your money runs out
- Linked to these risks are your approach to family and other loved ones
 - You go skiing (enjoy life; spend the kids inheritance)
 - You leave an inheritance (e.g. possibly the family home)
 - You do both (enjoy life and leave an inheritance)

NZDF Force Financial Hub – Managing your money in retirement

With all investments it is useful to take a long term approach

- Funds required within 2 to 3 years – invest conservatively (e.g fixed term deposit, bonds, bank saving account)
- Funds required 5 to 10 years – invest moderately (e.g Balanced portfolio in KS and other managed funds), investment residential or commercial property
- Funds required 10 years + - invest in growth assets (e.g growth, high growth portfolios, commodities), shares etc
- Retain a rainy day fund – money you are able to access urgently in emergencies
- Diversification is very important to help manage risks even if one investment class is impacted by events (e.g. drop in interest rates), other investment classes may plug the gap
- It is useful to review your financial asset allocations annually



NZDF Force Financial Hub – Managing your money in retirement

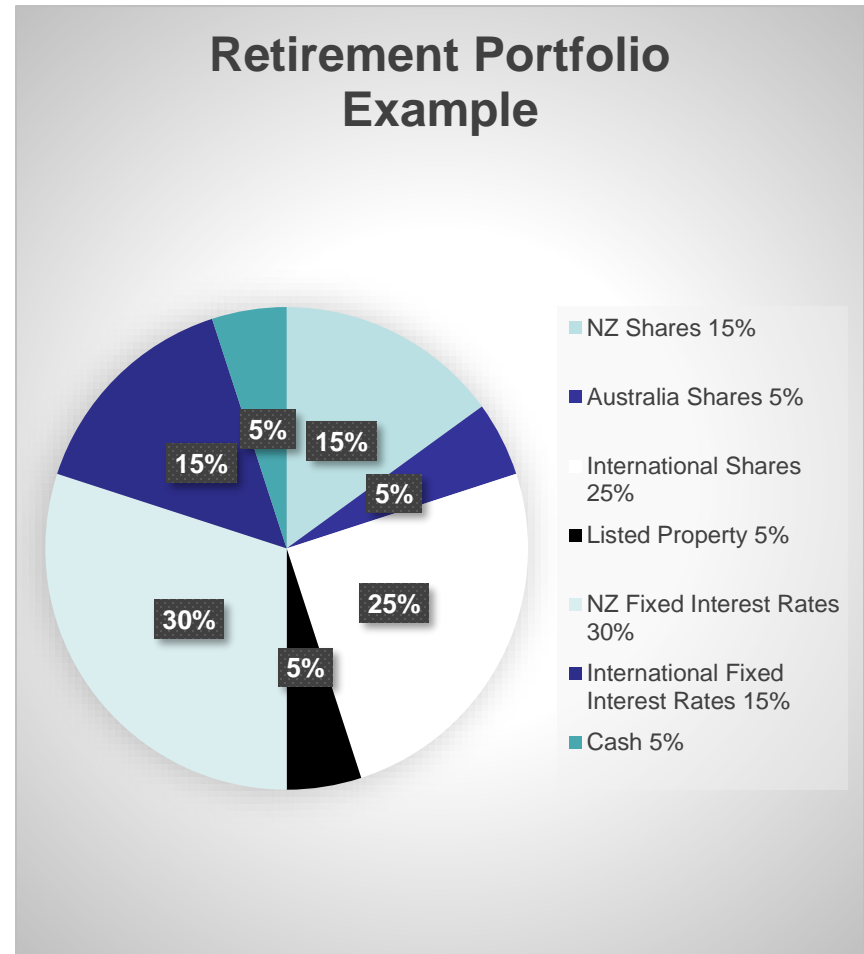
- Retirement portfolio example
 - NZ Shares 15%
 - Australia Shares 5%
 - International Shares 25%
 - Listed property 5%

Total Growth Assets 50%

 - NZ Fixed Interest Rates 30%
 - International Fixed Interest rates 15%
 - Cash 5%

Total Income Assets 50%

Source Martin Hawes



NZDF Force Financial Hub (FFH) – Savings

ACCOUNT BALANCE

As at 4 September 2018
Unit prices calculated 26/05/2018

\$54,577.23

BALANCE SUMMARY

BREAKDOWN

\$54,577.23

Locked in

\$0

Payable as cash

\$0

Locked in

[View account balance](#)

ACCOUNT STATEMENTS

Available statements will show here.

No statements to list

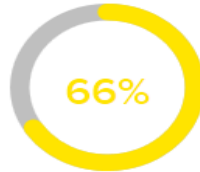
[Download PDF](#)

RETIREMENT BENEFIT

In 2056 based on your current account balance, we estimate you'll have

\$324,000

which is



of the amount needed to provide a comfortable standard of living in retirement.

[View more details](#)

ACCOUNT ACTIVITY

17 May 2018

MEMBER

Your kiwisaver contributions received from inland revenue
Credit \$0.32

17 May 2018

EMPLOYER

Employer contributions received from inland revenue
Credit \$0.24

30 April 2018

[My account activity >](#)

CURRENT INVESTMENTS



High Growth



Your future contribution strategy is : **High Growth**



Take the [Risk Quiz](#).

INVEST IN YOURSELF

Milestone Direct advisers can help you choose the right investment option for your circumstances and ensure you're on track to achieve your savings goals.

[Book an adviser](#)

[My investments >](#)

WILLS

Ensuring your loved ones are looked after after you are gone is important.

Ensure you have a Will, you have nominated beneficiaries and review your insurance cover each year. Find out more on the Force Financial Hub.

FINANCIAL ADVICE

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

Tools – Monthly Report

MONTHLY REPORT

For the period ended 31 July 2018

July in a snapshot

- July was another good month for investors, even though politics and New Zealand business confidence continue to impact investor sentiment. More on this in the report.
- All the New Zealand Defence Force Savings Scheme's options performed well during the month.
- By now you should have received your copy of the Annual Report for each of the three NZDF Savings Schemes. More information about what has been happening over the year to 31 March and subsequently is available in each of the reports. If you need financial advice, please call to speak with one of the Milestone Direct financial advisers on 0508 645 378.

Read more about the markets and investment performance in this monthly report.



INVESTMENT RETURNS FOR PERIOD ENDED 31 MARCH 2017

NEW ZEALAND DEFENCE FORCE KIWISAVER SCHEME

Investment options		1 Month	3 Months	FYTD*	1 Year
28% PRESCRIBED INVESTOR RATE (PIR)	Cash	0.12%	0.35%	1.42%	1.42%
	Conservative	0.57%	1.41%	3.48%	3.48%
	Moderate	0.72%	1.88%	4.64%	4.64%
	Balanced	1.11%	2.87%	6.91%	6.91%
	Growth	1.50%	3.80%	9.05%	9.05%
	High Growth	1.84%	4.56%	10.48%	10.48%
	Shares	2.52%	5.56%	11.69%	11.69%

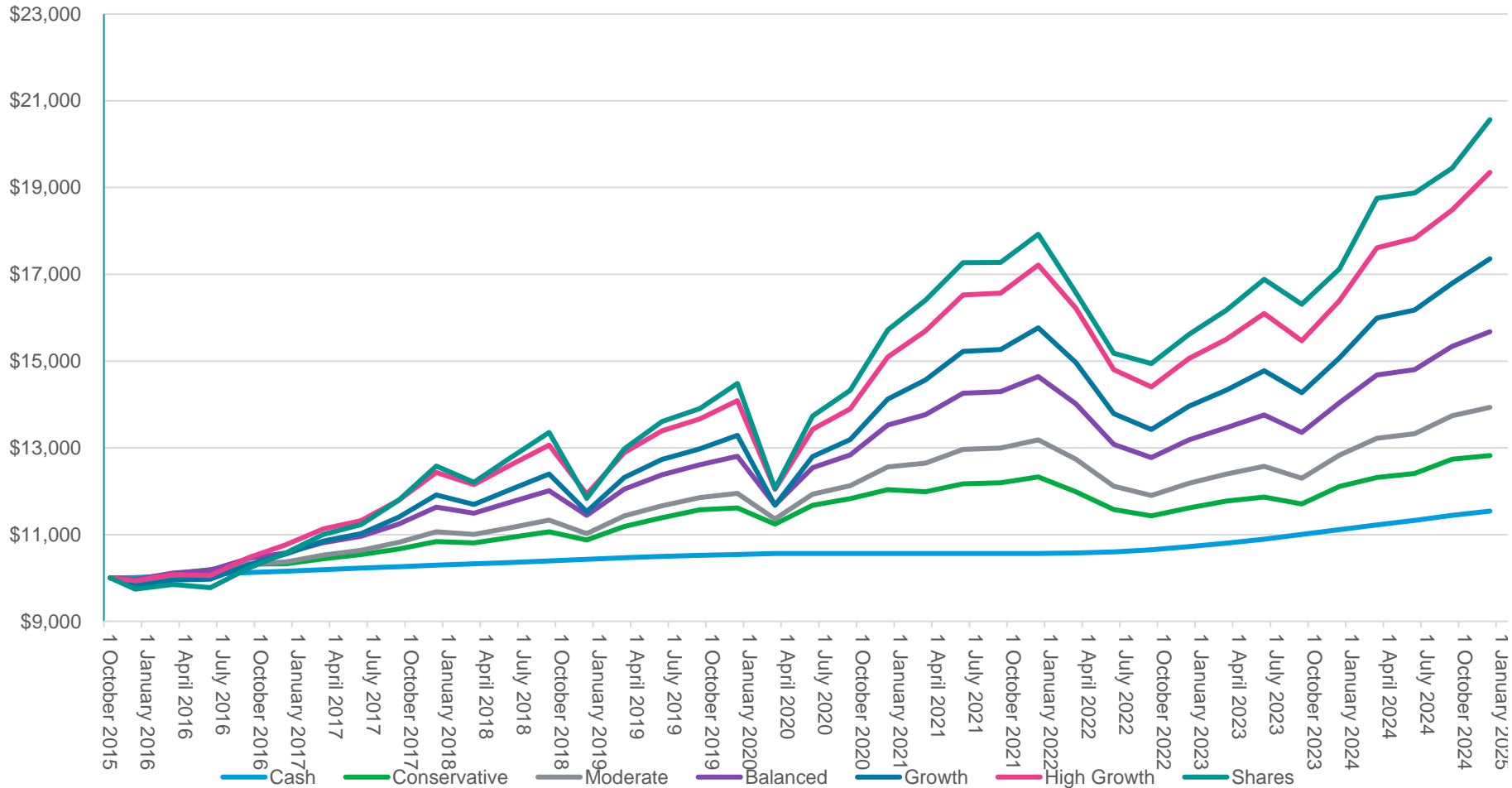
Investment options		1 Month	3 Months	FYTD*	1 Year
17.5% PRESCRIBED INVESTOR RATE (PIR)	Cash	0.14%	0.39%	1.62%	1.62%
	Conservative	0.55%	1.48%	3.71%	3.71%
	Moderate	0.71%	2.00%	5.25%	5.25%
	Balanced	1.04%	2.89%	7.34%	7.34%
	Growth	1.38%	3.81%	9.72%	9.72%
	High Growth	1.71%	4.53%	10.91%	10.91%
	Shares	2.31%	5.57%	12.44%	12.44%

Investment options		1 Month	3 Months	FYTD*	1 Year
10.5% PRESCRIBED INVESTOR RATE (PIR)	Cash	0.15%	0.43%	1.75%	1.75%
	Conservative	0.53%	1.50%	4.11%	4.11%
	Moderate	0.69%	2.03%	5.48%	5.48%
	Balanced	0.96%	2.86%	7.44%	7.44%
	Growth	1.32%	3.84%	10.08%	10.08%
	High Growth	1.61%	4.51%	11.75%	11.75%
	Shares	2.30%	5.71%	12.93%	12.93%

Notes

- The investment returns shown on this page are based on the unit price movements of each investment portfolio and are after tax at the rate indicated and after fund charges that are charged within the unit prices.
- Each investor's returns within an investment portfolio will depend on timing of contribution payments and actual fees charged allowing for any fee rebates. The after tax and fees returns shown are therefore indicative of investment results but may differ from the actual after fees and tax returns achieved by individual investors.
- '-' indicates that investment option was not operating for the full period or did not have funds invested for the full period.
- * FYTD means Financial Year to Date, which is from 1 April 2016

Growth of \$10,000: New Zealand Defence Force KiwiSaver Scheme funds since inception (after fees and tax at 28% PIR)



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NZDF Force Financial Hub – preparing for retirement

Hobbies and interests in retirement

- Important to think about in advance of retirement as we all need something to get us out of bed each day – a passion that sustains us
- As people transition to retirement there is a risk that our feeling of self worth drops, feelings like
 1. we feel we are past our “used by” date, or
 2. we are “on the shelf”, or
 3. “ we no longer have anything to offer to society”
 4. “The days blur into one another”
 5. ‘I have nothing to look forward to”
- A particular risk for retirees living on their own, perhaps exacerbated by money worries
- Having hobbies and interests mitigates those risks, providing something to sustain us

NZDF Force Financial Hub – preparing for retirement

Hobbies and interests in retirement cont'd

- Depending on lifestyle, hobbies and interests don't have to involve money – things like walks, or voluntary work in a shop, may deliver a lot of satisfaction at little or no cost
- Having a part time job may also be of help, both to supplement income and provide another interest
- The Wellington region has many opportunities for clubs, keep fit classes, swimming classes, etc. – added advantage is the opportunity to meet other people



NZDF Force Financial Hub – preparing for retirement

Mental and physical fitness

- Very important to maintain both physical and mental fitness
- Physical fitness can be maintained through simple activities like walking, yoga, swimming, golf, bowls, keep fit classes, gardening etc
- Also important to strike the right balance as we age and not overdo things
- Mental fitness/agility is able to be maintained through a range of mechanisms, all simple and generally involving no cost - e.g daily stuff quiz, Listener cryptic cross words, books, articles, clubs like Probis, Masonic Lodge etc
- Active engagement with other humans and/or pets is also very important for mental fitness – voluntary work (e.g meals on wheels or working in a Salvation Army shop is a good way of interacting with others)
- In today's world it is good to be IT savvy, but be aware of scams

NZDF Force Financial Hub – preparing for retirement

Social interactions and family ties

- For most humans social contact is very important
- Many older retirees live lonely, isolated lives, particularly females as their life expectancy is on average 5 years more than males
- Clubs, church, sporting activities, and activities like bowling or line dancing are a great way of meeting people
- While regular contact with family is important, it is good to be independent and not be too reliant on families for support – “sandwich generation” concept
- Just as importantly, your children shouldn’t expect to use you as a free baby sitting service



NZDF Force Financial Hub – preparing for retirement

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Accommodation

- Regardless of whether you rent or own your house, review the suitability and make changes while you have the health to do so.
- Also think about the future- how will you grapple with house access or proximity to public transport, Doctor and other amenities as you get older
- If a house owner, factor in the ongoing costs of rates, insurances, heating, maintenance, ten year life span of whiteware and electronics
- If a renter, factor in the possibility of rent increases and the potential for a forced move if circumstances change
- If considering a retirement village, do your homework thoroughly and take advice on the fiscal and legal implications
- If considering a rest home, consider the cost implications (e.g up to \$1500 per week if there is no govt subsidy)

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NZDF Force Financial Hub- preparing for retirement

Accommodation cont'd

- Having a family trust is no longer a shield for avoiding means testing etc and Govt asset grabs
- If contemplating an overseas move, do your homework. Pension age varies from country to country; full portability between NZ and Australia

Resources

- Resources list available from Benefits cell
- Podcasts/articles
- “Cracking open the nest egg” – Martin Hawes (\$30.00)
- “Dare to Retire Free” – Kristin Sutherland (\$40.00)
- Other books/ seminars and workshops
- Retirement Commission website
- SORTED site

NZDF Force Financial Hub – preparing for retirement

Other things to think about:

- Importance of an up to date Will
- Power of attorney
- Consider a pastoral care plan
- Up to date contact lists
- Health risks – potential for medical insurance/ local GP service/ proximity of hospital to where you retire

NZDF Force Financial Hub (FFH)

- Queries to benefits@nzdf.mil.nz

Summary

- Check the Force Financial Hub
- Take a stocktake of your finances, investments, investment allocation and diversification, Will, insurances
- Contact the FFH benefit providers
- Look at the Sorted site
- Register for a financial capability programme
- For members of KS, DFSS or SSRSS check your latest member statements – very powerful information to assist with planning
- Encourage your staff to do the same
- Reach out if you need help

