

NEWS.....to 31 December 2012

10 January 2013

SuperLife = Superannuation + KiwiSaver



Investment markets

2012 was a year where each sector except the cash sector performed above their expected long-term average return. The returns for each of the Pools are over the page.

The market performance for 2012 underpins a year which will see some very high returns being reported across the industry (superannuation and KiwiSaver in particular). The NZ share market was up 18.0%. This was capital growth only. When you add in the dividends received the total share market return was 25.9%. If you are on a PIR tax rate of 28%, that means a return for the 12 months of 23.7% after-tax. By contrast, the return from cash for the same period was 2.0% after-tax. So this was a year of significant recovery for those with exposure to the share markets. However, share market returns are volatile and you need to put 2012 into the context of the last 5 years. The 5-year after-tax market return (at 28% PIR) averaged just 0.3% p.a. a year. In contrast, the 5-year after-tax cash return was 3.0% p.a. after-tax.

The high market returns translated into high SuperLife returns (after-tax and after-fees) of:

	Cash		NZ shares	
	Market	SuperLife	Market	SuperLife
1 year (%)	2.0%	2.8%	23.7%	37.0%
5 years (% pa)	3.0%	3.5%	0.3%	3.9%



Insurance premiums

Each year effective 1 April the UniMed insurance premiums are reviewed. This year we expect the medical premiums to rise by about 6% on top of the normal age adjustment that applies. This reflects the general rise in medical costs, particularly surgical costs. Life and income-protection premium rates remain unchanged, other than the normal age adjustments. Individual members will be advised in March of the impact on them.



Statements

As a member you can choose to receive your statements electronically and set the frequency (e.g. weekly, monthly etc.). Electronic statements are normally sent within 1 business day of the end of the period. It is a great way to stay informed. Also, all statements are automatically stored on the website and can be accessed at any time.



Legislative and regulation change

Over recent years, we have seen significant legislative and regulatory changes. 2013 will be no different. Currently before parliament is legislation that will rewrite the laws for registered superannuation schemes and as well extend many of the recent compliance changes to KiwiSaver to also apply to registered superannuation schemes. We will also see the implementation of new rules that relate to the disclosure of the returns of KiwiSaver schemes. From July 2013, providers will be required to disclose returns on a standardised basis which should make comparisons between providers easier and more transparent.



Thinking about your retirement

If one of your new year's resolutions was to get your investments and retirement savings on track, our booklet "*Thinking about your retirement*" may help. It is one of the many guides available on the SuperLife website. While it may not be a best seller, it is a great summer read!



Investment seminars

The 2013 investment seminars throughout the country start in April. This year, the focus is on "*improving the health of your savings & investments*" and incorporates a general investment market update. Details are on www.SuperLife.co.nz/seminars. The seminars are free and you can bring a friend or a family member.

SuperLife = education + empowerment

Returns to 31 December 2012

(after tax and fees)

	3 years	1 year
Cash	2.9% p.a.	2.8%
AIM ³⁰	5.8% p.a.	9.1%
AIM ⁶⁰	5.5% p.a.	11.8%
AIM ⁸⁰	5.2% p.a.	13.4%
Managed ⁶⁰	6.3% p.a.	13.4%

Watch your SuperLife savings grow

See your SuperLife details on the internet.

To register, you need to ask for a PIN number to be sent to you.

Phone 0800 27 87 37

Buying your first home

Use KiwiSaver to help save for your first home.

Call SuperLife to find out how and for an information pack.

UK pensions

Transfer your UK pension entitlement to NZ.

For details, email: SLpensions@SuperLife.co.nz

NZ Super

Rates since 1 April 2012 (net-of-tax)

Married couple
\$ 27,914 p.a.

Single person living alone
\$ 18,144 p.a.

Single person (sharing)
\$ 16,748 p.a.

0800 27 87 37

Performance.....to 31 December 2012

10 January 2013



KiwiSaver

With just over 2 million people in KiwiSaver, now it is time for the other 1 million who are eligible, to think about joining. KiwiSaver is simply about saving so that you have a better retirement. It can also be used as a way of saving to buy your first home.

It is attractive to save in KiwiSaver, relative to other investments, because of the government paid subsidies (an initial \$1,000 and then up to \$521 each year).

If you are one of the 1 million who have not joined, check out the SuperLife website to find out the details and then take action. Remember, KiwiSaver is not restricted to employees. KiwiSaver is for employees, the self-employed, stay-home parents, beneficiaries and children. The main requirements are that you are under 65 when you join, are living in New Zealand and have the right to live here permanently.



After-tax returns to 31 December 2012 - SuperLife superannuation

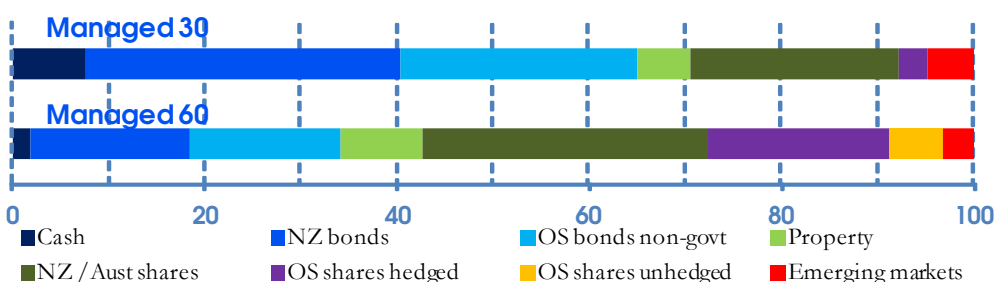
Pool	This quarter	Last 1 year (%)	Last 3 years (% p.a.)	Last 5 years (% p.a.)	Last 7 years (% p.a.)
Cash	0.7%	2.8%	2.9%	3.5%	4.0%
NZ bonds	1.5%	5.7%	6.3%	6.2%	5.5%
Overseas government bonds	1.0%	5.0%	6.0%	6.8%	6.2%
Overseas non-government bonds	1.5%	8.4%	6.3%	7.4%	6.2%
Property	5.2%	20.7%	11.3%	0.1%	1.9%
NZ shares	6.8%	37.0%	12.5%	3.9%	5.4%
Australian shares	6.7%	10.6%	1.6%	-0.2%	
Overseas shares currency hedged	2.7%	14.7%	6.6%	-1.0%	2.1%
Overseas shares (unhedged)	2.2%	8.7%	1.0%	-4.1%	-1.8%
Gemino	7.9%	29.7%	-1.5%	-8.5%	
Ethica	3.2%	10.6%	5.1%		
Emerging markets	5.6%	10.1%			
UK Cash	1.4%				
UK Growth	0.6%				
UK Income	0.4%				
Managed ³⁰ pool	3.0%	10.6%			
Managed ⁶⁰ pool	3.7%	13.4%	6.3%	3.6%	4.2%
AIM ³⁰	2.4%	9.1%	5.8%	4.4%	4.6%
AIM ⁶⁰	3.4%	11.8%	5.5%	2.4%	3.5%
AIM ⁸⁰	4.2%	13.4%	5.2%	0.5%	2.4%
AIM ^{First Home}	1.5%	6.8%	6.1%	5.8%	
D Fund	2.3%	9.2%	6.0%	5.0%	

All returns quoted are after-tax at the top tax rate and after investment fees. An individual's returns may vary from the above due to cash flows and different tax rates. **Past performance does not indicate likely future performance.**



Investment strategy - Managed³⁰ & Managed⁶⁰ Pools

The current overall allocations for Managed³⁰ & Managed⁶⁰ Pools are:



"My future strategy"

If I reviewed my investment strategy (i.e. mix of cash, bonds, property and shares) today and was concerned mainly with performance over the next 2 - 3 years in the context of having longer term return goals, I would be thinking about modifying my "normal" strategy by:

- keeping my cash to the lowest level I felt comfortable with, given the importance of my savings, the uncertainty of the markets and when I intend to spend the money. This is because cash rates are low and expected to remain low at least for the next year.
- holding more bonds and favouring corporate over government bonds. Yields of investment grade corporate bonds are higher than cash rates and are locked in for a longer period.
- favouring Australasian shares over overseas shares, to benefit from the higher dividends of these markets (and the better economic position of Australasia). Within Australasia, I would build a bias towards Australia.
- building my exposure, within the share portfolio, to emerging markets to about 20% of my overall share exposure.
- maintaining the currency hedge on my overseas shares above my neutral position.
- maintaining the exposure to the property sector at a neutral weight.

The above strategy is virtually unchanged since April 2012 and does not take into account an individual's personal situation. Also, as with all investment decisions, what might be the right strategy over the medium term, may not be right over the very short-term. We really don't know what will happen over the short-term. Also, check out the latest investment strategy article on the website.

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