

# In-Tandem Insight

## March 2019



### Welcome to this edition of *In-Tandem Insight*.

We hope you had a nice summer break and enjoyed some time with loved ones. Hard to believe we are now into autumn already! This time of year is a great time to establish new goals, or revisit tried and proven ones. Why not take the opportunity to review your retirement savings goals and make any changes necessary to help ensure you're on track to get the most out of 2019.

This edition includes the results from the latest Trustee election, performance of investment markets and the funds, the new process members must follow when leaving Westpac, and an article for first home buyers.

We look forward to another great year and helping you save for your future.

Bruce Kerr,  
Chairman of the Trustee

### Scheme snapshot

As at 28 February 2019, the Scheme:

- **\$337.36 million** in accumulated retirement savings
- **3,626 members and 143 pensioners**

Welcomed **68** new members into the Scheme since 1 January 2019.

### Trustee election results.

Following the recent Trustee election held in February, the Trustee Directors would like to congratulate and welcome the winning candidate Liam Cleary to the Trustee as a member-elected Director.

Thanks to everyone who took time to vote in this election, it was a very close result.

Liam says he's thankful to everyone who voted and looks forward to representing members on the Trustee Board.

Liam commenced his tenure on 1 March 2019, and replaces Marc Proctor who concluded nine years of dedicated service as a member-elected Director. Please join the Trustees in welcoming Liam to the Board, and thanking Marc for his long service and contribution to the Scheme.



[Read more about Liam and the election here >](#)

## What is the role of a Trustee Director?

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It is important you understand what is involved in becoming a member-elected Trustee Director if you are going to nominate someone to stand for election or if you are thinking of standing as a candidate yourself in the future.

Put simply, the role of the Trustee Directors is to make sure the scheme is managed properly. This means a Trustee Director must give the management of the scheme proper care and attention and make sure the scheme operates according to the law and the scheme's governing document (the trust deed).

[Read more about the role and duties of the Trustee Directors >](#)

## Investment market performance.

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Last year saw the return of financial market volatility. While many equity markets around the world hit record highs during the year, trade disputes and rising interest rates led to increased uncertainty among investors about the global economic outlook. As a result, this led to a major drop in the international equity market in the final quarter of 2018, where shares fell 13.8%\* during the period.

The US-China trade negotiations continued to be a concern, and uncertainty surrounding Brexit agreements, and the possibility of further interest rate hikes in the US were top of mind for investors. Combined, these impacted investors' risk appetite and risk-averse investors began favouring less-risky investment options.

The New Zealand equity market resulted in its weakest quarter in several years (falling almost 6%\*\*), coming under pressure from somewhat stretched valuations, weaker overseas markets and subdued company earnings outlooks. For the year however, the domestic equity market gained 4.9% and was one of the world's strongest performing developed markets.

Despite significant weakness within US equities during the quarter, the US Federal Reserve followed through with their intention to continue tightening monetary policy with a 0.25% hike in December. The partial US Government shutdown on Christmas Eve was also a worry for financial markets, resulting in further weakness late in the month.

Back home, New Zealand bonds performed well for both the quarter and 12-month period. The Reserve Bank of New Zealand (RBNZ) Governor Adrian Orr left the Official Cash Rate (OCR) unchanged at 1.75% at the RBNZ's November monetary policy meeting, and reiterated he expects to keep it there into 2020.

The start of 2019 has seen strong returns from growth assets, while bond markets have also delivered positive returns as fixed interest yields have fallen.

Looking ahead, low global interest rates combined with few signs of overheating within economies, lead the manager (BT Funds Management) to believe the economic expansion still has some legs to run. The current economic cycle (following the global financial crisis) has not been particularly strong relative to other growth markets. From a valuation perspective, global equities at the end of December 2018 were more attractively priced now than they had been for some time.

Key considerations impacting market performance continue to be potential interest rate changes and announcements by the US Fed, uncertainty with Brexit negotiations, and US-China trade negotiations.

Key risks continue to be any potential changes to interest rates and decisions by the US Fed, which will continue to bring uncertainty. Bond interest rates are expected to rise under this scenario, favouring investments in shorter dated fixed interest securities over those with longer terms to maturity which will tend to be more sensitive to movements in interest rates.

Source: BT Funds Management

\* MSCI ACWI (Ex-Australia)

\*\* S&P/NZX50 Index Gross

## How has your fund performed?

Investment performance as at **31 December 2018** after fees and tax.

	<b>Scheme year-to-date (6 months)</b>	<b>3 years (pa)</b>	<b>5 years (pa)</b>
Cash Fund	0.9%	1.9%	2.2%
Defensive Fund	0.0%	2.6%	3.1%
Moderate Balanced Fund	-2.5%	4.1%	4.8%
Growth Fund	-4.3%	5.0%	5.8%
High Growth Fund	-6.9%	6.4%	7.2%

Investment performance as at **28 February 2019** after fees and tax.

	<b>Scheme year-to-date (8 months)</b>	<b>3 years (pa)</b>	<b>5 years (pa)</b>
Cash Fund	1.1%	1.8%	2.1%
Defensive Fund	1.5%	3.1%	3.2%
Moderate Balanced Fund	1.1%	5.7%	5.1%
Growth Fund	0.9%	7.4%	6.2%
High Growth Fund	0.4%	10.1%	8.0%

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

Source: BT Funds Management

## Our No.1 tip for dealing with market volatility – don't over-react.

Late last year we witnessed how volatile investment markets can be, and this will have had an impact on your In-Tandem and KiwiSaver accounts. When this happens it's important to remember that your savings won't grow at a steady rate. Sometimes they'll surge ahead, sometimes they'll stay flat, and sometimes they'll dip. The good news is that over the long term, markets typically recover. So our No. 1 tip is 'don't over-react.'

To help you make the most of your savings over the next few decades, **here are some more investment tips** >

Source: Westpac

## What happens to your In-Tandem savings if you leave Westpac?

From 1 April 2019, the Trustee has agreed that all members who leave the Scheme must complete a newly developed leaving service form to indicate where their benefit is to be paid. The options are:

1. Become a continued beneficiary and leave your funds in the Scheme for up to a maximum of two years.
2. Transfer your funds to a KiwiSaver arrangement.
3. Transfer your funds to another Superannuation scheme.
4. Arrange for your funds to be paid to your personal bank account.

Your money from the Scheme cannot be paid until this form is completed and returned to Mercer, the Scheme's administrator. A copy of the form can be found on the Scheme's website by [clicking here](#), or go to [westpacintandem.co.nz](http://westpacintandem.co.nz), and click on the 'Documents and forms' section.

## Multifactor Authentication has been launched.

Earlier this year we announced that the Scheme 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 in, please contact the Helpline on 0508 IN TANDEM (0508 46 8263).

Don't forget that strong passwords are still important. While the introduction of MFA provides an additional layer of security, choosing a strong password and keeping it safe is still very important. Instead of using a standard password, you may want to consider using a passphrase that could be, for example, a line from a favourite song or book – something that is meaningful to you but difficult for anyone else to crack.

## 2019 resolutions.

Still putting your resolutions for this year into place? One of these could be regularly reviewing your retirement savings, which can play a big part in achieving a secure financial future. Here are our top tips to help ensure you're on track:

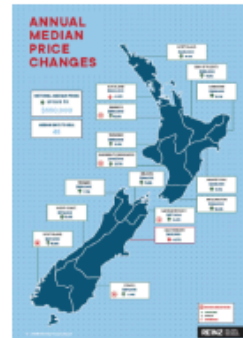
- Check you are in the right **investment option**. You could miss out on a significant amount of money over your lifetime by staying in an investment option that is unlikely to achieve high returns. The Scheme offers members a choice of five investment options so you can choose those that suit your personal situation.
- Speak with a **financial adviser** about your financial goals. To speak with a Westpac financial adviser please call **0800 942 822**.
- **Log in to the Fund website** to check your contact details are correct. By having your details up-to-date it means you will receive the latest information about the Scheme and your investments quickly.
- Read the **Scheme documentation** about topics which interest you, and revisit the **Product Disclosure Statement** to familiarise yourself with all the benefits available to you.

## Buying your first home.

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How much do you *really* have for a first home deposit?  
When you combine your In-Tandem savings,  
your KiwiSaver savings (if applicable),  
HomeStart grant and other savings you have,  
you may be surprised how quickly these add up.

Housing affordability often features in the news headlines,  
and for good reasons. Over the past decade, house prices  
have risen considerably, making it harder for Kiwis to get their  
foot on the property ladder.



In the last five years alone, New Zealand's property market value rose 8.5% and in January 2019 the median house price was \$550,000. Median prices for the country excluding Auckland reduced to \$473,000. Rising prices is good news for existing home owners, however they make it harder for first home buyers to save the 10-20% mortgage deposit required by most banks.

**How much do you *really* have? [Read more](#)** >

## Useful links and contacts

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- > **Westpac In-Tandem helpline:** 0508 IN TANDEM (0508 468 263)
- > **Westpac investment advisers:** 0800 942 822
- > **Scheme website:** [westpacintandem.co.nz](http://westpacintandem.co.nz)
- > **Newsletter feedback:** [bruce.kerr@westpac.co.nz](mailto:bruce.kerr@westpac.co.nz)

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