



Welcome to the March edition of the New Zealand Fire Service Superannuation Scheme's newsletter, *Supernews*.

We hope you had a nice summer break and enjoyed some time with loved ones. The beginning of the year is a great time to establish new goals, or revisit tried and proven ones. Why not take time to review your retirement savings goals and make any required changes to ensure you're on track to get the most out of 2019.

As always, if you've got any questions about the Scheme or if there is anything you would like to see included in future newsletters, please call the Helpline on 0800 MY SUPER (0800 69 78737).

INVESTMENT MARKET PERFORMANCE

Markets experienced greater volatility in the last month of 2018 and the first month of 2019. In December, global share markets fell by 9%. There were three key reasons for the downturn:

1. **Heightened geopolitical uncertainty**, most notably ongoing US-China trade tensions. Tit-for-tat tariffs between the two world superpowers began to impact the markets, and a greater number of companies reported a slowdown during the period (for example Apple reporting reduced iPhone sales than previously observed).
2. **Softer Chinese economic data** also impacted global shares – China is seeing its slowest rate of growth in almost three decades. The low growth environment means that multi-national companies expect to see lower revenue from the world's second-largest economy.
3. **Rising interest rates** as central banks, like the US Federal Reserve, continued to move away from their post-global financial crisis emergency policies which saw them cut interest rates. An increase in interest rates makes debt servicing more expensive for companies and lowers their earnings prospects.

New Zealand was not immune to the market ups and downs, as the New Zealand (NZ) share market fell 5.6% in December, albeit less than the falls seen in global share markets. The NZ share market comprises companies that are more defensive in nature, which typically offer higher dividend yields. This benefited the NZ share market given an environment where investors were looking for greater certainty.

Following the losses experienced in the fourth quarter of 2018, markets recovered strongly in January returning just over 8%. Interestingly the causes of the downturn in December were instead reasons for optimism in January, which includes;

- positive talks between the US and China and an agreement to postpone additional tariffs in the interim, and;
- Central Banks including the Federal Reserve took more of a "wait and see" approach with future interest rate hikes. The Bank of England, the Reserve Bank of Australia and the Reserve Bank of New Zealand also indicated that they were intending to hold interest rates at current levels rather than raising them.

Global fixed interest investments also performed strongly both in December and January.

As equity markets struggle, investors tend to increase their demand for less risky bonds, thereby driving their values higher. NZ fixed interest also demonstrated its defensive characteristics and generated positive returns.

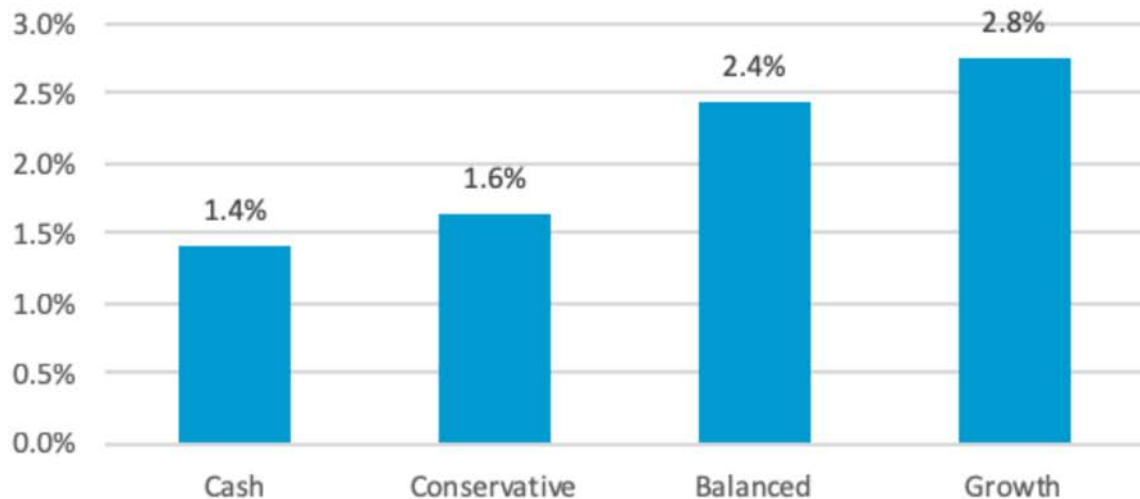
Between the downturn in global share markets in December and the bounce back in January, all of the Scheme's options reported positive returns for the financial year to date.

Source: Russell Investments

SCHEME EARNINGS RATES

The chart below shows the earnings rate for each investment option for the scheme year-to-date (1 April 2018 to 31 January 2019). The options have performed in line with expectations with the Growth option being rewarded for the roller coaster ride in the second half of 2018. Over the long term, all options are meeting their investment expectations.

Note that the returns shown are after-tax and after all administration and investment expenses.



Source: Russell Investments

WELCOME TO ANDREW JOHNSON

Andrew Johnson joins the FireSuper Board on 1 April 2019 as the Licensed Independent Trustee, replacing Tim McGuinness who is retiring from the Scheme after a long service tenure.

Andrew has extensive and broad investment and superannuation industry knowledge. He has held senior roles with a number of New Zealand's leading financial services organisations, dating back to the 1980s. Over this time, Andrew has had various associations with FireSuper, including leading Russell Investments' provision of investment consulting services to the Scheme for six years up until mid-2018.

Andrew also serves as an independent investment committee member for a major Community Trust, provides ongoing advisory services to two investment clients and undertakes ad hoc consulting projects from time to time.

Please join us in welcoming Andrew to the Trustee board, and thanking Tim for his commitment and service to the Scheme.

MULTIFACTOR AUTHENTICATION LAUNCHED

We recently announced that the website security would be upgraded to protect your online accounts even more. This new system, called Multifactor Authentication (MFA), has now been introduced and more information can be found on the Scheme website under the "[Article library](#)" tab. If you have any questions about this system, or are experiencing difficulty logging into the system, please contact the Helpline on **0800 MY SUPER (0800 69 78737)**.

Strong passwords are still important

Although the introduction of MFA will provide an additional layer of security, choosing a strong password and keeping it safe is still very important. Instead of a password, you may want to consider using a 'passphrase'. A passphrase could be, for example, a line from a favourite song or phrase from a favourite book, something that is meaningful to you but difficult for anyone else to crack.

IS YOUR WILL UP-TO-DATE?

A Will outlines what happens to a person's assets (property and money) when they die.

If you have a family, dependants, or are concerned about who will receive your assets after you die, then you need to ensure you have a Will and update it when necessary. You should update your Will whenever your personal circumstances change, for example the birth or death of a family member, the buying or selling of a house or property, a change in medical condition, or the beginning or ending of a relationship. Did you know that a Will is automatically void when you get married?

Having a Will:

- allows you to be confident your affairs will be settled as you would like;
- enables your estate to be administered quickly and economically;
- makes the process easier for your next-of-kin.

Without a Will, legal procedures become more complicated, time consuming, and may cause unnecessary worry and financial cost to your family or dependants.

If you don't have a Will, you can get one drawn up by a Trustee Corporation, a lawyer, or by preparing one yourself using a write-your-own-will toolkit purchased from a book retailer or by using an online Will service. If writing your own, you may wish to have it checked by a lawyer to ensure everything is in order.

You can find out more about Wills by visiting the Sorted website at www.sorted.org.nz/guides/protecting-wealth/wills

ARE YOUR CONTACT DETAILS UP-TO-DATE?

It's important that we hold your current contact details, including your email address, so that you can receive important information about your retirement savings. You can update your contact details by signing into the [Scheme website](#), at www.firesuper.superfacts.co.nz and selecting the 'Personal details' tab. Then scroll down to update your contact details. Also take a moment to update your communication preferences so that you receive information about the Scheme in the format that suits you best.

Q&A ABOUT THE SCHEME

Q: I'm about to retire. What form should I complete to access my investments or remain in the Scheme?

A: You need to complete [FS9 Cessation advice form](#), available on the Scheme website under "[Documents & forms](#)" page.

Q: What happens to my funds if I leave service?

A: If you leave service before the New Zealand Super age (currently 65), you are entitled to withdraw all of your funds in the Regular Section. Your funds in the Complying Section can either remain in FireSuper until you have reached the qualifying age for New Zealand Superannuation (currently age 65), and have completed five or more years' membership of the Complying Section (or another complying superannuation fund or KiwiSaver scheme), or you can choose for these to be transferred to a KiwiSaver scheme.

Q: Do I have to take my money out when I leave the Scheme?

A: You can leave some of all of your benefit in the Scheme and become a deferred member by completing the appropriate sections on the [FS9 Cessation advice form](#).

Q: When does an investment switch take effect?

A: Provided your request is received on or before the 20th of the month, your change will take effect from the first of the following month. For example, if you made an online switch on 19 February, your change would take effect on 1 March. Had you made the switch on 21 February, your change would not take effect until 1 April.

Q: What are the fees associated with my investment option(s) and membership?

A: Fees are charged in two ways;

- regular charges (for example annual fund charges for investment management costs, administration costs, independent trustee fees, secretary fees, and expenses payable by the Scheme that are deducted from investment returns before they are applied to your accounts), and;
- one-off fees (for example benefit quotation and switching fees).

The [Product Disclosure Statement](#) includes more information about the fees associates with each investment option available to you. Please refer to section 5 for more information.

To find out more about anything mentioned in this newsletter please either call us on **0800 MY SUPER (0800 69 78737)**, email nzfire.super@mercero.com, or visit the Scheme website by [clicking here](#).



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