



KiwiSaver Newsletter

September 2015

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KiwiSaver Health Check

When did you last perform a check up on your KiwiSaver? Take our simple KiwiSaver health check to make sure your KiwiSaver is on track to help you achieve your retirement goals.

✓ **Do you know who your KiwiSaver provider is?**

It's important to know who your provider is because they are looking after your money for you. We are confident that all of our clients can easily answer this question due to our regular communication however it's surprising how many people we meet who can't answer this question. Shouldn't your friends and family also be aware of who their hard earned retirement savings is going to?



✓ **Do you know what type of fund you are in?**

- You have a choice of different types of investment funds where you can put your money.
- Each fund has a different mix of things it invests in – such as bank deposits, bonds, shares and property.
- What fund is right for you depends on things like how long you are investing for, how you feel about risk and your personal circumstances.
- This may change over time or as your personal circumstances change. We encourage you to contact us regularly so we can discuss this.

✓ **Is your KiwiSaver on the right tax rate?**

- The money your KiwiSaver investment earns is taxed.
- The tax rate you pay is called a PIR (Prescribed Investor Rate) and can be either 10.5%, 17.5%, or 28%.
- If you don't make sure you're on the right tax rate, you could end up paying more tax than you have to – and you won't be able to get that money back.
- You can contact us to make sure your tax rate is the right one for you.

✓ **Do you know how much money you have in KiwiSaver?**

- It's important to keep track of your KiwiSaver as it's the money that will help you enjoy your retirement.
- Contact us to see how your current balance could grow between now and when you retire and what kind of weekly retirement income it might give you.

✓ **Do you think KiwiSaver is government guaranteed?**

No it's not - every investment comes with some level of risk, including KiwiSaver. The important thing is to understand your risk profile and discuss your situation and objectives with your adviser.

Market Volatility – a friend to the long-term investor?

Most investors are aware that investment markets can be volatile at times. It is usually during such times that having a long-term strategy is most important, as well as looking through the (usually shorter-term) negative headlines.

For most investors who are regularly contributing to their KiwiSaver, volatile periods can actually provide an opportunity to improve performance compared to when markets simply deliver smooth gains. This is typically known as “**dollar cost averaging**”.

How does dollar cost averaging work?

Making regular contributions of the same amount, your KiwiSaver investment benefits by:

- Buying more units when markets fall
 - Buying less units when markets rise
- } = **Reduced average cost per unit over time**

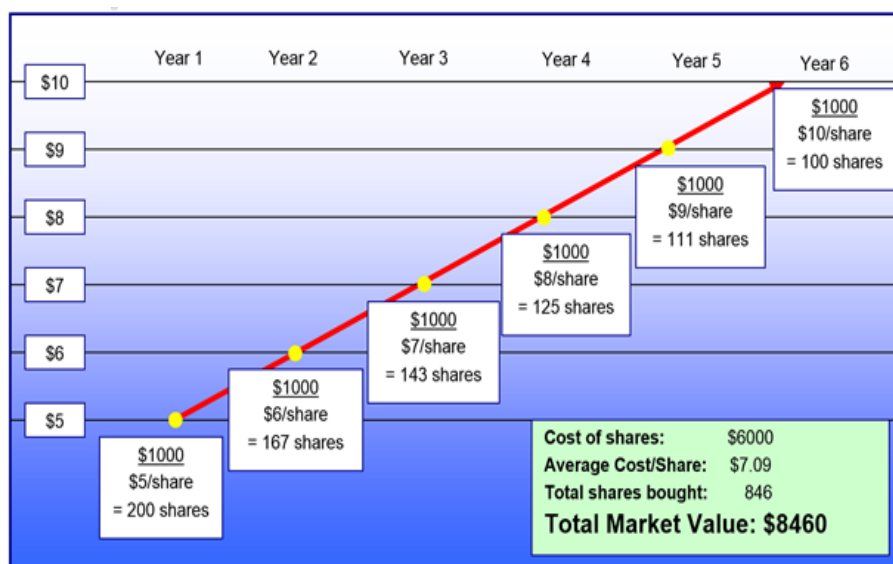
Strategy in Action

Two hypothetical examples* best illustrate dollar cost averaging in action.

In this first scenario, **Investor A** regularly contributes \$1,000 each year buying ABC Ltd shares.

Over six years, Investor A contributes \$6,000 and the ABC Ltd share price rises smoothly.

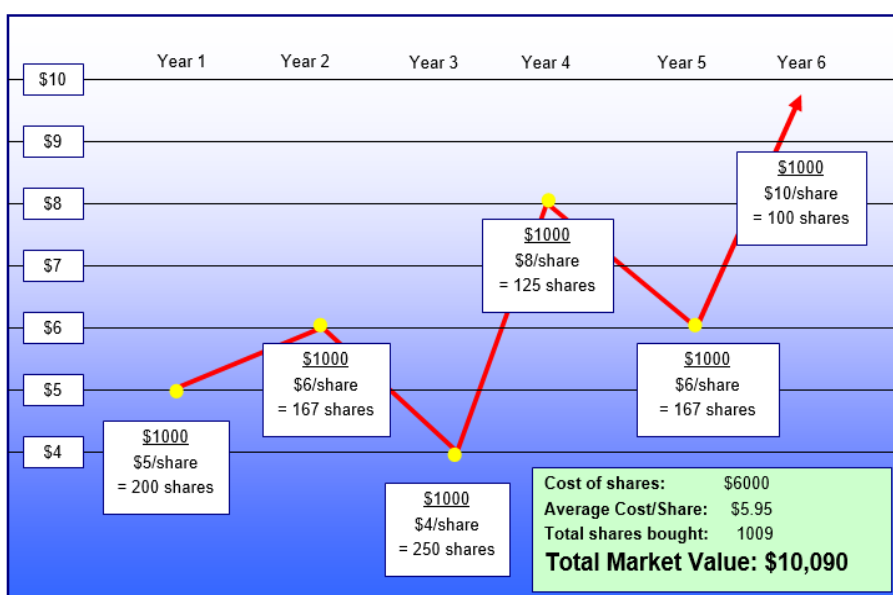
At the end of the period, Investor A owns 846 shares worth \$8,460.



In the second scenario, **Investor B** is also contributing \$1,000 each year buying XYZ Ltd shares.

Over six years Investor B also contributes \$6,000 however the XYZ Ltd share price does not rise smoothly as in the first scenario. Instead, the share price is more volatile and at times falls below the starting level.

At the end of the period, Investor B owns 1,009 shares worth \$10,090.



* The examples are included for illustrative purposes only and are not intended to represent any particular investment.

In both scenarios, Investor A and Investor B both invest the same amount of money for the same amount of time (\$1,000 each year for 6 years) and the share price for both ABC and XYZ start at \$5 per share and end at \$10 per share.

The result - **Investor B** who experienced **market volatility** has accumulated 163 more shares than Investor A in the 'smooth sailing' scenario. **This translates to over \$1,600 more in portfolio value!**



While dollar cost averaging does not guarantee profits (or protect against losses) it can help reduce some of the pitfalls of market timing, smooth the cost of investing and benefit patient long-term investors. It also reinforces the value of a well-structured approach to investing and the need for advice to ensure you are in the right investment mix.

View your KiwiSaver Online – It's simple!

By registering for online access you can check your balance, look at the investments you hold, view your statements and update your personal details. Simply follow the instructions below.

Join the thousands of members tracking their savings online

Before you start we must have your current email address on file

Please complete your registration within 24 hours otherwise you'll need to start the set-up process again

If you need help please email Jasmine at jasmine_murphy@rede.co.nz



Step One

Go to www.grosvenorkiwisaver.co.nz and click **Member Login**

Click on **Not yet registered? Click here to register for online access**

Enter your member number and email address. Click **Submit**

Step Two

A confirmation email will be sent to your email address

Click the link in the email then enter your member number and IRD number

You will then be prompted to choose a password

Simple. Done!

Who to Contact?

You can speak to anyone in our team in relation to your KiwiSaver, however Michael and Jasmine are our specialist KiwiSaver advisers.

Michael

Direct Dial: (03) 964 4222

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Disclosure Statements are available on request and free of charge.