

# In-Tandem Insight

## March 2020



### Welcome from the Chairman.

Financial markets have experienced increased volatility in recent weeks following heightened geopolitical tensions and the outbreak of the coronavirus in many countries around the world. Global markets have taken a tumble in recent weeks reflecting rising fears over the coronavirus, which the World Health Organisation has now deemed as a pandemic. However, in contrast, global share markets performed very well last year, with all In-Tandem investment options making positive gains in 2019. The strong performance last year means the Scheme remains positive over the long term.

In this edition we include an update on investment markets with a feature on the impact of the coronavirus, an interview with your Helpline team, and how you can use MySuper Planner to get a glimpse at what your future savings may look like, and how different market scenarios could impact your savings.

Bruce Kerr,  
Chairman of the Trustee

### Scheme snapshot

- > \$365.0 million in accumulated retirement savings as at 1 January 2020
- > 3,706 members and 139 pensioners as at 29 February 2020
- > 364 new members into the Scheme between 1 July 2019 and 29 February 2020.

### Investment market performance.

2019 proved to be a strong year for financial markets, defying investor expectations at the start of the year. A weakening global growth outlook saw interest rates fall, boosting returns from bond markets whilst also supporting demand for higher risk investments such as company shares.

Investor confidence was also impacted during the year by global trade policy, in particular, the ongoing US/China trade war, and Brexit – the United Kingdom's uncertain exit from the European Union. Some clarity on both issues helped boost investor confidence in the final quarter.

For the year ahead, key risks continue to be US/China trade relations, the future path of interest rates, geopolitical wildcards (most notably being Middle East unrest), November's US presidential elections, and the coronavirus outbreak. These events have the potential to unsettle investors and could continue to cause volatility.

As a result, global equities have declined in recent weeks, while global interest rates fell with investors seeking the safe-haven of treasury bonds. Central banks and governments have both enacted and are preparing countermeasures. The Federal Reserve recently completed an "emergency" cut of 100bps and said it would buy government debt to shore up the economy. The Reserve Bank of New Zealand (RBNZ) also cut its Official Cash Rate by 75bps (now 0.25%) with the commitment to keep it at the level for the next twelve months.

Because of the strong performance in 2019, the Scheme remains positive over the longer term.

[Read the full commentary >](#)

*Source: BT Funds Management*

## Market volatility & In-Tandem investments – Coronavirus Implications

It's a fact that investment markets are volatile. This is having an impact on In-Tandem and you may have noticed your balance going up and down. When this happens, it's natural to feel a little nervous. However, it is important to recognise that In-Tandem 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 >](#)

*Source: BT Funds Management*

### How has your fund performed?

Investment performance as at 29 February 2020 after fees and tax.

	3 Months	Financial Year to Date	3 Years pa	5 Years pa	10 Years pa
Cash Fund	0.3%	0.9%	1.7%	1.9%	-
Defensive Fund	0.2%	1.4%	2.9%	2.7%	3.6%
Moderate Balanced Fund	-0.6%	2.2%	5.2%	4.4%	5.7%
Growth Fund	-1.4%	2.3%	6.5%	5.3%	6.9%
High Growth Fund	-2.6%	2.6%	8.4%	8.4%	8.6%

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

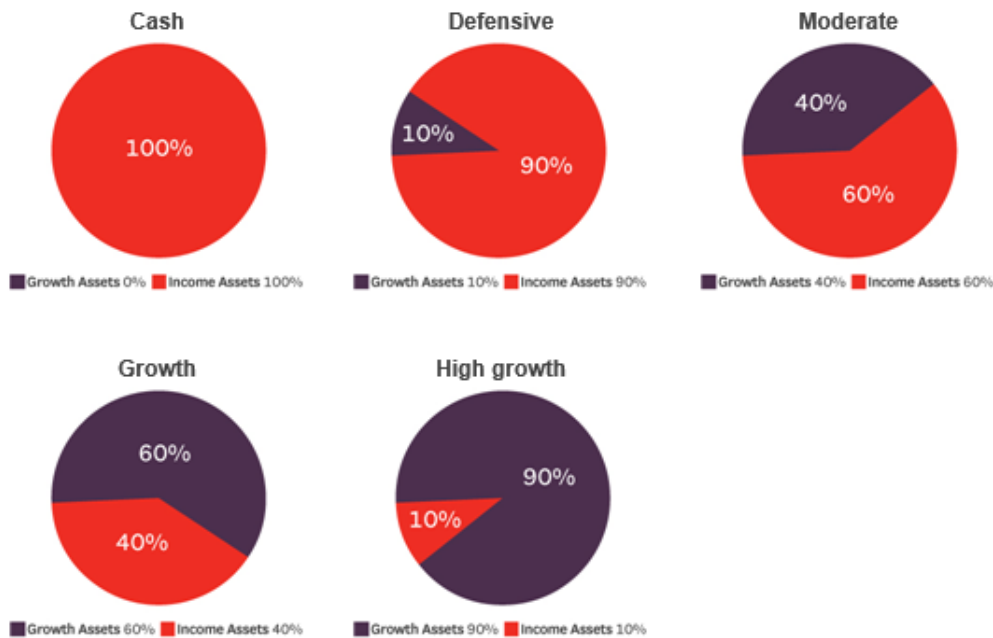
*Source: BT Funds Management*

## Growth vs income assets – what's the difference?

Do you know the asset allocation for the investment option you are invested in? The charts below (as shown in the [product disclosure statement](#)) shows what asset classes combine to make each investment option and the percentage split between growth assets and income assets.

**Growth assets:** Equities and listed property are referred to as growth assets because (although they involve more risk) they have greater potential to achieve capital growth over the medium to long term than income assets. The value of growth assets will fluctuate more than income assets, and growth assets are more likely to experience periods of negative returns.

**Income assets:** Cash and fixed interest assets are referred to as income assets because they generate income in the form of interest payments. Income assets are generally considered less volatile than growth assets, so while their values will go up and down (and at times may be negative) they won't usually move to the same extent as growth assets. Over the long term, income assets will usually provide lower returns than growth assets.



## Long-term returns

Saving for retirement is a long-term task. Returns for each investment option are published on the [In-Tandem website](#) along with charts showing the unit price for each investment option over the long-term.

### High Growth Fund - Unit Price up to 25 February 2020



## What type of investor are you? Risk vs. Return.

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Determining what type of investor you are, and finding the best investment option for your situation and goals, has become even easier. Take this investment quiz to find out what type of investor you are and what investment option may suit you best.

[Take the quiz >](#)

### How much money do you need in retirement?

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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 latest Retirement Expenditure Guidelines\* (as at 30 June 2019) produced by the Westpac Massey Financial Education and Research Centre found that many New Zealanders are working beyond the age of 65 to pay for the shortfall. The report splits the level of expenditure into 'No Frills' and 'Choices'. How much money do you need in retirement? Are you on track to reach the retirement lifestyle you want?

*\*The full report is available on Massey University's website [www.massey.ac.nz](http://www.massey.ac.nz).*



### Exclusive MySuper Planner available to you

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MySuper Planner is an online financial planning tool available exclusively to In-Tandem members. When did you last access MySuper Planner? You can find out;

- ✓ Your current savings balance
- ✓ Your future retirement savings balance (estimate)
- ✓ Your annual income when you retire (estimate)
- ✓ How long your retirement savings may last
- ✓ Effect on your future savings of changing your contribution rate, retirement date, or salary
- ✓ How various market conditions can impact your future savings – up or down ("stress test")
- ✓ Export your PDF report by email

**MySuper Planner**

[Access it now](#)

## Kiwis spend more time picking movies than checking their retirement savings

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Many New Zealanders spend longer choosing a movie to watch than checking their retirement savings, according to a recent Financial Markets Authority [survey](#) of 1,100 New Zealanders. The survey found that four out of five people took up to 10 minutes to choose a movie, but just over half of those surveyed spent the same time reading their retirement savings annual statement. The statement has all the information in one place that members need to check they are on track.

[Check your account and annual statement online >](#)

## Estate planning - more than just a Will

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Protect what's important to you by planning ahead. Make sure your loved ones are taken care of, and your assets are distributed how you want, if something were to happen to you. So, how prepared are you?

[Read more >](#)

## Your Helpline – Behind the scenes chat with Luke

We speak with Luke, one of the Helpline team members who answers the phones on the In-Tandem help line, about what commonly asked questions members have, his role, and when someone should call the team.



[Read the full story >](#)

Helpline are available Monday to Friday 9am to 7pm (except public holidays), on **0508 IN TANDEM** (0508 468 263).

## Useful links and contacts.



**Westpac In-Tandem  
helpline:**  
(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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