

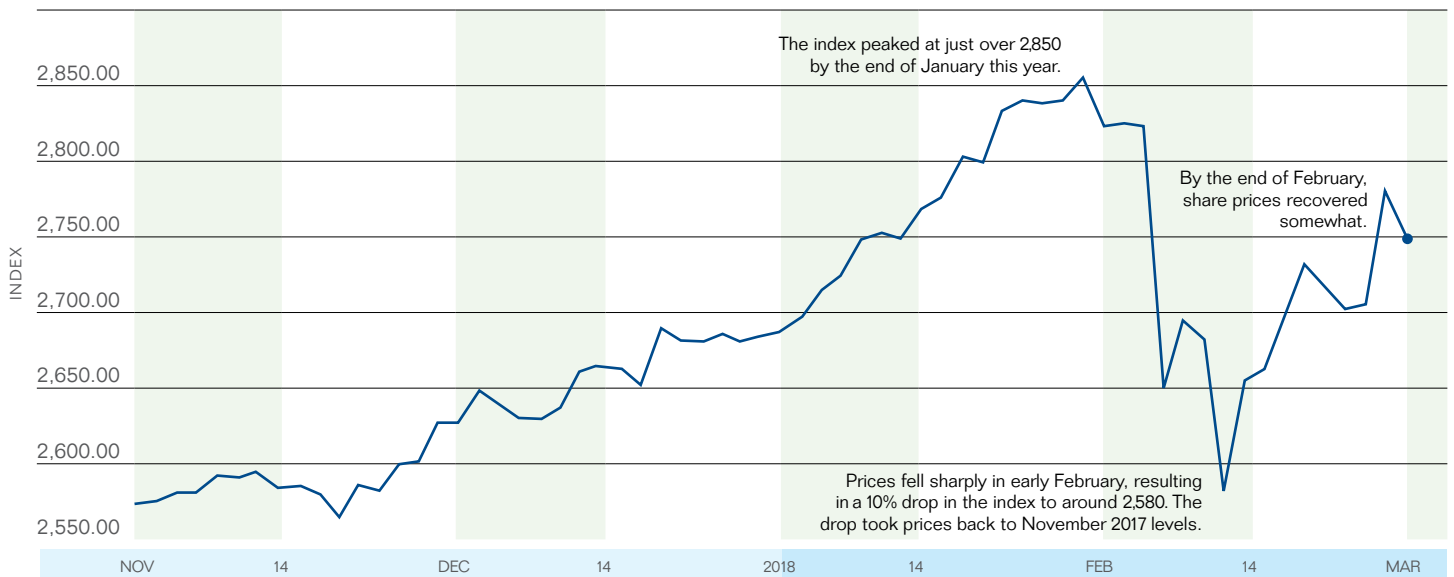
# 2 Minutes on Super

NEWS, REMINDERS AND TIPS ABOUT YOUR SAVINGS

MARCH 2018 | [View it in your browser](#)

## MARKET CORRECTION ONLY TO BE EXPECTED

Share prices around the world have been riding high for some time. Late January saw a new high for the S&P500 index (see below) followed by a sharp drop in early February. Our investment manager Mercer reminds us that, "This drop, albeit notable, is not extreme in percentage terms. Historically, the markets have had similar falls every two years or so. However, after the extended period of low volatility in the markets since 2009 and recent steady gains, this drop is quite jarring." The drop in prices seen in early February only took the market back to the level seen not so long ago in November 2017, and since then, markets have rebounded. Remember the graph below depicts movements in the S&P500. Any movement in your accounts will vary from this depending on your investment choice.



### Changing horses could do more harm than good

So should you be worried? Chant West, who provide high-level assessments of fund managers for us, puts it this way: "We encourage members to check that the investment option they're in is suitable for them and, if so, to remain patient, think long term and don't get distracted by short-term volatility. Trying to 'time the market' by moving into a more conservative option can be detrimental because not only do you crystallise your losses, you also risk missing out on the subsequent rebound when markets recover."

### When did you last review your risk profile?

Ask yourself whether your current investment strategy really is the best one for you. Think about how long you have to go before you move from making contributions to spending your savings. Also consider other factors like the form of any other savings you may have and your appetite for risk. All investments can produce negative returns from time to time. On the plus side, higher risk investments like shares tend to produce higher returns in the long term, but they also tend to experience greater volatility than other investment types. You need time to ride out the ups and downs – you want to minimise the possibility that you have to draw on your funds when the market is down. The closer you are to retirement or requiring your super, the more likely you are to prefer an option weighted towards lower-risk, less-volatile investments like cash and bonds.

For more information, see the [PSS product disclosure statement](#).

## Five quick facts about the S&P500

The S&P500 index is a basket of shares weighted by their market capitalisation. The index is widely seen as an indicator of the health of the US economy. If you want to keep an eye on the fortunes of the US stock markets, it's a good index to watch!

### STANDARD & POOR'S

S&P stands for Standard & Poor's – the research company that created and operates the index.

### 500 COMPANIES

The index is made up of shares issued by 500 of the largest US companies.

### 6.1 BILLION

To make the grade, companies need a market capitalisation of at least US\$6.1 billion.

### 2 EXCHANGES

Index stocks are listed on one of the world's two largest stock exchanges – the New York Stock Exchange and NASDAQ.

### 80% OF EQUITIES

The index covers 80% of the US equities market (by capitalisation).

## RETIREMENT INCOME CALCULATOR

Around 60% of members who responded to our survey said they find the calculator useful and easy to use. There were good suggestions for improving the tool, which we are working through. It was also clear that there are a few features that need to be clarified.

### Projected income factors in inflation and salary increases

The calculator automatically builds in allowances for inflation and salary increases over time. We talk about the projections being in today's dollars, which means the future retirement income figure generated by the tool has the same spending power as it does now. If, for example, the calculator projects an annual income of \$30,000, you can equate that to how much \$30,000 would buy you today.

### Projections based on using capital as well as income

The calculator estimates your retirement income based on your projected savings and your likely entitlement to New Zealand Superannuation. It's based on drawing down capital as well as interest.

### Factor in career breaks if you wish

The calculator includes the facility for you to factor in multiple career breaks for you and/or your partner.

## LET US KNOW IF YOU'D LIKE A PAPER STATEMENT

Around 70% of members who responded to our survey said they would prefer to view their annual account statement online. With such a clear preference, we've decided to make this the default setting. However, if you would still like us to post you a hard copy, just let us know by changing your communication preferences online:

- 1 Sign in to the website, and you'll be prompted to update your details. You'll see your current **Communication preferences** listed at the top of the 'Personal details' screen. Your email address is shown on the same screen.
- 2 Choose the **Update your current details** link at the bottom of the page to change your preferences.
- 3 Change **Annual account statement** from email to post.

You'll need to select the **Full website** link if you're accessing the site from your mobile.

## PROOF OF BANK DETAILS REQUIRED FOR PAYMENTS

We can only pay benefits into an account in your name, so this excludes family trust accounts, business accounts and accounts in someone else's name. That's why we need to ask for supporting evidence of your bank account details when you make a withdrawal, and it also helps prevent a slip-up in transcribing your account number. The evidence needs to show the name the account is in and the bank account number. The simplest way is to take a screenshot from your internet banking, photocopy the top of a bank statement or ask your bank to print and sign a verification of account slip. Once Mercer has this information on file, you won't need to provide it again unless you change your account. This extra step is designed to help protect members against fraud. It's also required by our auditor.

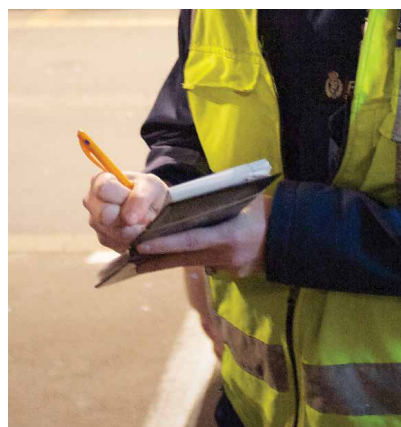
## LATEST RETURNS

Unit prices are updated on the website each business day. Each month, we also post returns based on the change in unit prices over a given period expressed as a percentage. This provides another way for you to follow the performance of your investment. These figures include the recent correction in share prices.

NET RETURN %

	Growth	Balanced	Stable	Cash Plus
February 2018	(2.18%)	(1.55%)	(0.47%)	0.13%
8 months to 28 February 2018	5.82%	4.12%	2.90%	1.12%
Year to 30 June 2017	10.33	7.10	3.85	1.66

These returns are after tax and fees.



## Got a question?

[pss.superfacts.co.nz](http://pss.superfacts.co.nz)

You'll find plenty of information about the PSS and your membership online. Our website is optimised for mobile phones and tablets and has lots of features to help you manage your super.

**0800 PSSSCHEME (0800 777 243)**

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

This e-newsletter is produced in an email format, but if there's a problem with the layout, please call the IT helpdesk on extension 43333.