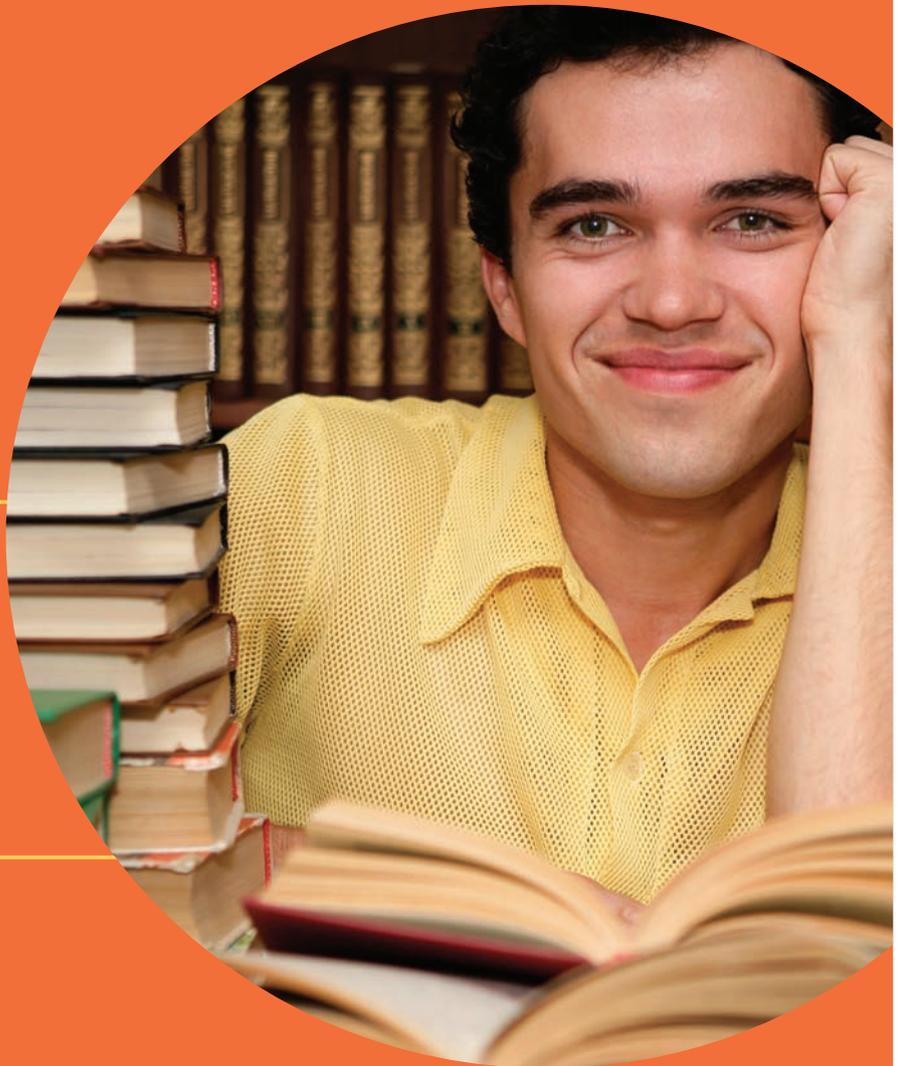


# 2015 ANNUAL REPORT AND BENEFIT STATEMENT

for Adam Sample



## Are your savings on track?

How to check your savings are on track and increase your contributions if you need to.

*See page 6*

# Become a UniSaver champion

We're confident you're pleased you made the decision to join UniSaver and to have it ticking along in the background while you get on with your career. However, many of your colleagues haven't taken advantage of the opportunity. We estimate that only 30% of eligible employees have chosen to join.

## Why join?

UniSaver combines all the benefits of a modern retirement savings plan with a generous subsidy of up to 6.75% of salary for most members. It is open to:

- permanent employees (fulltime and part time)
- employees on a fixed-term agreement with two years or more to run.

Increasing UniSaver's membership benefits you by lowering costs. It means fixed costs are spread among more members. The larger the plan, the more favourable terms we can negotiate with our suppliers.

## Help us spread the word among friends and colleagues

There's a calculator on our website they can use to compare their UniSaver and KiwiSaver options.

Find out more at [www.unisaver.co.nz](http://www.unisaver.co.nz)

# Benefit statement

Here are your account and benefit details for the year to 31 December 2015

	Member's #1	Member's #2	Locked In #1*	Locked In #2	Total
Opening balance	\$15,907.83	\$29,331.39	\$70,187.51	\$51,043.13	\$166,469.86
Contributions	\$2,080.58	\$3,837.55	\$8,843.42	\$5,580.35	\$20,341.90
Net investment income	\$957.26	\$1,765.08	\$4,213.45	\$3,054.68	\$9,990.47
Partial withdrawals	(\$0.00)	(\$0.00)	(\$0.00)	(\$0.00)	(\$0.00)
Deductions	(\$0.00)	(\$0.00)	(\$0.00)	(\$0.00)	(\$0.00)
Closing balance	\$18,945.67	\$34,934.02	\$83,244.38	\$59,678.16	\$196,802.23

\*Contributions include member tax credits of \$521.43. Member tax credits are contributions made by the Crown that match your contributions up to a maximum of around \$10 a week. They are paid as a lump sum after 30 June each year. The next payment will be for the period 1 July 2015 to 30 June 2016.

See page 5 for the declared interest rates allocated to your accounts.

## About your accounts

- Your contributions are allocated to your Member's No. 1 Account and your CFA Locked In No. 1 Account if you have one.
- Any employer's contributions are allocated to your Member's No. 2 Account and your CFA Locked In No. 2 Account if you have one.
- Employer contributions are after tax deducted at a rate based on your income.

## Benefit details

**Resignation benefit:** If you had left work on 31 December 2015, you would have been entitled to a resignation benefit of \$196,802.23.<sup>1</sup>

	Locked-in accounts	Amount payable	Total resignation benefit
Resignation benefit	\$142,922.54	\$53,879.69	\$196,802.23

**Retirement benefit:** The retirement benefit payable on or after age 60 is equal to your total account balances at the date you leave work. This excludes any balance in your locked-in accounts not yet payable (see below). Your retirement benefit may be payable before age 60 in some circumstances.

**CFA members:** The balance of your locked-in accounts cannot generally be withdrawn until you have reached New Zealand superannuation qualification age (currently 65) and completed five years' membership of a complying superannuation fund or KiwiSaver scheme. You may access your locked-in account balances earlier in some circumstances.

**Death benefit:** In the event of your death while you are a member of the scheme, your total account balances (including any locked-in account balances) will be paid to your personal representative.

<sup>1</sup> This statement is provided for information purposes only and is not a certificate of entitlement. The scheme's trust deed governs benefit entitlements, and payments are made in accordance with its provisions and not in accordance with this statement.

## Chairman's review

# Returns hold up well in a turbulent year

Last year, I noted in these pages that bull markets don't run forever, and sooner or later, the tide changes. At the time of writing, what is currently the third-longest bull market since World War II continues. However, stockmarket prices fell significantly in August and again since balance date. So while we have not at this point technically entered a bear market (defined as a fall of 20% off a previous market high), stockmarket prices might be described as 'bearish'.

Despite this volatility, each of UniSaver's four funds posted solid returns for the year under review. While returns were not as strong as in recent years, each fund outperformed its benchmark, and returns from our three main funds compare well against returns from KiwiSaver funds with a similar investment mix.

## Volatility set to continue

Events since balance date illustrate just how fragile investor confidence has become. 2016 began with a thud as prices on China's stockmarket tumbled. Global weakness followed, triggered by weak US consumer spending data and further declines in oil prices. A rally in late January was followed by another dip in early February, this time due to a sell-off in shares in European banks.

Where to from here? While we expect this volatility to continue in the short term, we believe the long-term strategies for UniSaver's portfolios remain sound. Timing market peaks and troughs is notoriously difficult. In any case, selling at a low point simply crystallises losses and often means missing out on the benefits of an upswing.

So what is an investor to do? The answer, as always, is to choose a fund or funds based on when you need to access the money. Do you have time to ride out the highs and lows associated with investing in shares and other growth assets? Or is it time to take a more conservative approach focused on preserving rather than growing your capital?



WWW

Visit our website for a detailed review of the 2015 investment year and the outlook for 2016. It's in the investment section under the 'I'm a member' tab.

## A year of big changes

This is the first annual report under the new UniSaver New Zealand brand. In rebranding, we set out to make information about the plan more accessible and easier to understand. Our research told us that the benefits and eligibility rules for the plan were not well understood by potential members. Even current members said they didn't have a clear understanding of the plan.

The similarity of the name 'UniSaver' to 'KiwiSaver' is deliberate. It is intended to highlight that – through its locked-in section – UniSaver offers similar benefits to KiwiSaver but with a higher employer subsidy for most members. It also coat-tails on New Zealanders' familiarity with KiwiSaver and helps us to promote the university plan as being a similar option – but better.

We launched our new public website on 1 July, taking care to make a subject many find dry and difficult as clear and engaging as possible. It includes sections for active, deferred and potential members creating more intuitive pathways for users. In time, we will add sections for HR/payroll and managers.

At the time, we amended the trust deed to change the name of the scheme, and we made changes to allow for first-home withdrawals and to introduce a regular payment facility for deferred members.

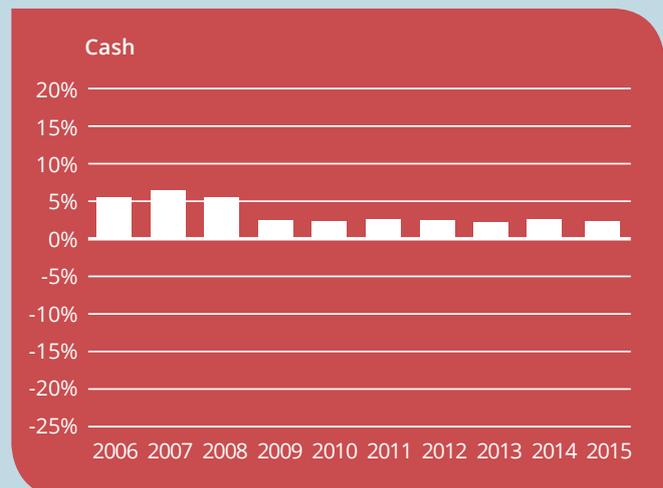
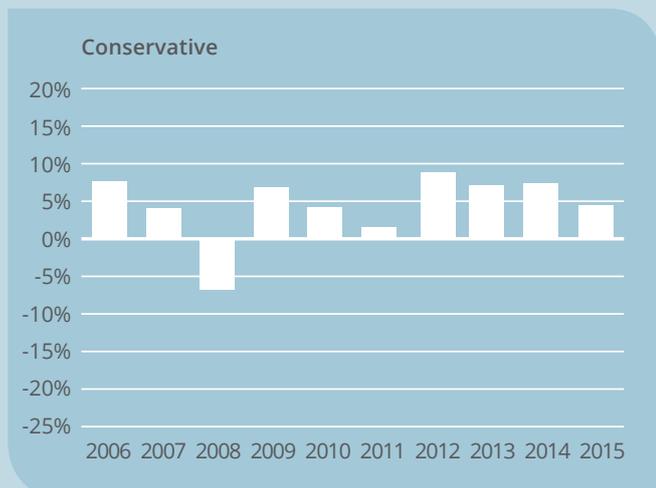
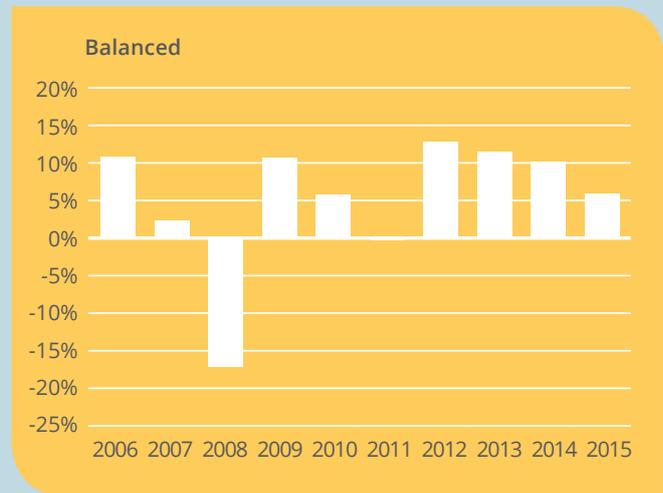
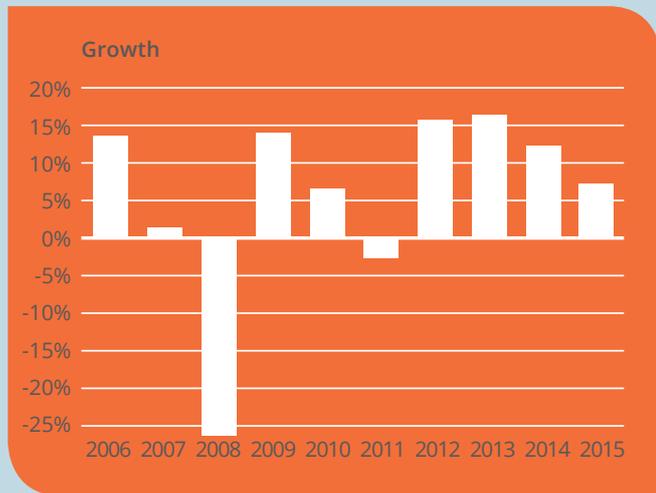
WWW

You can find out more online about making a first-home withdrawal and check if you qualify. Look in the benefits section under the 'I'm a member' tab.

## 10-year investment returns

Returns from the growth option are the largest (both positive and negative) but also the most volatile (up and down) from year to year. Returns from the conservative and cash options are smaller but more consistent.

Annual return % (after tax and expenses)



## Clarifying eligibility criteria

We also clarified the eligibility criteria to include fixed-term as well as permanent employees. Fixed-term employees may now join UniSaver as long as their employment term has two years or more left to run. Fixed-term employees may only participate in the locked-in section. This is to prevent them from accessing their savings in between contracts, which would run counter to the spirit of UniSaver as a retirement savings scheme. The first-home withdrawal facility is available to fixed-term employees.

## Governance and tributes

The year also saw a number of changes in personnel. Long-serving trustees Grant McKenzie and Rose Anne McLeod completed their terms as member-elected trustees, and Bibi Burahee resigned as scheme secretary. On behalf of the trustees and members, I acknowledge Rose Anne, Grant and Bibi's hard work and dedication. Each made an outstanding contribution to the scheme.

Members elected Carolyn Dimond and John Patrick as new trustees from 1 July 2015, and we also welcomed Robyn Doherty as scheme secretary. I thank them and fellow trustees Adrienne Cleland and Wayne Morgan for their wise counsel and ongoing support as we work to make UniSaver the best possible retirement savings vehicle for members and broaden its appeal in order to attract new members.



**Malcolm Johnson**  
Chairman

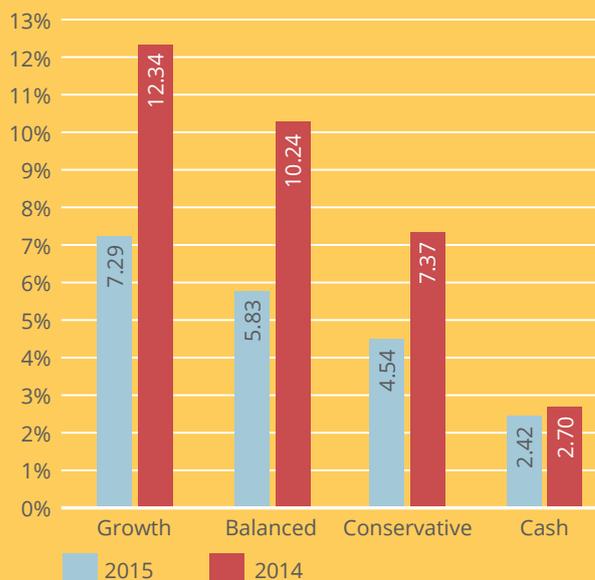
## First-home withdrawals available

Members now have the option of withdrawing funds to put towards the purchase of a first home. The new facility is modelled on the popular KiwiSaver first-home benefit as we work to make sure UniSaver offers all the advantages of KiwiSaver and more.

To make a withdrawal, you'll need to have been a member of UniSaver (or one or more KiwiSaver schemes or complying superannuation funds) for at least three years. You can withdraw any amount up to the balance of your unlocked accounts and most of your locked-in accounts (adjusted for interest).

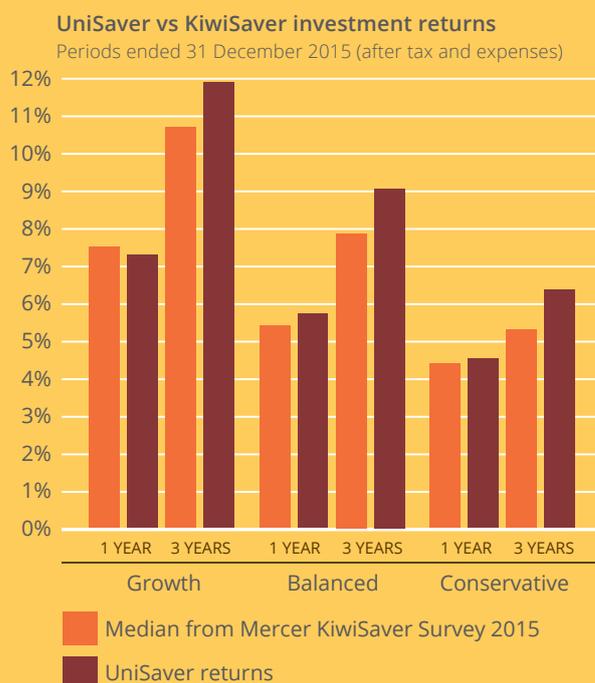
## Returns in positive territory

These are *after* tax and expenses. It's worth remembering that when making comparisons with other investment returns. Bank deposit rates and returns from many KiwiSaver funds are quoted *before* tax.



## Returns stack up well against KiwiSaver funds

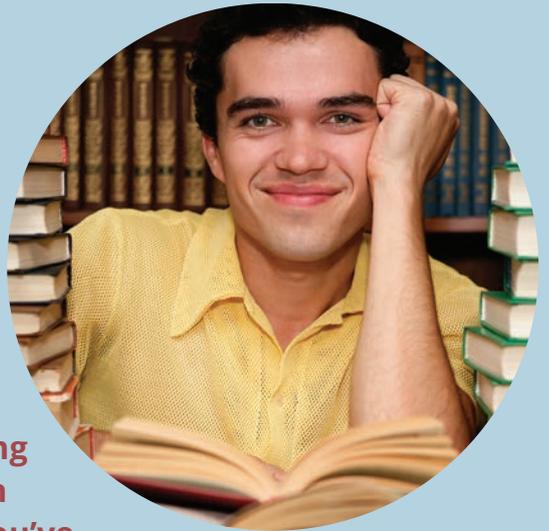
Comparing fund returns with those from KiwiSaver funds with a similar investment mix gives an indication of how well fund performance is tracking. Our three main funds outperformed the median return of KiwiSaver funds surveyed over one and three years.



Source: Mercer KiwiSaver Survey

# Are your savings on track?

You know how much you're saving, but do you know what that might add up to by the time you need it? And have you any idea what income you might need to live on in retirement? It's worth setting aside an hour or so to work it out. That way, you can adjust your plan if you need to and relax knowing you've got things well in hand.



As a general guide, most people need around two-thirds of their pre-retirement income each year to maintain a similar standard of living in retirement. On today's rates, you can expect New Zealand Superannuation to provide around \$15,000 a year after tax from age 65. Your savings will need to make up the shortfall.

## So what's your retirement savings target?



You'll find calculators to help you work it out at **[sorted.org.nz](http://sorted.org.nz)**.

You'll also find an excellent booklet on retirement planning.

## Need to save more?

You can make regular voluntary contributions to UniSaver through payroll as deductions from your pay. There is no upper limit. You can change your contribution rate using the *Change member details* form available on the website.

## Quick calculation

Wondering how much your nest egg might be worth in time? The Rule of 72 is a rough calculation you can use to work out how long it will take to double your money. Divide 72 by the rate of return you expect. Let's say 3% a year after tax and expenses and allowing for inflation.  $72 \div 3 = 24$ . So at a fixed rate of return of 3% p.a., it would take 24 years to double your money.

$$72 \div 3 = 24$$

## Are you living or intending to live overseas?

Member tax credits are only paid to eligible members whose principal place of residence is New Zealand, with the exception of some government employees and people working overseas for charities for a token payment. For each year you live overseas, you are required to let Mercer know the length of time your principal place of residence was outside New Zealand and whether you qualify for an exception.

# Summary financial statements

For the year ended 31 December 2015

	Statement of changes in net assets	2015 \$	2014 \$
This is money the scheme earns on its investments after investment management fees have been paid.	<b>Investment activities</b>		
	Net investment income	48,104,839	67,608,356
	<b>Other income</b>		
	Use of money interest	31,829	24,162
	<b>Net income</b>	48,136,668	67,632,518
These are the costs of running the scheme.	<i>Less</i> <b>Other expenses</b>		
	Administration and actuarial fees	433,100	401,340
	Superannuation and investment consulting fees	217,046	238,596
	Auditor's remuneration – audit fees	28,014	23,201
	Tax agent fees	74,185	65,805
	Communication expenses	227,660	27,528
	Legal fees	164,111	77,958
	Trustees' remuneration	66,271	44,310
	Trustees' other expenses	31,271	17,764
	FMA subscriptions	60,516	60,654
	Other expenses	17,309	24,769
The running costs are deducted from the investment income.	<b>Total other expenses</b>	1,319,483	981,925
The scheme pays tax on this amount.	<b>Change in net assets before taxation and membership activities</b>	46,817,185	66,650,593
	Income tax expense	6,694,319	8,165,489
Investment income less expenses and tax.	<b>Change in net assets after taxation and before membership activities</b>	40,122,866	58,485,104
Money paid into the scheme by or on behalf of members.	<b>Membership activities</b>		
	Member contributions	36,565,608	35,974,872
	Employer contributions	28,794,546	27,039,241
	Member tax credits	1,462,068	1,424,776
	Transfers from other funds	101,260	82,089
Money paid out to members.	<i>Less</i> Benefits paid	20,723,163	18,054,860
Contributions paid into the scheme less benefits paid.	<b>Net membership activities</b>	46,200,319	46,466,118
The scheme's total assets grew by this amount.	<b>Net increase in net assets during year</b>	86,323,185	104,951,222

Statement of net assets		2015 \$	2014 \$
What the scheme owns ...	<b>Assets</b>		
	Investments	754,104,706	662,208,363
	Other current assets	1,931,018	5,800,903
	<b>Total assets</b>	<b>756,035,724</b>	<b>668,009,266</b>
... less what the scheme owes to others.	<b>Less Liabilities</b>		
	Sundry creditors	346,954	431,646
	Contributions refundable – member	–	482
	Contributions refundable – employer	–	493
	Current tax payable	4,572,025	56,163
	Deferred tax liability	796,794	3,523,716
	<b>Total liabilities</b>	<b>5,715,773</b>	<b>4,012,500</b>
What the scheme owns less what it owes.	<b>Net assets available to pay benefits</b>	<b>750,319,951</b>	<b>663,996,766</b>
Benefits payable had all members left the scheme at 31 December.	<b>Vested benefits*</b>	<b>750,319,623</b>	<b>663,996,162</b>

Statement of cash flows		2015 \$	2014 \$
	Net cash flows provided from operating activities	40,130,042	39,545,606
	Net cash flows applied to investing activities	(40,557,647)	(39,858,958)
The difference between the two cash flows is recorded as an increase or decrease in cash held.	Net decrease in cash held	(427,605)	(313,352)
	Cash at beginning of year	2,157,980	2,471,332
	<b>Cash at end of year</b>	<b>1,730,375</b>	<b>2,157,980</b>

\* Vested benefits are benefits payable to members or beneficiaries under the conditions of the trust deed on the basis of all members ceasing to be members of the scheme at balance date.

## Notes to the summary financial statements

A summary of the scheme's audited financial statements for the year ended 31 December 2015, which were authorised for issue on 4 April 2016, is shown on pages 7 and 8. The summary financial statements have been extracted from the full audited financial statements, which were authorised for issue by the trustees on 4 April 2016 and are for an individual entity. The summary financial statements have been prepared in accordance with FRS-43 Summary Financial Statements.

The full financial statements have been prepared in accordance with New Zealand generally accepted accounting practice, and they comply with New Zealand equivalents to International Financial Reporting Standards (NZ IFRS). The scheme has made an explicit and unreserved statement of compliance with IFRS in note 2 of its full financial statements.

The financial statements are presented in New Zealand dollars, because that is the currency of the primary economic environment in which the scheme operates, and are rounded to the nearest dollar.

The summary financial statements do not include all disclosures and cannot be expected to provide as complete an understanding as provided by the full financial statements of changes in net assets, net assets and cash flows of the scheme. The scheme is a profit-oriented entity.

The full financial statements have been audited, and the auditor issued an unqualified opinion with no explanatory paragraphs thereon.

The auditor has examined the summary financial statements for consistency with the full financial statements in accordance with FRS-43 and has issued an unqualified opinion in this regard.

# Your investments

## Understanding your options

UniSaver offers you the choice of four investment options: Growth, Balanced, Conservative and Cash. Each option is simply a different mix of the same 'ingredients'. Those ingredients are growth assets and income assets. Growth assets are best suited to long-term saving. Income assets are best suited to short-term saving. Here's why.



### Growth assets

Higher risk  
Higher return

Growth assets (e.g. shares) tend to be volatile (up and down). You need to have time to ride out the highs and lows in the hope of a better return over time.



### Income assets

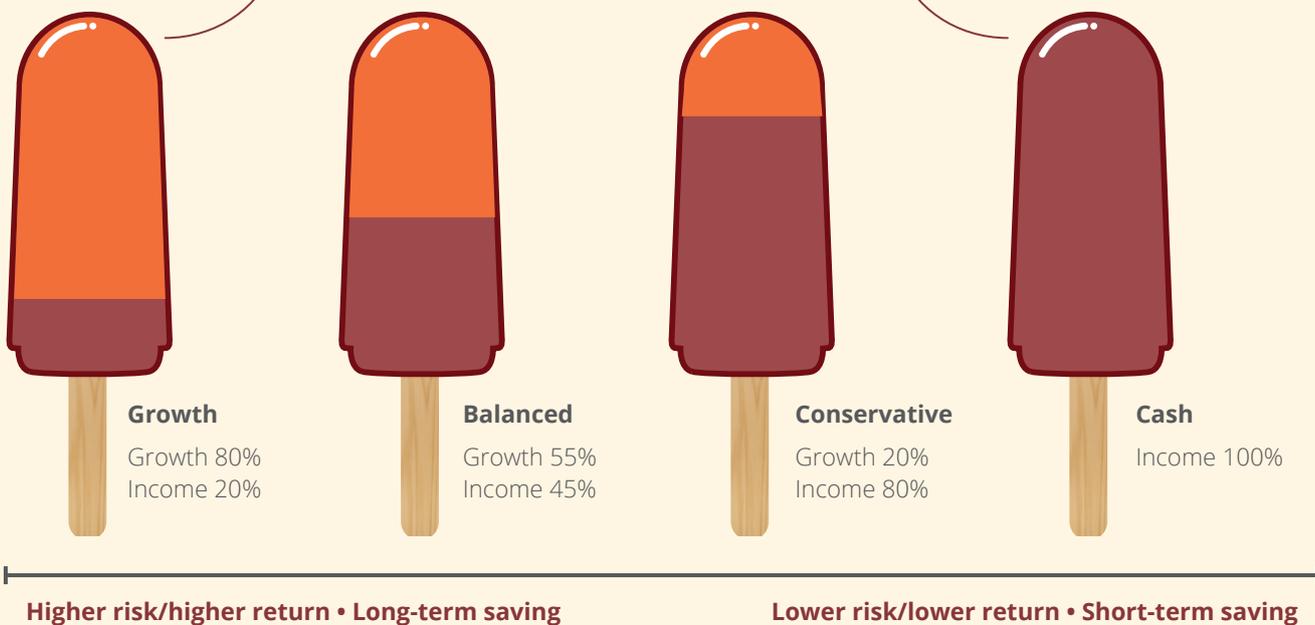
Lower risk  
Lower return

Returns from income assets (e.g. fixed interest) tend to be more consistent but lower over time. There's a chance returns may not keep pace with inflation over the long term.

Here's a closer look at the four options you have to choose from.

As you'd expect, the growth option is invested mainly in growth assets.

The cash option is designed for very short-term saving so it has no growth assets at all.



## Your current investment strategy

You can choose one or a combination of options. You can also choose a different strategy for your existing account balances than for future contributions.

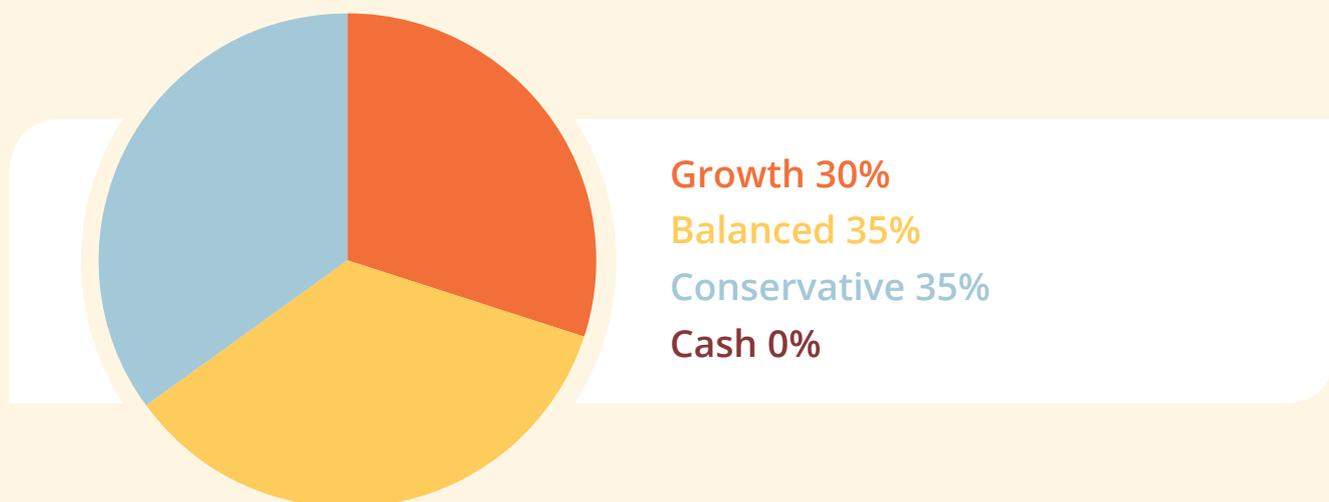
## Your account balances

Growth	\$59,790.75
Balanced	\$68,887.06
Conservative	\$68,124.42
Cash	\$0.00
<b>Total investment at 31 December 2015</b>	<b>\$196,802.23</b>

Balances may differ slightly from those on page 2 due to rounding.

## Your future contributions

This pie chart shows the investment strategy you have chosen for future contributions or transfers. It was current at 30 March 2016, the date this statement was produced.



## Changing your investment choice

You can change your investment strategy at any time online. Your change will be processed effective from the first day of the following month. Your change won't be visible on the website until around the middle of the following month when the previous month's interest rates have been applied.

# Statutory information

As part of good governance, the Superannuation Schemes Act 1989 requires the trustees to provide this information to members each year.

## Trustees' certification

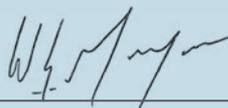
The trustees of UniSaver New Zealand:

- state that all the contributions required to be made to the scheme in accordance with the terms of the trust deed have been made
- certify that all the benefits required to be paid from the scheme in accordance with the terms of the trust deed have been paid
- certify that the market value of the assets of the scheme at the close of the financial year exceeded the total value of benefits that would have been payable had all members of the scheme ceased to be members at that date and had provision been made for the continued payment of all benefits being paid to members and other beneficiaries at the close of the financial year.

## Signed on behalf of the trustees



**Malcolm Johnson** 4 April 2016



**Wayne Morgan** 4 April 2016

## Trust deed amendments

The scheme's trust deed was amended on 30 June 2015 to:

- change the name of the scheme
- clarify the eligibility criteria for joining UniSaver
- introduce a first-home withdrawal facility
- introduce a regular withdrawal facility for deferred members.

See pages 3–5 for details.

Change in membership	2015	2014
	7,932	7,542
New members during the year	1,038	831
Members who left during the year:		
Retirements	(149)	(104)
Ill-health retirements	(5)	(3)
Deaths	(13)	(11)
Leaving service	(313)	(309)
Transfers out	-	(3)
Permanent emigration	(10)	(11)
	8,480	7,932
Deferred members	732	574
	9,212	8,506

## Privacy Act

Your personal information may be held by and, when necessary or applicable, passed among your employer, the trustees and the scheme's specialist service providers for the purposes of the plan. The plan's privacy officer is Robyn Doherty (see contact information on page 14).

Call the helpline on **0800 864 724** if you want to check or amend your personal information. You can also update your phone, email and communication preferences online at [nzuss.superfacts.co.nz](http://nzuss.superfacts.co.nz).

## What to do if you have a complaint or a concern

Contact the trustees via the scheme secretary at the address on page 14 if you have a complaint or concern. We will work with you to resolve the issue.

There is a free and independent disputes resolution service available to you if we are unable to resolve your complaint to your satisfaction within 40 working days. The service is provided by Financial Services Complaints Limited and approved by the Ministry of Consumer Affairs.

### Financial Services Complaints Limited

Level 4, 101 Lambton Quay, Wellington

PO Box 5967, Wellington 6145

0800 347 257

[info@fscl.org.nz](mailto:info@fscl.org.nz)

[www.fscl.org.nz](http://www.fscl.org.nz)



## Interim interest rates

Your account balance is updated at the end of each month with interest at rates declared by the trustees. If you leave the scheme during the financial year, an interim monthly rate is used to cover the period between the last declared monthly rate and the date on which your benefit is payable. This table shows the interim monthly rates for 2015 (after tax and expenses).

	Growth %	Balanced %	Conservative %	Cash %
January	2.89	2.33	1.52	0.20
February	2.16	1.51	0.94	0.18
March	(0.24)	(0.02)	0.13	0.20
April	(0.01)	0.02	0.13	0.19
May	2.36	1.67	1.04	0.21
June	(1.01)	(0.81)	(0.44)	0.20
July	2.87	2.17	1.09	0.19
August	(3.72)	(2.55)	(0.87)	0.18
September	(2.36)	(1.67)	(0.60)	0.18
October	4.46	3.18	1.34	0.15
November	1.09	0.85	0.47	0.18
December	(1.37)	(1.08)	(0.50)	0.18

## CFA update

at 31 December	2015	2014
New members	456	389
Total members	4,423	4,076
Total tax credits paid to members	\$1,462,068	\$1,424,775
Market value of assets subject to complying fund rules	\$170,427,292	\$144,693,028
Value of withdrawals subject to complying fund rules	\$5,101,285	\$4,388,168

Fees paid by members of the CFA section did not increase during the 2015 year.



CHARTERED ACCOUNTANTS

## Independent Auditor's Report To the Members of UniSaver New Zealand

The summary financial statements on pages 7 to 8, which comprise the summary statement of net assets as at 31 December 2015, the summary statement of changes in net assets and summary statement of cash flows for the year then ended, and related notes, are derived from the audited financial statements of UniSaver New Zealand ("the Scheme") for the year ended 31 December 2015. We expressed an unmodified audit opinion on those financial statements in our report dated 4 April 2016. Those financial statements, and the summary financial statements, do not reflect the effects of events that occurred subsequent to the date of our report on those financial statements.

The summary financial statements do not contain all the disclosures required for full financial statements under generally accepted accounting practice in New Zealand. Reading the summary financial statements, therefore, is not a substitute for reading the audited financial statements of the Scheme.

This report is made solely to the Scheme members, as a body, in accordance with Schedule 2 of the Superannuation Schemes Act 1989. Our engagement has been undertaken so that we might state to the Scheme's members those matters we are required to state to them in our report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Scheme and the Scheme's members as a body, for our work, for this report, or for the opinions we have formed.

### Trustees' Responsibilities

The Trustees are responsible for the preparation of summary financial statements in accordance with FRS-43: Summary Financial Statements.

### Auditor's Responsibilities

Our responsibility is to express an opinion on the summary financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (New Zealand) (ISA(NZ)) 810, "Engagements to Report on Summary Financial Statements."

Other than in our capacity as auditor we have no relationship with, or interest in, the Scheme.

Partners and employees of our firm may deal with the Scheme on normal terms within the ordinary course of trading activities of the business of the Scheme.

### Opinion

In our opinion, the summary financial statements are correctly extracted from the audited financial statements of the Scheme for the year ended 31 December 2015 and are consistent, in all material respects, with those financial statements, in accordance with FRS-43.

4 April 2016  
Wellington

# Directory

## Trustees

The scheme is governed by five trustees. Of these, two are university-appointed trustees, two are member-elected trustees and the fifth is elected by the other four trustees to act as an independent chair.



**Malcolm Johnson**  
Independent chairman  
Appointed 2013



**Adrienne Cleland**  
University-appointed trustee  
Director of Administration and Registrar  
University of Auckland  
Reappointed 2014



**Carolyn Dimond**  
Member-elected trustee  
Chief Financial Officer  
Massey University  
Elected 2015



**Wayne Morgan**  
University-appointed trustee  
Chief Financial Officer  
Victoria University of Wellington  
Reappointed 2011



**John Patrick**  
Member-elected trustee  
Chief Operating Officer  
University of Otago  
Elected 2015

Grant McKenzie and Rose Anne MacLeod completed their terms as member-elected trustees on 30 June 2015.

### Secretary to the trustees

Robyn Doherty  
Aon Hewitt  
PO Box 2764  
Wellington 6140

Contact the trustees via the secretary.

### Administrator

Mercer (NZ) Limited

### Auditor

Ernst & Young

### Investment consultant

Russell Investment Group Limited

### Investment managers

#### **Russell Investment Group Limited**

Global equities, global fixed interest  
and global property

#### **ANZ Investments**

New Zealand cash

#### **ANZ Investments and**

#### **Harbour Asset Management**

Australian equities

### Legal advisor

Kensington Swan

### Tax advisor

Deloitte

### Communications advisor

Metzger Communications

Mr Adam Sample  
Department  
Faculty  
University

### Personal details for Adam Sample

Age 48  
Date joined scheme 2 February 2008  
Date commenced service 2 February 2008  
Date commenced CFA membership 2 February 2008  
Landline (01) 123 4567  
Mobile 021 234 5678  
Email adam.sample@university.ac.nz  
Member number 123456  
IRD number 12-345-678  
Membership category A  
Contribution rate 5%

You can update your contact details  
online at [nzuss.superfacts.co.nz](http://nzuss.superfacts.co.nz)

Got a  
question?

Mercer is your first port of call if you have a question about your savings.

**0800 864 724**

The helpline hours are 9.00am to 7.00pm, Monday to Friday  
(except public holidays).

Write to Mercer at PO Box 1849, Wellington 6140  
or email [unisaver@mercero.com](mailto:unisaver@mercero.com).

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