



Member Investment Choice Booklet



FireSuper

2024



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This document was prepared by the Trustee to help you choose the investment option (or options) that best suits your personal circumstances and requirements. It should be read in conjunction with FireSuper's current Product Disclosure Statement (PDS) and the information available on www.firesuper.org.nz.

Whilst every care has been taken in the preparation of this guide, if there is an ambiguity or discrepancy between this document and FireSuper's Trust Deed and the PDS, the Trust Deed and the PDS will prevail.

This document is not financial advice for the purposes of the Financial Markets Conduct Act 2013 and the information contained in it does not take into account your particular financial situation or goals. We encourage you to seek professional advice from an appropriately qualified and experienced financial adviser before making any investment decision.

Introduction to **investment choice**

This booklet takes you through the investment choices available to you and explains some of the important concepts you should take into account before making an investment decision.

Your investment in FireSuper accumulates in two ways:

1. You contribute some of your pay to FireSuper. Fire and Emergency New Zealand also contributes money to your account. Subject to certain conditions, you can also make voluntary contributions.
2. Your account is regularly updated with earnings (also known as returns) that reflect the performance of the investment option(s) you have chosen.

(In this guide, we refer to the sum of your contributions and earnings as your Accumulation.)

FireSuper offers members investment choice, which gives you the flexibility to choose the Life Cycle option, one of the other four investment options, or a combination of these four options, whatever best suits your own personal circumstances and preferences.

The FireSuper Trustee (**us, we, our, or the Trustee**) regularly reviews the way member investment choice works to ensure that it meets members' needs.

You can change your investment option(s) up to twice in each financial year (1 April to 31 March).

Other than for the Life Cycle option, you can choose a different investment option or a combination of investment options for your Accumulation and/or your future contributions.

The Trustee offers member investment choice because, when it comes to saving for retirement, members have different needs. For instance, you may have many years to invest your retirement savings or you could need to start living off them in the next few years. People also feel differently about fluctuations in returns; you could be happy to accept an increased risk of a negative return in exchange for potentially higher long term returns or you may prefer to accept the likelihood of more modest returns over the longer term in exchange for the comfort of a reduced risk of a negative return.

It is important to understand that your investment choice must be received by midnight on the 20th of each month to take effect from the first day of the following month. For example, if your investment choice was received before midnight on 20 September, the change will take effect on 1 October.

Interim earning rates for your current option(s) would apply to the last day of the month in which you made your choice.

Interim earning rates for your new option(s) would apply from the first day of the month after you made your investment choice.

Making investment choice

Here are some steps to help you make an investment choice.

1 Step one: Read this booklet carefully

It has been prepared to help you understand your options, key investment terms, and to assist you to select an investment option or a combination of options that are right for you. If you have any questions about how investment choice works, please call the Helpline on **0800 MY SUPER** (0800 69 78737).

2 Step two: Consider your personal and financial goals

It is important to consider:

- how long it will be before you need your retirement savings?
- how much risk are you comfortable with?

To help you clarify your own attitude to risk, you can seek financial advice or work out your risk profile at www.sorted.org.nz/tools/investor-kickstarter.

3 Step three: Speak to a financial adviser

There is no substitute for good financial advice and seeking input from an expert can make a difference to how much you have at retirement.

Visit the *Financial advice* page on FireSuper's website, <https://www.firesuper.org.nz/financial-advice.html>. Here you will find links to resources available to you, including the Financial Markets Authority, Te Ara Ahunga Ora Retirement Commission, and a free budgeting service MoneyTalks.

4 Step four: Choose your investment option(s)

You can make a choice when you first join FireSuper or you can change your investment option(s) online at www.firesuper.org.nz up to twice in each financial year (1 April to 31 March) at any time. Please ensure the total adds up to 100%.

If you don't make a choice when you first join FireSuper, you will automatically be enrolled into the Life Cycle investment option.

Your investment choice will take effect from the first day of the month after confirmation of your change has been received. Other than for the Life Cycle option, you may choose different option(s) for your existing Accumulation and/or future contributions. Note that if your investment switch is not received by midnight on the 20th of the month, it will not take effect until the first of the second month following. For example, if you submitted a change on 25 August, it will not take effect until 1 October.



Remember, when selecting your investment option(s), past performance is not an indicator of future performance.

About **investment choice**

It is good to know that whatever stage of life you're at, however long your money will be invested, or whatever your personal attitude to investment risk is, FireSuper has a range of investment options available to you.

You have five investment options to choose from:

- Life Cycle option
- Growth option
- Balanced option
- Conservative option
- Cash option

Combination of investment options

Other than if you have selected the Life Cycle option, you can invest in one or a combination of investment options, as long as your total investment adds up to 100%.

You can have your Accumulation in one investment option or a combination of options and direct your future contributions to another option or combination of options.

If selecting the Life Cycle option, you must invest 100% in this option.

You are not locked into your choice

You can change your investment options as your personal circumstances change. The change must be made online at www.firesuper.org.nz and can be made up to twice in each financial year (1 April to 31 March), taking effect from the first day of the month following a confirmed investment switch has been received. This is provided your change is made prior to midnight on the 20th of the month.

Typically, any adjustments to your investment strategy should only be made in response to a change in your personal circumstances. Reacting to movements in investment markets and trying to time subsequent short term rises and falls is exceptionally difficult.

Investments **in detail**

Assets classes

The retirement savings in each investment option are invested in what's known as assets. Assets are divided into categories or classes according to their type. There are four main types of asset class – shares, property, fixed interest, and cash.

Investing in a variety of asset classes reduces the risk of a low or negative return that may occur because one asset class does not reach its expected level of return.

The asset classes your Accumulation is invested in will depend on the investment option, or combination of options, you choose.

When you invest in one or more of FireSuper's investment options, FireSuper invests it in a mix of asset classes with a corresponding level of risk suited to the objectives of that investment option(s).

Risk and return

FireSuper's investment options have different levels of risk and return.

- Risk refers to the chance your investment has of losing value as investment markets change.
- Return is the amount you earn from your investment.

Generally, an investment with more risk will have a greater chance of a negative return over the short term, but a higher return over the long term. The sharp fluctuation in short term returns is often referred to as volatility (your investment going up and down).

Each of the four main asset classes – shares, property, fixed interest, and cash – have different levels of risk, and therefore different potential rates of return.

Income assets

Cash and fixed interest are known as income assets (sometimes also referred to as defensive assets). Income assets usually earn lower investment returns. However, as they are subject to a lower level of risk, the possibility of earning a negative return in any year is less than with growth assets (see below).

Growth assets

Shares and property are known as growth assets. Growth assets have greater potential to earn higher returns over the long term. However, growth assets have a higher level of risk, which means they are more likely to fall in value in the short term. The investment returns for growth assets may vary significantly from one year to the next and there is the likelihood of negative returns in some years.

Diversification

Diversification simply means not putting all your eggs (or money) in one basket (or asset class). This way you have a better chance of protecting your money from a fall in value and can reduce the risk of low or negative returns. If one of the asset classes is not achieving its expected returns, another performing well may help to offset the negative impact.

Understanding **asset classes**

Shares

Investments in shares (sometimes called stocks or equities) are investments in companies. A shareholder has partial ownership in the company and its profits, and can receive benefits in two ways – through income received from the company through the payment of dividends, and through capital growth when the price of a share increases.

Shares have historically earned higher investment returns than other asset classes over the long term but, because of the volatility of the sharemarket in the short term, it is one of the highest risk asset classes.

- **Risk:** Expected to have a high degree of volatility from year to year, including the likelihood of negative returns in some years.
- **Return:** Expected to have high growth/returns over the long term.

Note that FireSuper's investments in property and infrastructure are also in the form of shares.

Fixed interest

Fixed interest (sometimes called bonds) are usually loans to government organisations or major companies. The organisation that borrows the money pays a 'fixed' rate of interest and returns the capital at an agreed future date (typically a number of years away). Fixed interest has historically gained a low to moderate level of investment return over the long term and is subject to a low to moderate level of risk.

- **Risk:** Expected to have a low to moderate degree of volatility from year to year, with the possibility of negative returns in some years.
- **Return:** Expected to have low to moderate growth/returns over the long term.

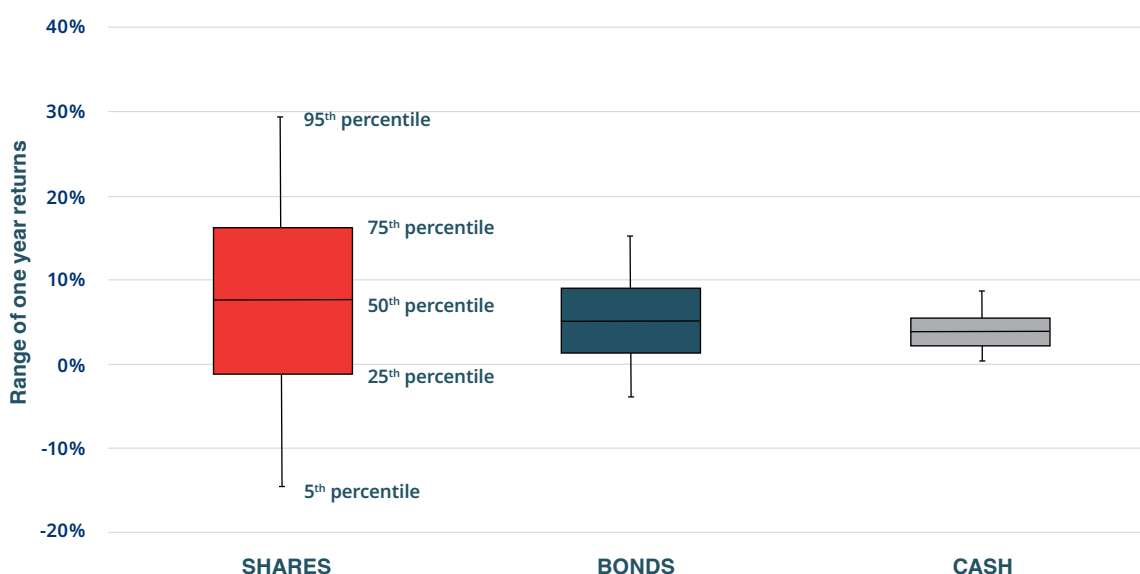
Cash

Cash is money invested in term deposits, bank bills, and other loans for short periods of time (typically up to 12 months). The return received on cash is the interest earned on money invested. Cash has historically earned a low level of investment return over the long term and has a low level of risk.

- **Risk:** Expected to have a low degree of volatility from year to year.
- **Return:** Expected to have low growth/returns over the long term.

The chart below illustrates the expected risk and return relationships for these asset classes.

Russell Investments' Capital Market Forecasts*



* Russell Investments' (10-year) capital market forecasts as at 30 June 2023. The 'box and whisker' plots are a statistical representation of the data showing the likely range of returns around the median value (50th percentile). One-half of the possible outcomes are expected to be between the 75th and 25th percentiles. The 95th percentile represents the point above which 5% of the potential returns lie, while the 5th percentile represents the point below which 5% of the possible outcomes sit. These forecasts are not indicative of any specific investment opportunity and are not a guarantee of future performance.

Investment choice in FireSuper

You can choose to invest your Accumulation and future contributions in the Life Cycle option or one or more of FireSuper's four investment options. Other than for the Life Cycle option, you may choose different option(s) for your existing Accumulation and/or future contributions – whatever suits you best.

When you have decided which investment option or combination of options meets your requirements, select your investment option(s) online by signing in to your account at www.firesuper.org.nz.

The investment options you may choose from in FireSuper are:

Life Cycle option

The Life Cycle option uses the Growth, Balanced and Conservative options as building blocks. Up until age 45, you are fully invested in the Growth option. Over the next 20 years your risk/return profile is progressively reduced to the point of being fully invested in the Conservative option from age 64. In addition to changes in the risk/return profile, fund charges also vary over time.

Objectives

Please refer to the objectives of the Growth, Balanced and Conservative options.

Target asset allocation

Up until age 45, you are fully invested in the Growth option (with target exposures of 85% to growth assets, and 15% to fixed interest and cash). Over the next 20 years, your risk/return profile is progressively reduced to the point of being fully invested in the Conservative option (with target exposures of 20% to shares, and 80% to fixed interest and cash) from age 64.

Target growth/income allocation

Up until age 45, you are fully invested in the Growth option (with target 85% growth/15% income split). Over the next 20 years, the target split progressively changes to the point of being fully invested in the Conservative option (with target exposures of 20% growth and 80% income split) from age 64.

Risk indicator

Managed funds in New Zealand must have a standard risk indicator. The risk indicator is designed to help investors understand the uncertainties both for loss and growth that may affect their investment. You can compare funds using the risk indicator.

Age 44 (and under) **5**

Age 49 **5**

Age 54 **4**

Age 59 **4**

Age 64 (and over) **3**

The risk indicator is rated from 1 (low) to 7 (high). The rating reflects how much the value of the investment option's assets goes up and down (volatility). A higher risk generally means higher potential returns over time, but more ups and downs along the way.

To help you clarify your own attitude to risk, you can seek financial advice or work out your risk profile at www.sorted.org.nz/tools/investor-kickstarter.

There is further information about risk indicators in the Product Disclosure Statement.

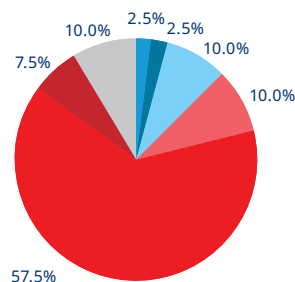
Growth option

Potential for the highest long term returns and the largest fluctuations (volatility) from year to year compared with the other options. With this option, your balance has the greatest likelihood of both increasing in value the most in any given year and reducing in value in any given year.

Objectives

This option is constructed with an expectation of providing a long term (10 years plus) return after tax and investment expenses of approximately 3.5-4% p.a. above inflation. There is a reasonably small risk (approximately 1 in 100 years) of a member losing more than 30% after inflation in any year, with a likelihood of a negative return of (currently) 1 in every 4.

Target Asset Allocation



Risk Indicator

5



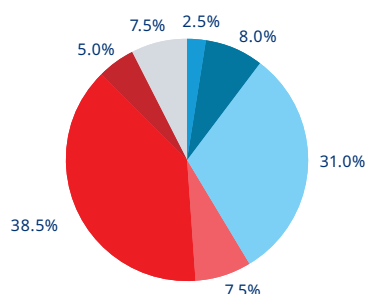
Growth / Income

Balanced option

Expect higher returns than the Conservative option, but lower long term returns than the Growth option. It is still possible that your balance could reduce in any given year and that it could produce strong growth in some years. You would expect the ups and downs in performance to be less pronounced than for Growth.

Objectives

This option is constructed with an expectation of providing a long term (10 years plus) return after tax and investment expenses of approximately 2.5-3% p.a. above inflation. There is a reasonably small risk (approximately 1 in 100 years) of a member losing more than 20% after inflation in any year, with a likelihood of a negative return of (currently) 1 in every 4.



Risk Indicator

4



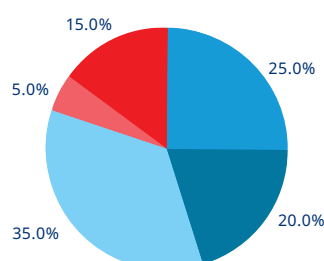
Growth / Income

Conservative option

Expect lower long term returns and less volatility from year to year than for Growth and Balanced. It is still possible that your balance can reduce in value in any given year, but less likely than for the Growth and Balanced options.

Objectives

This option is constructed with a focus on there being a reasonably small risk (approximately 1 in 100 years) of a member losing more than 10% after inflation in any year, with a likelihood of a negative return of (currently) 1 in every 7. The option is expected to provide a long term (10 years plus) return after tax and investment expenses of approximately 1.5-2% above inflation.



Risk Indicator

3



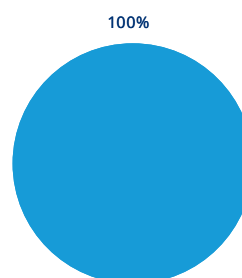
Growth / Income

Cash option

Expect the lowest long term returns and least fluctuations in return of the four options. This option is very unlikely to lose value, but over the long term there is a risk that returns may not keep up with inflation.

Objectives

This option is constructed with a focus on there being a low risk of a member incurring a loss in any year. The option is expected to provide a return after tax and investment expenses broadly in line with the after-tax movement of the Bloomberg NZBond Bank Bill Index.



Risk Indicator

2



Income

Key:

- Income
- NZ cash and cash equivalents
- NZ fixed interest
- International fixed interest
- Growth
- Australasian equities
- International equities
- International listed property
- International listed infrastructure



Things to consider

Whether you choose the Life Cycle option, one investment option, or a combination of investment options, the right choice for you will depend on a number of factors.

Before you make a decision, it is important to consider the following:

When are you likely to need your retirement savings?

This is one of the most important issues to consider. Generally, you should take a long term view.

Cost of living at retirement

When you consider investment returns, you need to consider the impact of inflation (the cost of living). For example, if your money was earning say 3% per year after tax, and the cost of living increased by more than 3% per year, then at the end of the year your investment would be worth less in terms of its purchasing power.

Your needs in retirement

Everyone has different ideas and expectations for their retirement, as well as personal feelings about investing and different financial circumstances.

While some people may want to travel, others are happy enjoying their grandchildren and the garden.

The gap between how much money retirees receive from NZ Super and how much they spend is growing. Many retirees today top up their NZ Super to maintain the lifestyle they want.

The Retirement Expenditure Guidelines¹ (as at 30 June 2023) found that most New Zealand retirement households continue to spend at levels in excess of NZ Super and will have to supplement their budgets regardless of whether they are seeking a no-frills lifestyle or one where they have more choices.

This report splits the level of expenditure into 'No Frills' and 'Choices'. The 'No Frills' guidelines offer a basic standard of living that includes few, if any, luxuries. The 'Choices' guidelines represent a more comfortable standard of living, which includes some luxuries or treats.

It also takes into account and splits the expenditure depending on whether you are a city dweller, or are living in a rural location.

The New Zealand Retirement Expenditure Guidelines as at 30 June 2023

One-person households			Two-person households	
Weekly NZ Super Rates (after tax)*			\$763.64	
Total Weekly Expenditure	Metro	Provincial	Metro	Provincial
No Frills Budget	\$826.26	\$689.54	\$982.02	\$849.82
Choices Budget	\$1163.09	\$1263.35	\$1665.85	\$1330.30

* Weekly superannuation rates have been updated to reflect the rates at 1 April 2023.

Your personal feelings about investing

Some investors are happy to quietly ride out periods of negative returns in the knowledge that what goes down must come up, while others prefer to opt for investments with lower average returns but lower volatility.

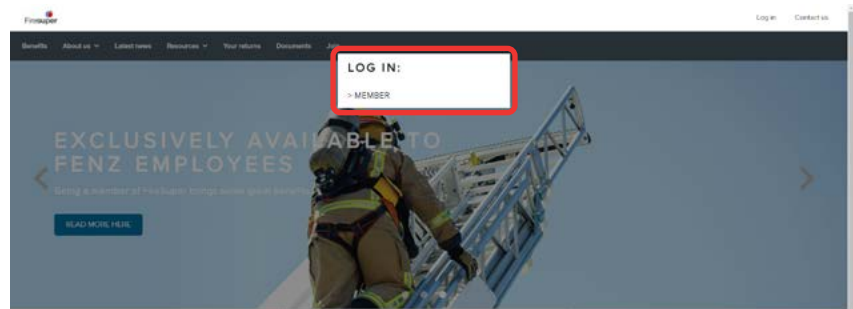
¹ The guidelines have been produced by Massey's NZ Fin-Ed Centre and are supported by Financial Advice New Zealand and fund and KiwiSaver manager, Consilium.

Changing your investment options online

Changing your investment options online is easy and can be done anytime, 24/7. If you would like your investment choice to come into effect from the first of next month, please ensure you submit your investment choice before midnight on the 20th of the current month.

Step one:

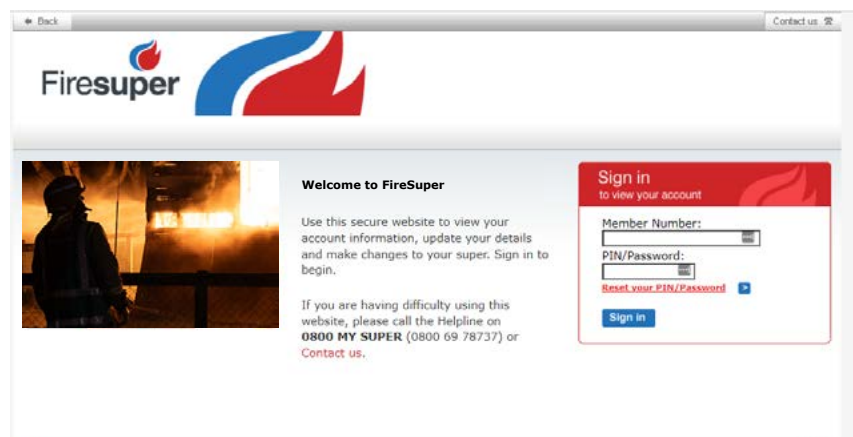
Go to the www.firesuper.org.nz website either on your desktop or a mobile phone and click **LOG IN:**. Then click **> MEMBER**.



Step two:

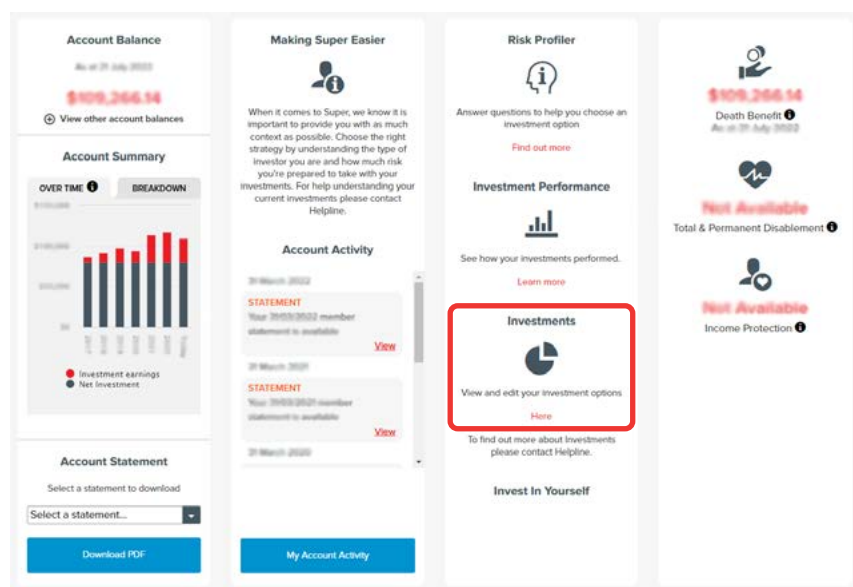
Sign in to your online account using your member number (which you can find on correspondence from FireSuper) and a PIN or password.

If you are prompted to reset your password, you will need a valid email address registered in our system, and your date of birth. You will also need access to your email inbox to complete the process.



Step three:

Click on **Here** under **View and edit your investment options**.



Step four:

- A. Click *Edit* under **Current Investments** if you would like to edit where your current Accumulation is invested.
- B. Click *Edit* under **Future Contributions** if you would like to edit where your future contributions are invested.

If you would like to update where your Accumulation and future contributions are invested, you will need to complete step four (both A. and B.).

Investments

Review how you're currently investing your super. Tap 'Edit' to make a change. [Need some help?](#)

For more information on your investments please refer to the [Documents](#) section.

You cannot 'mix and match' between Life Cycle option and the other four investment options. If selecting the Life Cycle option you must invest 100% in this option.

Current Investments Edit

Investment options	\$	%
Balanced Option	\$100,000.00	100
	\$100,000.00	100% ⓘ

Future Contributions Edit

Investment option	Incoming Contributions %
Balanced Option	100%
	100%

Step five:

Enter the percentage you want invested in one or more investment options (the total must add up to 100% and be a whole number). Please note that if you choose Life Cycle, 100% must be allocated to this option.

Your remaining allocation is shown at the bottom of the screen on the left hand side.

Then click *Submit*.

Current Investments Cancel

Investment options	\$	%
Balanced Option	\$100,000.00	100
	\$100,000.00	100% ⓘ

Investment Options Available

Investment options	Allocate %	Allocate % ⓘ
LifeCycle		100
Growth Option		0
Balanced Option		0
Conservative Option		
Cash Option		

Future Contributions Cancel

Investment option	Incoming Contributions %
Balanced Option	100%
	100%

Remaining Allocation 0% Total Allocation 100% Cancel Submit

Step six:

You will be asked to review and confirm your choice. If you are happy to proceed, please click *Submit*. It is important that you read the 'important information'.

If you don't want to submit your choice, please click *Cancel*.

CONFIRM YOUR CHANGES ×

CURRENT INVESTMENTS

You are changing your investment strategy for your current account balance, understanding that final values are subject to change due to market movements between now and the effective date.

Investment options	From:	To:
LifeCycle	0%	0%
Growth Option	0%	100%
Balanced Option	100%	0%

By clicking submit, I understand the [important information](#) and wish to change my investment options.

Cancel Submit

Step seven:

Write down your receipt number and close the screen.

CONFIRMATION ×

These changes have been confirmed

Receipt number **336904480** for updating current assets

Please confirm that your email paul.arrowsmith@fireandemergency.nz is updated on Personal Details page

Close

Frequently asked questions

Can I invest in more than one option?

Yes, you have the flexibility to invest in either:

- 100% in the Life Cycle option; or
- 100% in either one of the Growth, Balanced, Conservative, or Cash options; or
- A combination of the four investments options (Growth, Balanced, Conservative, and Cash).

You cannot split your investment across the Life Cycle option and any of the other four investment options.

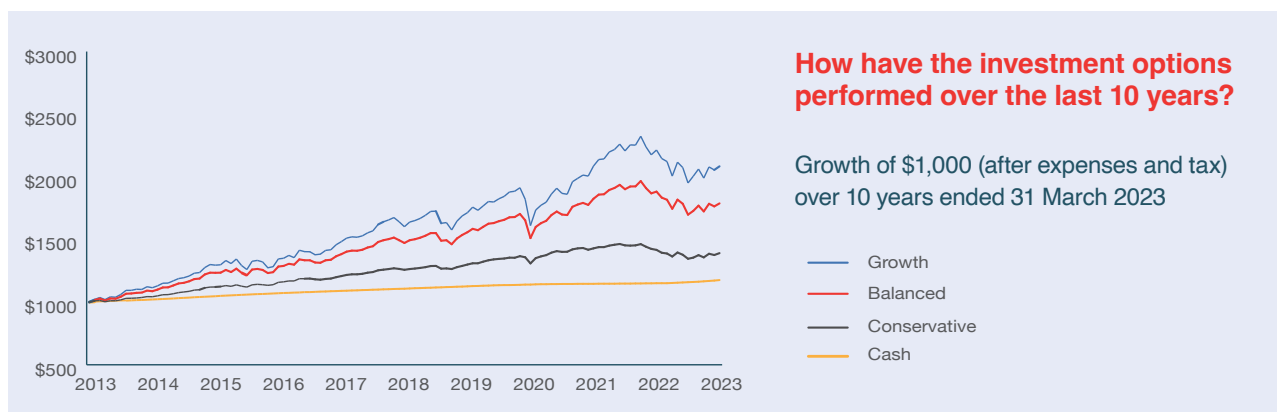
Can I choose different options to apply to my Accumulation and future contributions?

Other than the Life Cycle option, yes, FireSuper offers you the flexibility to choose one option or a combination of options for your existing accumulations and another for your future contributions.

How much difference could my investment choice make for me at retirement?

Generally, most members are investing for the long term, so even a small difference in returns can have a significant impact on your Accumulation over time.

The graph below shows how an initial lump sum of \$1,000 grew over 10 years for each of the investment options.



It is important to note that past performance is not necessarily indicative of future returns.

Is there a fee for changing my investment options?

The first change in any financial year (1 April to 31 March) is free. A switching fee (as set out in the Product Disclosure Statement) is deducted from your Accumulation for a second change.

It is important to remember a different fee (also referred to as a fund charge) applies to each of the investment options.

Please refer to the current Product Disclosure Statement for the latest information on fees.

Is there anyone I can talk to about choosing my investment strategy?

You can call the Helpline team on **0800 MY SUPER** (0800 69 78737) and they can provide you with factual information about the investment options available to you in FireSuper. For example, they can talk to you about objectives, confirm fees, or discuss the risk profile of each of the investment options. The team will not be able to offer financial advice.

Please speak to a financial adviser or visit the *Financial advice* page on FireSuper's website, <https://www.firesuper.org.nz/financial-advice.html>. Here, you will find links to resources provided by the Financial Markets Authority, Te Ara Ahunga Ora Retirement Commission, and a free budgeting service called MoneyTalks, that are available to you.

How are earnings allocated to my Accumulation?

An interim earning rate is calculated and declared monthly for each investment option and it may be positive or negative.

As at the last day of each month an interim earning rate is calculated and allocated to your Accumulation in each investment option at that date. Interim earning rates will be calculated and allocated to your newly chosen investment option(s) from the first day of the month after your confirmed investment choice has been received, provided your choice was received by midnight on the 20th of the month.

How do I change my investment option(s)?

Please log in to www.firesuper.org.nz and click *Investments*. You can change investment options up to twice in each financial year (1 April to 31 March).

How can I see what interim interest rate is allocated to each option?

The interim interest rates are published on www.firesuper.org.nz each month.

Who can I contact if I have a question about how investment choice works?

If you have any questions about how investment choice works in FireSuper, please call the Helpline on **0800 MY SUPER** (0800 69 78737).

There is someone available to take your call anytime between 9:00am and 7:00pm, Monday to Friday (excluding public holidays).

You can also contact Mercer as follows:

Postal address: FireSuper
c/- Mercer (N.Z.) Limited
PO Box 1849
Wellington 6140

Email: nzfire.super@mercercor.com

If you would like further help choosing your investment option(s), you should contact a financial adviser.



Got questions?

www.firesuper.org.nz

0800 MY SUPER (0800 69 78737)

nzfire.super@mercero.com