

In-Tandem Insight

December 2018



Welcome to the final issue of In-Tandem Insight for 2018.

In this edition we have included a Scheme snapshot, an update on investment market performance, tips on navigating periods of market volatility, lessons learned 10 years on from the Global Financial Crisis, an announcement of a new Trustee appointment, updates to our In-Tandem website, and insights into how much people are typically spending in retirement as published in a report from the Westpac Massey Financial Education and Research Centre.

On behalf of the Directors, we trust you enjoy this final edition for 2018 and we hope you have an enjoyable and safe Christmas and New Year.

Bruce Kerr,
Chairman of the Trustee

Scheme snapshot

As at 31 October 2018, the Scheme:

- > holds **\$329.05 million** accumulated retirement savings
- > has 3,666 members and **146** pensioners, and

We have also welcomed **324** new members into the Scheme since 1 January 2018.

How has your fund performed?

Investment performance as at 30 September 2018 after fees and tax

	Scheme year-to-date (3 months)	3 years (pa)	5 years (pa)
Cash Fund	0.4%	1.9%	2.2%
Defensive Fund	0.6%	3.1%	3.4%
Moderate Balanced Fund	1.2%	5.8%	5.9%
Growth Fund	1.7%	7.7%	7.4%
High Growth Fund	2.4%	10.6%	9.7%

Returns are based on unit prices (determined by Mercer) for the respective funds

Source: BT Funds Management

Investment performance as at 31 October 2018 after tax and fees.

	Scheme year-to-date (4 months)	3 years (pa)	5 years (pa)
Cash Fund	0.6%	1.9%	2.2%
Defensive Fund	0.0%	2.6%	3.1%
Moderate Balanced Fund	-1.3%	4.2%	5.0%
Growth Fund	-2.2%	5.3%	6.1%
High Growth Fund	-3.6%	6.9%	7.7%

Returns are based on unit prices (determined by Mercer) for the respective funds

Source: BT Funds Management

Investment market performance.

The three months to the end of September saw most financial markets deliver strong returns. Global equity markets¹ extended their recent advance, rising by over 5% for the period. This strong performance was led by the US² equity market, which rose almost 8%, reaching a record high in late September. Gains in US shares were supported by a solid economic backdrop and some strong company earnings results with data showing profitability for US corporates had increased at the fastest pace since 2010.

As at the date of writing, since the end of September there has been a lot more financial market volatility than has occurred for some time and material share market weakness. This has led to negative returns for most investment options in the month of October. Increased concerns about rising US interest rates, the potential economic impact of trade wars and some political uncertainty – notably the recent US mid-term elections, Italian parliamentary elections and Brexit – has reduced investor appetite for taking on risk.

While it is too early to say whether this is simply a short-term market correction or the start of a more pronounced fall in share markets, events such as those experienced in October (and earlier this year in February) are to be expected when investing.

Find out more [here](#).

Source: BT Funds Management

Market volatility and your Scheme investments.

It's a fact that financial markets can be volatile. This has recently had an impact on Scheme investments and you may have noticed your account balance going up and down. When this happens, it's natural to feel a little nervous. However, it is important to recognise that your savings won't always grow at a steady rate. Sometimes they'll surge ahead, sometimes they'll stay flat and at times they'll dip. The good news is that over the longer term markets typically recover.

Read more on the key things to consider for all market climates

Source: BT Funds Management

10 years After the Global Financial Crisis - 10 lessons to learn.

With the 10th anniversary of the collapse of Lehman Brothers upon us, it is instructive to look back over the period and ask ourselves what, if anything, we have learned from living through these exceptional events. As is often the case, actual new lessons to be learned may be few, but there are some valuable older lessons to be relearned.

To help the analysis, we've divided the period into three: the crisis itself, the immediate reaction to the crisis and the long post-crisis period — the aftermath.

[Click here to read the full article](#)

Source: Mercer Investment Consulting

Trustee appointment.

On behalf of my fellow Directors, I welcome Mark Weenink as a Bank-appointed Trustee Director, with effect from 1 October 2018. Mark joined the Westpac Executive Team in August 2015 as General Counsel and GM for Regulatory Affairs and Corporate Legal Services. Prior to this he was Managing Partner at Minter Ellison Rudd Watts and also spent time overseas as a partner at US law firm McDermott Will Emery (based in London). Mark is looking forward to working with the Super Scheme team.



Mark has replaced Simon Power on the Trustee Board.

Beside five directors appointed by the Bank, two members of the Trustee Board are elected by Scheme members. One of the current member-elected directors is Marc Proctor, whose three-year tenure comes to an end on 28 February 2019. We will be contacting you early in the New Year to seek nominations for this opening. You may even want to consider standing for the position yourself.

Improving website security.

On 8 January 2019 we will be adding a new security access step, known as multifactor authentication (MFA), to the In-Tandem website. MFA combines your existing username and password with an additional security factor, usually a numeric code to confirm your identity and keep your online information secure.

Find out more [here](#)

Passphrases are better security option.

While the introduction of MFA will provide an additional layer of security, choosing a strong password and keeping it safe is still very important. We recommend using strong, unique passwords for your online accounts. 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.

How much do you need in retirement?

Many retirees now top up New Zealand Superannuation to maintain the lifestyle they want. The gap between how much NZ Super pensioners receive and how much they spend has widened significantly, and many are working beyond the age of 65 to pay for the shortfall, according to the New Zealand Retirement Expenditure Guidelines (as at 30 June 2017) recently published by the Westpac Massey Financial Education and Research Centre.

Find out more here

Source: *Massey University*



Helpline holiday times.

The Westpac In-Tandem helpline will be available over the Christmas holiday period, although it will be closed on the following public holidays: 25th and 26th December and 1st and 2nd January.

Useful links and contacts

- **Westpac In-Tandem helpline:** 0508 468 263
- **Westpac investment advisers:** 0800 942 822
- **Scheme website:** westpacintandem.co.nz
- **Newsletter feedback:** bruce_kerr@westpac.co.nz

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