



New Zealand  
**DEFENCE  
FORCE**  
Te Ope Kātua O Aotearoa

April 2019

New Zealand Defence Force

# KIWISAVER SCHEME

A guide to help you make the most of your membership



The New Zealand Defence Force KiwiSaver Scheme is registered on the register of managed investment schemes as a KiwiSaver scheme under the Financial Markets Conduct Act 2013. The issuer of interests in the New Zealand Defence Force KiwiSaver Scheme is Mercer (N.Z.) Limited (Mercer). A Product Disclosure Statement for the New Zealand Defence Force KiwiSaver Scheme is available on the [www.nzdf.superfacts.co.nz](http://www.nzdf.superfacts.co.nz) website. This document provides an overview of certain features within the New Zealand Defence Force KiwiSaver Scheme as at the date of publication and is not necessarily exhaustive. While every reasonable effort has been made to ensure that the information contained in this communication is correct, none of the New Zealand Defence Force, Trustees Executors Limited (as supervisor of the New Zealand Defence Force KiwiSaver Scheme), Mercer (N.Z.) Limited (as manager of the New Zealand Defence Force KiwiSaver Scheme) or any other person accepts any responsibility arising in any way from any error or omission or for any consequences flowing from its use.

**A FORCE FOR  
NEW ZEALAND**

# SAVING FOR YOUR FUTURE, TOGETHER

## Welcome to the New Zealand Defence Force KiwiSaver Scheme.

This guide will help you make the most of KiwiSaver and of your membership in the New Zealand Defence Force KiwiSaver Scheme (the Scheme). It is important that you take time to read it, as the choices you make will affect your lifestyle when you retire.

### This Booklet includes

#### Section 1:

KiwiSaver basics and starting out

#### Section 2:

Deciding how much you need to contribute

#### Section 3:

Your investment choices

#### Section 4:

Maximising benefits from the Scheme

#### Section 5:

Withdrawing your KiwiSaver savings

#### Section 6:

Helping you with your decisions



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## REASONS TO BE IN KIWISAVER

KiwiSaver has been designed to help New Zealanders save for their retirement. It has some great benefits to help you save and retire with more.

**1** KiwiSaver is an easy way to save for a better retirement lifestyle, with contributions made by you and your employer.

**2** The Government can help you save with an annual Government contribution (previously known as “member tax credit”) incentive.

**3** Your savings may be available to help you buy your first home.

**4** KiwiSaver stays with you throughout your life. If you are no longer employed or engaged by the New Zealand Defence Force (NZDF) or your current employer, you can continue saving in your KiwiSaver account. This means you can continue to grow your retirement savings or your first home deposit.



# 6

## REASONS TO BE IN THE NEW ZEALAND DEFENCE FORCE KIWISAVER SCHEME

The NZDF worked with Mercer to develop this scheme with the aim of making you better off than you would be in other KiwiSaver schemes.

- 1** The Scheme will help you save more. In addition to the employer contributions, NZDF will also reward NZDF members for their loyalty. So if you are a NZDF member and meet the qualification criteria, NZDF will contribute an additional \$3,000 before tax over the first 7 years of membership in the Scheme. Rules apply, see page 12 for details.
- 2** A “best value for money” KiwiSaver Scheme - the New Zealand Defence Force KiwiSaver Scheme is well balanced across all key assessment criteria as rated by SuperRatings\* in their 2019 review. The assessment criteria includes investments, fees & charges, member servicing, administration and governance.
- 3** NZDF will support you and help you make good decisions. Good decisions can help ensure you stay on track and achieve your retirement saving goals. A team of financial advisers is available to assist you with your financial decisions. You will also have access to leading edge calculators, tools and information to help you plan for your future today.
- 4** NZDF wants to ensure you get strong and consistent returns on your savings. Mercer’s investment specialists have been managing superannuation schemes in New Zealand for over 60 years. Their local investment team brings its global knowledge to improve your investment returns.
- 5** The Scheme will reward participation. Rewards totalling \$50,000 will be awarded to members of the NZDF Saving Schemes each year. Rules apply, see page 18 for more information.
- 6** The Scheme offers a range of free financial tools including a personalised Retirement Income Simulator, which is available once you log into your account at [www.nzdf.superfacts.co.nz](http://www.nzdf.superfacts.co.nz).

\*[www.superratings.com.au](http://www.superratings.com.au).

### Defence Community

You are in the Defence Community if you are a member of the New Zealand Defence Force (current or past), a Veteran, partner, child or a close relative of current or past NZDF members.

**More information about the key organisations who manage your savings, including Mercer, can be found in the Product Disclosure Statement for this Scheme.**



**As a member of the New Zealand Defence Force KiwiSaver Scheme, you will enjoy many benefits.**

## SECTION 1:

# KIWISAVER BASICS AND STARTING OUT

Knowing all the facts could help your money grow, so it's important you know what the Scheme offers you. We recommend that you also take time to consult with one of NZDF's appointed financial advisers, Milestone Direct, who can assist you to understand your options. The financial adviser may also be able to assist with setting your financial goals and other financial needs you may have.

### YOUR KIWISAVER ACCOUNT AT A GLANCE



Your Contributions

+



NZDF or Employer Contributions

+



Government Contributions

+



Loyalty Payments (If applicable)

+ or -



Investment Gains or Losses

-



Fees and Taxes

=



**YOUR KIWISAVER SAVINGS**

Milestone  
Direct

LIFE IS  
A JOURNEY.  
GET GOOD  
DIRECTIONS

For financial advice:  
Call **0508 MILESTONE (0508 645 378)**  
Email [info@milestonedirect.co.nz](mailto:info@milestonedirect.co.nz)

# YOUR KIWISAVER ACCOUNT

## Your Contributions

It's easy to contribute to KiwiSaver. If you are a NZDF member or otherwise employed then regular contributions are made to your KiwiSaver account by deducting either 3%, 4%, 6%, 8% or 10%\* of your before-tax pay. Anyone can make voluntary contributions into their KiwiSaver account at any time.

## NZDF or Employer Contributions

If you're contributing from your pay, NZDF or any other employer is also generally required to contribute to your KiwiSaver account. CDF contributes 4% of before-tax pay\*\* to NZDF serving members' KiwiSaver accounts. For other employers the minimum required amount is 3% of your before-tax pay.

## Government Contributions

If you're aged 18 and over but under 65 years and contributing \$1,042 a year or more, the Government will contribute \$521 to your KiwiSaver account. If you're contributing less, the Government will contribute 50 cents for every \$1 you contribute. Rules apply, see [www.nzdf.superfacts.co.nz](http://www.nzdf.superfacts.co.nz).

## Tax

We deduct or refund tax on your behalf. You simply need to provide us with your tax rate. Please see page 22 for more information about tax.

## Loyalty Payments

If you are and continue to be a NZDF member and stay contributing to the Scheme for more than 7 years, NZDF will contribute \$3,000\*\*\* to your account at various stages over that time. Further details are set out on page 12.

**There are four chances to win \$250 Prezzy Cards each month! To qualify for each prize draw you need to:**

- Simply be a member of one of the New Zealand Defence Force Savings Schemes at the end of the month
- Make at least one contribution during the month
- Sign into your online account
- Choose how we communicate with you

Winners are published on the Force Financial Hub website.

## Investment Gains / Losses

Investment gains and losses will affect your account balance.

Mercer's global expertise and local team offers diversified investment options to cater for your saving requirements.

Please read the Product Disclosure Statement for the Scheme for further details.

## Fees

These are deducted from your account. There is a fixed monthly charge of \$2.50 and a fee that varies depending on the investment option you invest in.

Please read the Product Disclosure Statement for the Scheme for further details.

\* The rates of 6% and 10% became available from 1 April 2019.

\*\* The deduction is made from your after-tax pay but calculated on the basis of before-tax pay.

\*\*\* Before Employer Superannuation Contribution Tax is deducted.

# TAX ON NZDF AND EMPLOYER CONTRIBUTIONS

The employer and NZDF contributions and the NZDF loyalty payments are subject to Employer Superannuation Contribution Tax (ESCT). This tax will be deducted before the payments are made to your KiwiSaver account. ESCT is deducted at different rates as shown below. You don't need to work these out as this process is automatic.

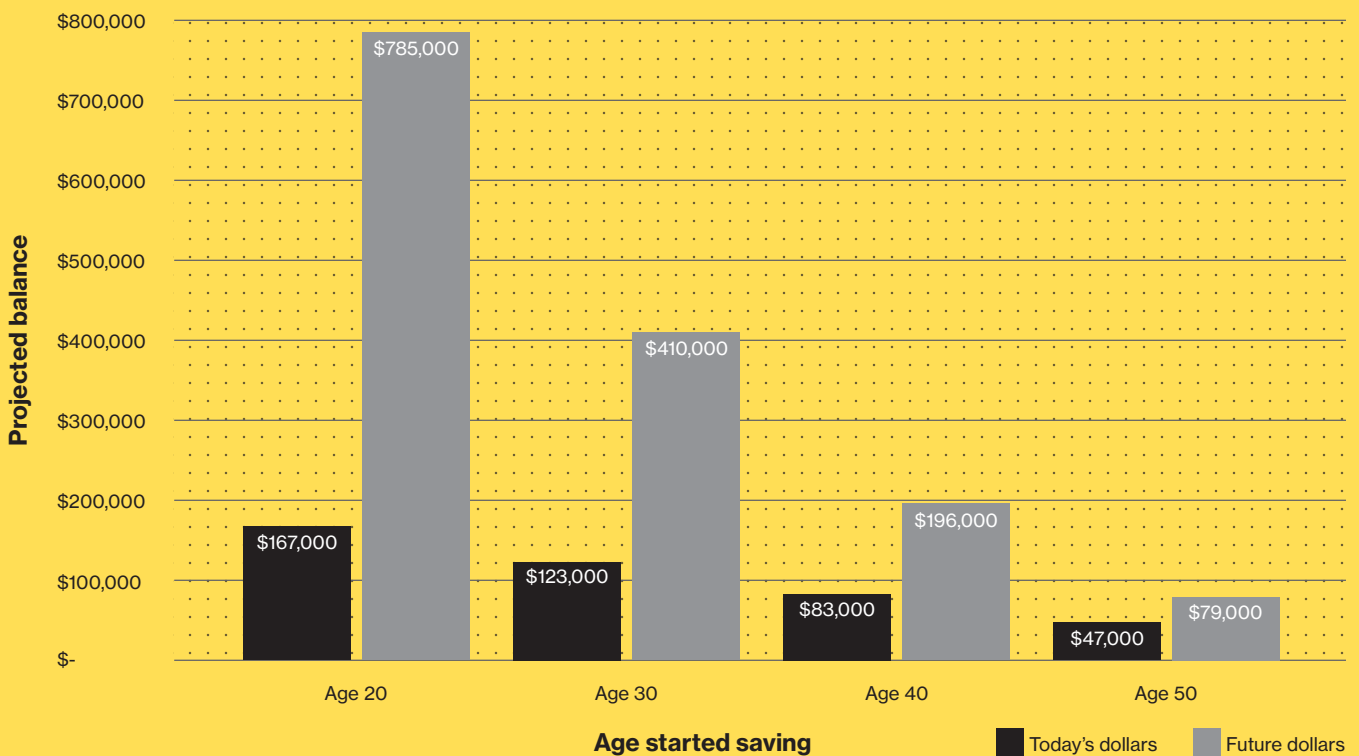
<b>Employer Superannuation Contribution Tax (ESCT)</b>	<b>Rate</b>
Pay or salary (per annum)	
\$0 - \$16,800	10.5%
\$16,801 - \$57,600	17.5%
\$57,601 - \$84,000	30%
\$84,001 and over	33%

If you were not employed for the whole of a tax year immediately before the relevant tax year, this amount will be based on an estimate of those amounts for the current tax year.



The sooner you start contributing the more you are likely to have at retirement or to help you achieve your goal of buying a first home.

### EFFECT ON AGE STARTED SAVING



This figure will depend on your salary, contribution rates, investment options chosen and whether there is any disruption to your savings. The chart above assumes:

1. Your starting salary is \$40,000 a year
2. Your salary will increase 3.5% each year
3. Returns are based on the Balanced fund providing net returns of 5.1% annually
4. You receive member tax credits each year at the current maximum level
5. Your contributions are calculated at 3% and NZDF or employer contributions at 4% of your before-tax salary
6. Returns are after fees and tax
7. Returns are adjusted for inflation at 3.5%
8. No withdrawals are made during membership.

#### Today's Dollars

The amounts shown in today's dollars have been converted into today's relative buying power, allowing for the increase in prices (inflation) and improvements in living standards between current age and age 65. Comparing these amounts with what they will buy today will help you determine whether they will be adequate compared to your standard of living.

#### Future Dollars

The amounts shown in future dollars show what the projected total accumulation may look like at age 65.

## SECTION 2:

# DECIDING HOW MUCH YOU NEED TO CONTRIBUTE

Contributions are the fuel that powers your account, but you don't do it alone...

## YOUR CONTRIBUTIONS

### Regular contributions

If you're a NZDF member or otherwise employed, you can contribute 3%, 4%, 6%, 8% or 10%\* of your salary or wages. The contribution is calculated as a percentage of your before tax pay but deducted from your after-tax pay each pay period. NZDF or your employer will deduct your contributions from your pay before you receive it and will pay them directly to Inland Revenue. Inland Revenue will pass your contributions to the Scheme. If you do not choose a contribution rate, you will automatically contribute 3% of your before-tax pay.

If you are a NZDF member, you can change your contribution rate at any time by contacting NZDF Payroll. If you are not a NZDF member you can change your contribution rate by contacting IRD or your employer.

You can apply for a savings suspension (previously known as "contributions holiday")\*\* after you've been a KiwiSaver member for 12 months. However, you should consider how this will impact your retirement savings goals. Check out the Retirement Income Simulator to see what impact a savings suspension may have on your retirement income after you retire. If you're a NZDF member you should also look at the remuneration section of the NZDF's HR Toolkit for information on how a savings suspension may impact your total remuneration.

### Other contributions

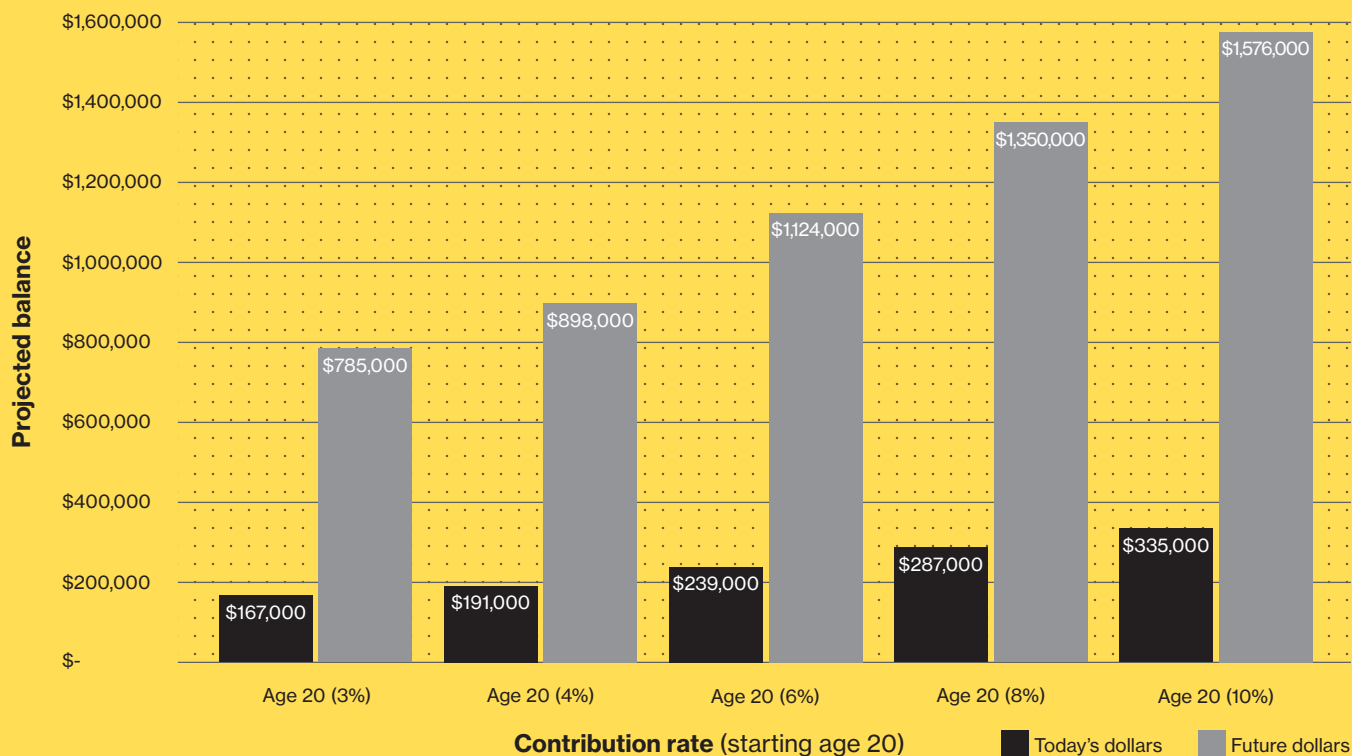
You can also make additional lump sum or ongoing contributions to your KiwiSaver account at any time. Simply go to your online banking, search for the NZ Defence Force KiwiSaver Scheme as the organisation you wish to pay and follow the instructions. You can also pay by Direct Debit, by completing a form which is available on the [www.nzdf.superfacts.co.nz](http://www.nzdf.superfacts.co.nz) website or on the Force Finance Hub.

**Contributing a little extra today can go a long way.**

\* The rates of 6% and 10% only become available from 1 April 2019.

\*\* From 1 April 2019 the maximum savings suspension period you can apply for is 12 months at a time.

## EFFECT OF DIFFERENT CONTRIBUTION RATES



1. Your starting salary is \$40,000 a year
2. Your salary will increase 3.5% each year
3. Returns are based on the Balanced fund providing net returns of 5.1% annually
4. You receive Government contribution each year at the current maximum level
5. Employee contributions are calculated at 3%, 4%, 6%, 8% and 10%\*; NZDF employer contributions at 4% of your before-tax salary
6. Returns are after fees and tax
7. Returns are adjusted for inflation at 3.5%
8. No withdrawals are made during membership.

### Today's Dollars

The amounts shown in today's dollars have been converted into today's relative buying power, allowing for the increase in prices (inflation) and improvements in living standards between current age and age 65. Comparing these amounts with what they will buy today will help you determine whether they will be adequate compared to your standard of living.

### Future Dollars

The amounts shown in future dollars show what the projected total accumulation may look like at age 65.

\* The rates of 6% and 10% became available from 1 April 2019.

## NZDF AND EMPLOYER CONTRIBUTIONS

NZDF generally contributes 4% of your before-tax salary or wages to your New Zealand Defence Force KiwiSaver Scheme account\*.

For the Scheme members with other employers, the employer must generally contribute a minimum of 3% of your before-tax salary or wages to your KiwiSaver account as long as:

- you are paid a salary or wages from which KiwiSaver deductions are made; and
- you are aged 18 years or over and are not yet eligible to access your KiwiSaver savings; and
- your employer does not currently contribute on your behalf to a qualifying superannuation scheme.

Employer contributions are subject to Employer Superannuation Contribution Tax (ESCT).

### Loyalty payments

While you are a serving NZDF member and are contributing to the Scheme, NZDF will also help you to save for your retirement by contributing:

- \$1,000 after your first year of contributions
- \$1,000 after 4 years of being a contributing member
- \$1,000 after 7 years of being a contributing member

#### **These payments apply to NZDF members only.**

Non-serving members of the NZDF community, family members and others will not be eligible to receive them. However, they are eligible to receive all the other benefits of the Scheme.

Payments are made to NZDF contributing members only – Regular Force, Reserve Forces/Territorial Forces (working 20 or more days for NZDF per year) or civilian employees. The payment is not made to other members of the Scheme. Further terms and conditions for loyalty payments are available in the HR Toolkit and on the Force Financial Hub website.

The loyalty payments must have ESCT deducted. Accordingly, the cash amount deposited to NZDF members' KiwiSaver accounts will be less than the pre-tax payments made by NZDF.

### Government contributions

If you have not yet reached your age of eligibility, you will receive a Government contribution of 50 cents for every dollar you contribute up to a maximum amount of \$521 a year.

- Government contributions are paid into your New Zealand Defence Force KiwiSaver Scheme account annually
- You do not need to apply for these payments as the Scheme manages this for you
- If you joined KiwiSaver or turned 18 part way through the year, you may receive a proportion of the Government contributions
- Government contributions cannot generally be accessed until you are entitled to New Zealand Superannuation, and have been in KiwiSaver for at least five years. The exceptions to this are where a withdrawal is made for serious illness, first home purchase, death, or if you permanently move to Australia and transfer your funds to an Australian complying superannuation scheme
- Any savings transferred to the Scheme from an Australian complying superannuation scheme will not be eligible for a matching Government contribution
- To qualify for Government contributions you must also reside mainly in New Zealand. NZDF members deployed or posted overseas continue to qualify. However, spouses/partners who do not work for NZDF or another government agency (and who accompany their spouse/partner overseas) are not eligible for the Government contributions while overseas.
- From 1 July 2019 new rules apply for eligibility to receive Government contribution for those aged 65 or older who have been in KiwiSaver less than 5 years, see [www.nzdf.superfacts.co.nz](http://www.nzdf.superfacts.co.nz) for more information.

\*If you are also contributing to another superannuation scheme, for example the Defence Force Superannuation Scheme Category A, your total employer contribution stays the same and doesn't increase because you've also joined this KiwiSaver scheme.



**With the New Zealand Defence Force KiwiSaver Scheme it all adds up!**

## **SECTION 3:**

# **YOUR INVESTMENT CHOICES**

When it comes to investing one size does not fit all. That's why the New Zealand Defence Force KiwiSaver Scheme offers you seven investment options, each with a different focus.

**You can choose to invest all of your savings in one option, or split your savings between the different funds. Over time your needs might change so it's a good idea to check whether the investment option you have chosen is still right for you. You can change your investment options at any time.**

Different fees apply to each investment option.

### **Help with choosing your investment option**

No matter what age you are, the investment option(s) you choose can have the biggest impact on your savings balance and lifestyle when you retire or in achieving your other financial goals such as buying a first home.

Your age and even your retirement goals are not the only things you should be considering when choosing your investment option. The option(s) you choose also depends on whether you're an aggressive investor with an appetite for risk or the type who likes to play it safe. Even if you are somewhere in between, this Scheme has an investment option for you.

To help you work out your risk appetite, take the quiz on the next page. This quiz is also available online at [www.nzdf.superfacts.co.nz](http://www.nzdf.superfacts.co.nz).

## Quick Investment Quiz

<b>1</b>	<b>When do you plan to withdraw most of your savings?</b>	<b>Score</b>
<input type="radio"/>	0-2 years	0
<input type="radio"/>	2-5 years	3
<input type="radio"/>	5-10 years	6
<input type="radio"/>	10-15 years	8
<input type="radio"/>	More than 15 years	10

<b>2</b>	<b>How much do you know about investments and financial markets?</b>	<b>Score</b>
<input type="radio"/>	No understanding	0
<input type="radio"/>	Very little	2
<input type="radio"/>	Some	4
<input type="radio"/>	Moderate	6
<input type="radio"/>	High	8
<input type="radio"/>	Very high, I am a sophisticated investor	10

<b>3</b>	<b>If you're seeking a higher return on your investment, describe how willing you are to accept investment returns that vary each year</b>	<b>Score</b>
<input type="radio"/>	None at all - I want a steady return with no variation	0
<input type="radio"/>	Low - I'm ok with some small variation in the return	2
<input type="radio"/>	Moderate - I could accept some variation in the investment return	5
<input type="radio"/>	High - I don't mind variations as I'm a long term investor	8
<input type="radio"/>	Very high - I recognise that investment returns can vary significantly and that does not worry me	10

<b>4</b>	<b>How concerned would you be if your investment value fell by 20% over a 6 month period?</b>	<b>Score</b>
<input type="radio"/>	Very concerned	0
<input type="radio"/>	Somewhat concerned	3
<input type="radio"/>	A little concerned	8
<input type="radio"/>	Not concerned	12
<input type="radio"/>	Consider investing more	15

<b>5</b>	<b>How important to you is it that your investment grows faster than inflation?</b>	<b>Score</b>
<input type="radio"/>	Not important	0
<input type="radio"/>	Slightly important	2
<input type="radio"/>	Fairly important	4
<input type="radio"/>	Very important	5

**Add up your score here and match your score to an investment option in this booklet.**

The quiz and associated investment scores are a guide only, and it is recommended that you seek independent financial advice before you make any investment decisions.

## Your Investment Option(s)

### Quiz Score

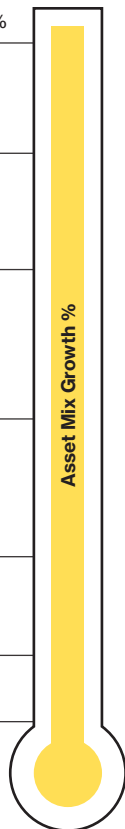
0–8	<b>Cash</b> Invests mainly in cash and short term interest bearing investments. Designed for investors who want no exposure to growth assets or where the funds may be required in the shorter term.		<ul style="list-style-type: none"> <li>Defensive 100%</li> <li>Cash 100%</li> </ul>	
9–15	<b>Conservative</b> Invests mostly in cash and fixed interest, with only limited investment in growth assets such as shares and real assets. May be suitable for investors who want to achieve slightly higher returns than those expected from investing solely in cash. Investors need to be comfortable with the possibility of some fluctuations in returns.		<ul style="list-style-type: none"> <li>Defensive 80%</li> <li>Cash 30%</li> <li>Fixed Interest 50%</li> </ul>	<ul style="list-style-type: none"> <li>Growth 20%</li> <li>Real Assets 4%</li> <li>Trans-Tasman Shares 5%</li> <li>Global Shares 11%</li> </ul>
16–26	<b>Moderate</b> Invests in cash and fixed interest, with about a third of investments being in growth assets such as shares and real assets. May be suitable for investors who want to invest in a broad mix of assets and who are comfortable with a higher degree of volatility in returns than can be expected from the Conservative fund.		<ul style="list-style-type: none"> <li>Defensive 65%</li> <li>Cash 24%</li> <li>Fixed Interest 41%</li> </ul>	<ul style="list-style-type: none"> <li>Growth 35%</li> <li>Real Assets 9%</li> <li>Trans-Tasman Shares 7%</li> <li>Global Shares 16%</li> <li>Alternative Assets 3%</li> </ul>
27–35	<b>Balanced</b> Invests in a wide range of assets. May be suitable for investors who want a diversified investment with exposure to shares, real assets, alternative assets, fixed interest and cash, who are comfortable with a higher degree of volatility in returns than can be expected from the Moderate fund and who can invest for the long term.		<ul style="list-style-type: none"> <li>Defensive 45%</li> <li>Cash 10%</li> <li>Fixed Interest 35%</li> </ul>	<ul style="list-style-type: none"> <li>Growth 55%</li> <li>Real Assets 13.5%</li> <li>Trans-Tasman Shares 10%</li> <li>Global Shares 28.5%</li> <li>Alternative Assets 3%</li> </ul>
36–40	<b>Growth</b> Invests mainly in growth assets such as shares, real assets and alternative assets with only a limited amount in cash and fixed interest. May be suitable for investors wanting to invest mostly in growth assets who are comfortable accepting more volatile returns than those expected from the Balanced fund with a view to achieving higher longer term returns.		<ul style="list-style-type: none"> <li>Defensive 25%</li> <li>Cash 4%</li> <li>Fixed Interest 21%</li> </ul>	<ul style="list-style-type: none"> <li>Growth 75%</li> <li>Real Assets 16%</li> <li>Trans-Tasman Shares 12%</li> <li>Global Shares 44%</li> <li>Alternative Assets 3%</li> </ul>
41–45	<b>High Growth</b> Invests almost entirely in growth assets such as shares, real assets and alternative assets, with only a small amount invested in cash and fixed interest. May be suitable for investors wanting to invest predominantly in growth assets, who want higher long term returns and are comfortable with high volatility in returns.		<ul style="list-style-type: none"> <li>Defensive 10%</li> <li>Cash 2%</li> <li>Fixed Interest 8%</li> </ul>	<ul style="list-style-type: none"> <li>Growth 90%</li> <li>Real Assets 16%</li> <li>Trans-Tasman Shares 18%</li> <li>Global Shares 53%</li> <li>Alternative Assets 3%</li> </ul>
46–50	<b>Shares</b> Invests almost entirely in the share market. May be suitable for investors seeking exposure mostly to shares and who are comfortable with a high level of volatility in returns.			<ul style="list-style-type: none"> <li>Growth 100%</li> <li>Trans-Tasman Shares 26%</li> <li>Global Shares 74%</li> </ul>



# Where do investment options sit on the risk scale?

## Expected Risk & Return

Shares	100%
High Growth	90%
Growth	75%
Balanced	55%
Moderate	35%
Conservative	20%
Cash	0%



## What is driving the difference in risk?

The funds at this end of the spectrum are expected to achieve higher levels of return and have higher levels of risk primarily because they have a larger proportion of their investments in shares and other growth investments, and also have a higher level of currency risk.

The funds at this end of the spectrum are expected to achieve lower levels of return and have lower levels of risk primarily because they have a smaller proportion of their investments in growth assets and a greater proportion in defensive investments such as cash and fixed interest.

Now that you know your appetite for risk, what your options are and where each investment option sits on the risk/return scale, it's time to choose your option.

We recommend that every year you review whether your investment option is right for you. You don't have to change how you invest although it's worth checking in regularly to make sure you're on track to meet your goals.

You can also read more about the investment option risk in the New Zealand Defence Force KiwiSaver Scheme Product Disclosure Statement\*.

If you need further help choosing an investment option, please call NZDF's appointed financial advisers, Milestone Direct Limited, on **0508 MILESTONE (0508 645 378)**, or email them at [info@milestonedirect.co.nz](mailto:info@milestonedirect.co.nz).

## Fees

Please read the New Zealand Defence Force KiwiSaver Scheme Product Disclosure Statement\* for information about the fees applicable in the Scheme.

\*NB The features of the Scheme described in this Guide incorporate changes to the KiwiSaver Act that was made by Parliament in March 2019. As the date of producing this Guide those changes have yet to be included in the Product Disclosure Statement for the Scheme. For a summary of the changes that were made to the KiwiSaver rules in March, see [www.nzdf.superfacts.co.nz](http://www.nzdf.superfacts.co.nz).

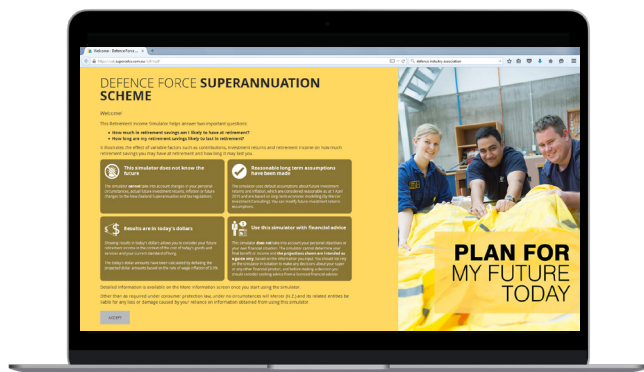
## SECTION 4:

# MAXIMISING BENEFITS FROM THE NEW ZEALAND DEFENCE FORCE KIWISAVER SCHEME

There are many ways you can maximise your New Zealand Defence Force KiwiSaver Scheme savings. We have already told you about:

- Joining as soon as you can
- Saving as much as possible
- Selecting the right fund for you
- NZDF loyalty payments
- Getting the most out of Government contributions
- Paying the correct PIR

**Another way to take control of your future and achieve the retirement lifestyle you want is with the Retirement Income Simulator.**



### Retirement Income Simulator

This simulator can estimate what you may require to maintain a comfortable retirement and how much you might need to save to achieve this.

It can help you understand how much you may have in retirement and how long it's likely to last.

You can explore the potential benefits of making voluntary contributions to the Scheme or changing your investment strategy. The simulator can also show you the possible effect on your retirement income of taking a career break or adjusting your retirement age.

You may also wish to include other factors like your partner's finances to estimate your combined retirement income, as well as income from non-KiwiSaver investments. See your NZ Super entitlements and even run a "stress test" to see the possible impact of market volatility on your retirement savings.

**Best of all, it's easy to use once you've signed into your member account – your details will be pre-populated.**

### Participation rewards

You may be eligible to go in the draw to win participation rewards. Currently these are available if you:

1. Simply are a member of one of the New Zealand Defence Force Savings Schemes at the end of the month
2. Make at least one contribution during the month
3. Sign into your online account
4. Choose how we communicate with you

Each month there will be 16 \$250 Prezzy cards (these may change from time to time) to be awarded to members of the NZDF Savings Schemes. There will also be other participation rewards during each year. Total value of the rewards is \$50,000 per year.

Winners are published on the Force Financial Hub website.

**Knowing how long you might live, can help you work out how much you will need to save**

**Check out the Retirement Income Simulator to see your life expectancy.**

## SECTION 5:

# WITHDRAWING YOUR KIWISAVER SAVINGS

Generally your KiwiSaver savings are locked in until you have been a member for at least 5 years\* and are 65 or older. You may be able to withdraw your savings in some circumstances, for example if you want to buy your first home, are moving overseas permanently (other than to Australia) or if you suffer serious illness or significant financial hardship.

### Retirement withdrawals

You can access your KiwiSaver savings at retirement, either when you turn 65 or if you joined after age 60 you'll need to be in KiwiSaver for at least 5 years\*. You don't have to withdraw the full amount at that time. You can choose to:

- make regular monthly withdrawals (regular withdrawals are paid into your bank account on the 20th day of every month (or the next working day))
- withdraw part of your KiwiSaver savings (currently you can make up to four partial withdrawals each year. A minimum of \$500 for each such partial withdrawal applies)
- withdraw all of your KiwiSaver savings.

The balance remaining in your account after any withdrawal must be at least \$1,000, otherwise your full account balance will be paid out to you and your New Zealand Defence Force KiwiSaver Scheme account will be closed.

You should generally allow up to 20 working days after sending in your completed withdrawal form for your withdrawal to be paid.

If you are unsure what to do with your New Zealand Defence Force KiwiSaver Scheme savings, you can call one of NZDF's appointed financial advisers on **0508 MILESTONE (0508 645 378)**, or email them at **info@milestonedirect.co.nz**.

\* The 5 year lock-in period will be removed for new members joining from 1 July 2019, and for all members from 1 July 2020. See [www.nzdf.superfacts.co.nz](http://www.nzdf.superfacts.co.nz) for further details.

# BUYING YOUR FIRST HOME

After you have been a member of the Scheme for three years\*, you may be able to withdraw your savings to put towards buying your first home. More information on buying your first home can be found on the Force Financial Hub. You can request your first home withdrawal on [www.nzdf.superfacts.co.nz](http://www.nzdf.superfacts.co.nz) after you log into your account.

After you have been a member of any KiwiSaver scheme or a complying fund (this includes Defence Force Superannuation Scheme Category B) for a combined total of three years or more, you may be able to withdraw your savings to put towards buying your first home. If you've been making contributions to a KiwiSaver scheme for at least three years, you may also be entitled to a HomeStart grant from Housing New Zealand. More information on buying your first home can be found on the Force Financial Hub website.

## Meet James & Sam

James is 30 years old and Sam is 25, they live in Palmerston North.

Between them they earn \$100,000 a year (before tax). They are looking to buy their first home for \$410,000 in Palmerston North.

After five years of membership in the Scheme they have saved \$48,000 and also saved \$26,000 in another savings scheme.

They can now access \$82,000 which may be enough for a deposit for James and Sam.



## How does it work?

**\$46,000 of their KiwiSaver savings (leaving the required minimum balance of \$1,000 in each of their KiwiSaver accounts)**

+

**\$26,000 of other savings**

+

**\$10,000 as a Home Start grant\* from Housing New Zealand**

=

**\$82,000 Home Deposit**

\*HomeStart grant is administered by Housing New Zealand. Rules apply and more information can be found at [hnzc.co.nz](http://hnzc.co.nz).

This example assumes a HomeStart grant of \$5,000 per person for the purchase of an existing house rather than a new build.

## SECTION 6:

# HELPING YOU WITH YOUR DECISIONS

### Significant Financial Hardship

You may be able to withdraw your New Zealand Defence Force KiwiSaver Scheme savings (excluding the Government contributions) if the Supervisor is reasonably satisfied that you are suffering or are likely to suffer significant financial hardship.

### Serious Illness

If the Supervisor is reasonably satisfied that you are suffering a serious illness you may be able to access your New Zealand Defence Force KiwiSaver Scheme savings. You will be able to withdraw your savings as well as the Government contributions you have received.

### Permanent Emigration

If you permanently leave New Zealand you may be able to transfer your New Zealand Defence Force KiwiSaver Scheme savings to an approved foreign superannuation scheme, or withdraw your savings after you have been out of New Zealand for at least 12 months. You will not be able to withdraw any member tax credits you have received.

If you permanently move to Australia you can only transfer all of your savings to a complying superannuation scheme in Australia, including any Government contributions you have received.

### Death

If you die, your New Zealand Defence Force KiwiSaver Scheme savings will be paid to your estate's personal representative when they apply. On notification of your death, we will switch your total account balance to the Cash Fund until the payment is made.

All withdrawal forms are available on the Force Financial Hub website or on [www.nzdf.superfacts.co.nz](http://www.nzdf.superfacts.co.nz).

**NZDF's priority is the financial wellbeing of our members, and through the Force Financial Hub we are able to extend this to the greater Defence Community.**

Mercer's Helpline team will answer any questions you may have about your membership in the New Zealand Defence Force KiwiSaver Scheme from 9.00am to 7.00pm on all business days. You can also leave them a message and they will call back at a time convenient to you or can email you the information you need.

They can help you get started and understand how your account works, as well as answer general queries about your investment options, fees and confirm your account balance. They can also connect you with NZDF's appointed financial adviser network.

For further information, please call Helpline on **0800 333 787**, or visit [www.nzdf.superfacts.co.nz](http://www.nzdf.superfacts.co.nz).

Milestone Direct Limited and the wider Milestone network has been appointed as the official financial advisers to members of the New Zealand Defence Force. They are able to provide you with financial advice on the Scheme plus all other financial products provided by NZDF. They must place your interests first and help you to determine what is the right choice for you.

Milestone Direct will provide general advice on all NZDF savings solutions at no cost to you. If you require more detailed advice on a wider range of financial solutions you can receive their assistance at a reduced fee.

For financial advice please contact Milestone Direct on **0508 MILESTONE (0508 645 378)** or email them at [info@milestonedirect.co.nz](mailto:info@milestonedirect.co.nz).

# YOUR CHECKLIST

Your KiwiSaver savings may be one of the most valuable assets you'll ever have, so it's worth ensuring it is set up properly.

Here's a simple checklist to help ensure your New Zealand Defence Force KiwiSaver Scheme account is set up correctly. You can do all of this online on the Scheme's website.

Sign in to your online account at [www.nzdf.superfacts.co.nz](http://www.nzdf.superfacts.co.nz)



## Check your PIR (tax rate)

The Scheme is a Portfolio Investment Entity or what's known as a PIE scheme. This means that your investment income is taxed using one of three Prescribed Investor Rates (PIRs). These PIRs are 28% (the default rate), 17.5% and 10.5%. You should check your PIR every year or if your circumstances change. Otherwise you may find you are paying too much or not enough tax.



## Your personal and contact details

Check and update your email, mobile number and address details, especially if you have moved or are about to. This will ensure we can keep you updated about your account in the Scheme.



## Tell us your preferences

You can choose how you would like to receive information from us – whether it's by email or post.

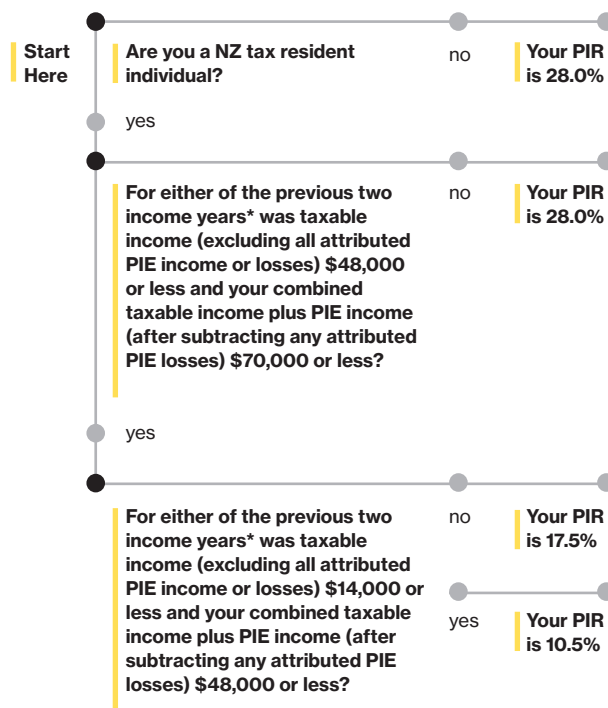


## Investment choice

Choose the right investment option for you and your circumstances.

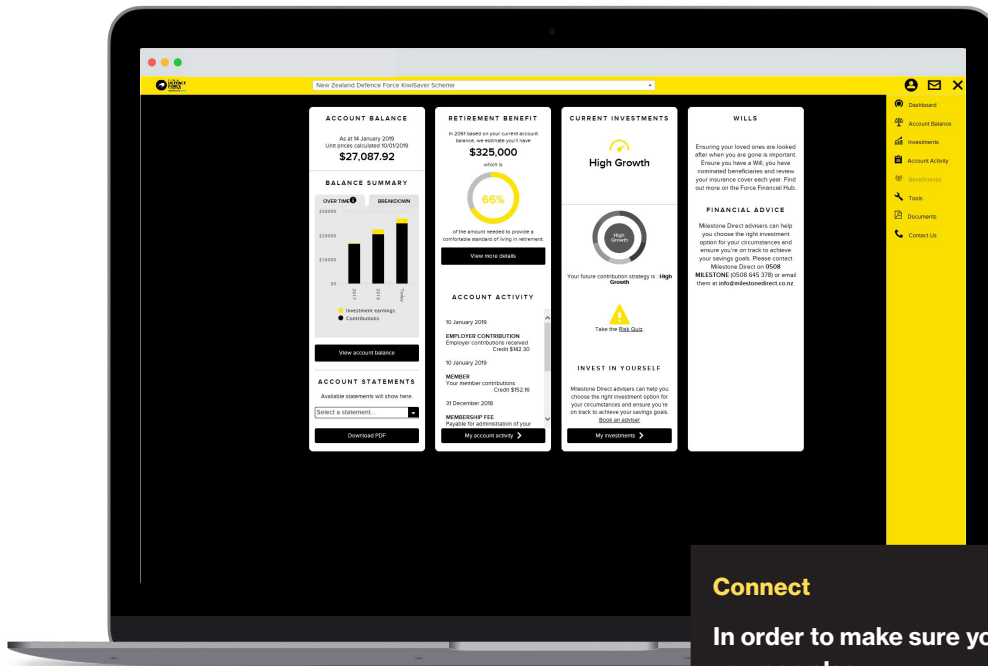
## How to choose your PIR

To work out your PIR simply follow the chart below.



\* Previous two income years refers to the two years prior to the tax year that the PIR is being applied to. An income year is generally the period from 1 April to 31 March of the following year. However, an income year can start and end on alternative dates if Inland Revenue consents. The tax year is always the period from 1 April to 31 March of the following year.

**IMPORTANT:** Please note that any information in this material regarding legal, accounting or tax outcomes does not constitute legal advice or an accounting or tax opinion and prior to relying and acting on this information it is important that you seek independent advice from a qualified lawyer or accountant regarding this information.



## Connect

In order to make sure you have all the facts you can also:



Call us on 0800 333 787



Visit the Force Financial Hub website



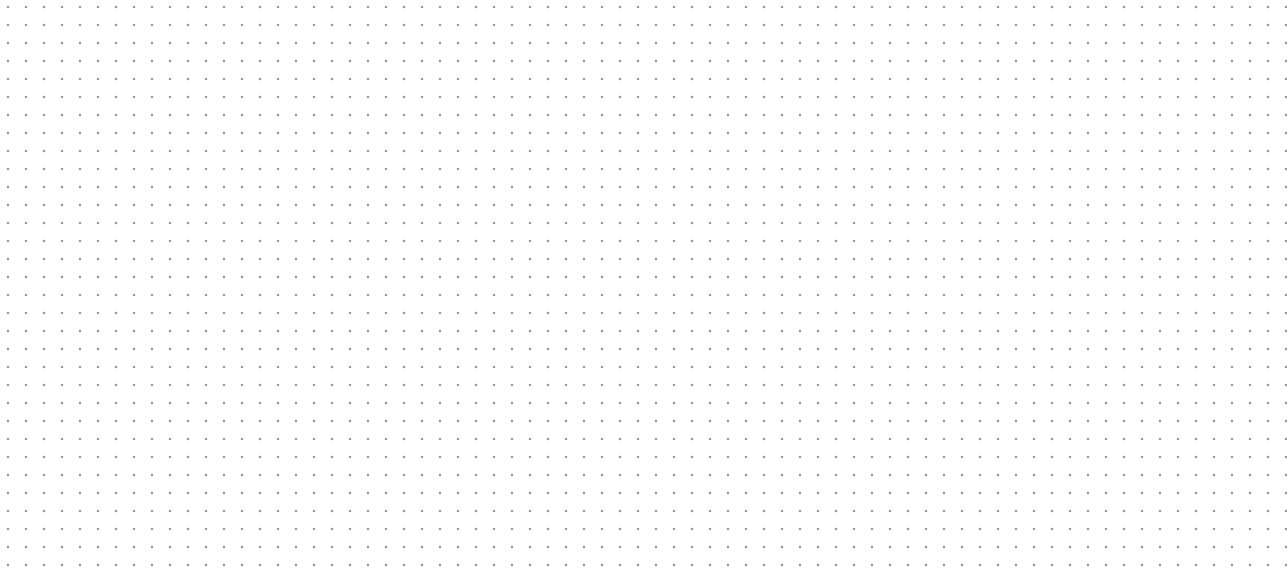
Read the Product Disclosure Statement for the New Zealand Defence Force KiwiSaver Scheme



Speak to New Zealand Defence Force



Speak to a financial adviser on 0508 MILESTONE (0508 645 378)



**Force Financial Hub | 0800 333 787**



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FORCE**  
Te Ope Kātua O Aotearoa



**A FORCE FOR  
NEW ZEALAND**