

**ANNUAL REPORT TO MEMBERS**

**for the**

**MARITIME KIWISAVER SCHEME**

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**Year ended 31 March 2019**

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## Chairman's Report

I am pleased to present the third annual report of the Maritime KiwiSaver Scheme (MKS).

### Fund Size and Membership

At 31 March 2019 the MKS had \$13.2M in funds and 277 active members.

### Fund Management and Administration

For the purposes of managing the Fund, MKS funds are invested with the Maritime Retirement Scheme which continues to be well managed by our Fund Administrator, Melville Jessup Weaver.

Funds are invested in managed funds whose performance is closely monitored with the Trustees meeting with most of the investment managers at the quarterly meetings of Trustees. No changes of investment managers were made during the year although some minor changes were made to the portfolio asset allocations and hence to the funds invested with each manager.

The MKS share of administration costs during the year amounted to \$40,000 or 0.30% of funds and investment management fees amounted to 0.59% of the funds in the Balanced Portfolio and 0.46% of the funds in the Conservative Portfolio. Overall, administration costs and investment management fees amounted to 0.89% and 0.76% of the Balanced and Conservative Portfolios respectively. These overall costs compare favourably with the typical costs for KiwiSaver schemes which are generally in the range of 1.00% to 1.20% for balanced portfolios.

### Performance

In a fairly volatile year, the Scheme again provided good returns to members with the Balanced and Conservative Portfolios delivering returns before tax but after all expenses of 5.9% and 4.1% respectively and returns after tax (at 28%) and after all expenses of 4.9% and 2.9% respectively.

### Investment Outlook

The Fund has achieved higher than normal returns of recent years with Balanced and Conservative Portfolios delivering average returns after all expenses and tax (at 28%) over the last 3 years of 6.5% and 3.8% respectively. In the current low interest rate environment these returns are not expected to be maintained.

The Fund's Investment Consultant has recently projected returns after investment expenses and tax (at 28%) for the Balanced Portfolio of 4.1% and for the Conservative Portfolio of 2.4%. These projections are based on an inflation rate of 2% and hence the projections of real returns (after inflation) are 2.1% for the Balanced Portfolio and 0.4% for the Conservative Portfolio.

### Investment Options

The Trustees continue to offer members the options of a balanced and/or a conservative portfolio. As indicated, the Balanced Portfolio is expected to achieve higher returns in the medium term but with more volatility whereas the Conservative Portfolio is expected to yield lower returns but be less volatile.

Members are encouraged to regularly review their investment choices to ensure that they are appropriate to the individual personal circumstances and financial goals of members.

## **Retirement Planning**

The Trustees continue to encourage members to set savings targets and, if appropriate, to adjust their contribution rates to achieve their targets. The typical advice of the superannuation industry is that, in addition to the family home, New Zealanders should generally aim to save about \$500,000 for retirement depending on the lifestyle to which they aspire in their retirement. For most seafarers and waterside workers who save consistently for retirement a target of this order is readily attainable.

When members retire the major challenges they generally face are, firstly, how to invest their retirement savings so that they continue to earn good returns and, secondly, how to manage their finances to minimise the risk that their retirement savings will be exhausted before they die so that they do not become too reliant on the national pension with insufficient independent means to maintain their lifestyle.

In response to these challenges, the Fund provides generic advice on the required contribution rates which members need to make to achieve various savings targets, the length of time which retirees can expect to live after retirement and, on this basis, the rate at which retirees can draw down their savings.

The Fund encourages members to consider leaving their retirement savings in the Fund after they retire where their savings will be effectively and efficiently managed and from where they can make regular withdrawals, or occasionally lump sum withdrawals if they prefer.

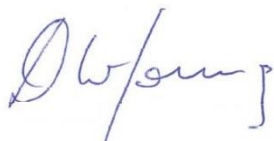
If members of the Fund save consistently for retirement throughout their working lives, without diluting their savings by making withdrawals (except for first-home purchases), the Fund offers the opportunity for members to accumulate substantial savings to provide financial security in retirement.

## **Governance**

This year has seen a number of changes to the Board of Trustees that governs the Fund. Two of the trustees representing the Maritime Union of New Zealand, Alan Windsor and Mike Clark, have retired and they have been replaced by Gary Horan of Lyttelton and Ray Fife of Bluff, and Diane Edwards who represented Stevedoring and Ports Inc has resigned and been replaced by Deepthi Swarnapuri. Since the end of the financial year the trustees have appointed Steve Chapman of Pacifica Shipping and Walter Rushbrook of KiwiRail in place of David Scott and Mark Thompson. The Trustees have thanked the retiring trustees for their services to the Fund, especially David, Alan and Mike who served the Fund and previously the Seafarers Retirement Scheme as trustees for many years.

## **Appreciation**

The Trustees thank members and participating employers for their continuing support, and our Administrator and various fund managers for their services to the Fund.



David Young

Chairman

## Details of Scheme

The scheme name is the Maritime KiwiSaver Scheme (the “Scheme”). The Scheme is registered as a restricted KiwiSaver scheme.

The manager is the Board of Trustees named on page 6. The product disclosure statement for the Scheme is dated 21 May 2018 and is open for applications. Fund updates for the Conservative Portfolio and Balanced Portfolio were made publicly available on 05 July 2019 for the year ended 31 March 2019.

The financial statements of the Scheme as at 31 March 2019, and the auditor’s report on those financial statements, have been lodged with the Registrar of Financial Service Providers and are available electronically by visiting [companiesoffice.govt.nz/disclose](http://companiesoffice.govt.nz/disclose), selecting search schemes and entering the Scheme name.

## Information on Contributions and Scheme Participants

### Total Members

Members	31 March 2019	31 March 2018 *
Contributing members	252	243
Non-contributing members	25	44
<b>Total members</b>	<b>277</b>	<b>287</b>

### New Members

New Members for Year Ended 31 March 2019	
Transfers from other schemes	2
Other new members	14
<b>Total new members</b>	<b>16</b>

### Member Exits

Member Exits for Year Ended 31 March 2019	
Retirement	12
Death	2
Disablement	0
Transfers to other schemes	12
Other reasons	Nil
<b>Total member exits</b>	<b>26</b>

## Members' Accumulations

Members' accumulations	31 March 2019	31 March 2018
Total account balances	\$13,215,896	\$13,000,546
Number of members with accounts	277	287
<b>Total members</b>	<b>277</b>	<b>287</b>

## Total Contributions

Contribution Type	Total for Year Ended 31 March 2019	Number of Members To Whom Contributions Related
Member contributions	936,619	252
Employer contributions*	450,906	236
<b>Total contributions</b>	<b>\$1,387,526</b>	<b>252</b>

\*Net employer contributions credited to Scheme after deducting employer superannuation contribution tax.

## Changes Relating to the Scheme

During the year ended 31 March 2019 the Scheme continues as a restricted KiwiSaver scheme registered under the Financial Markets Conducts Act (FMCA)

There were no changes to the Maritime KiwiSaver Scheme Trust Deed for the year ended 31 March 2019.

There were no changes to The Statement of Investment policy and Objectives (SIPO) during the year ended 31 March 2019

The Product Disclosure Statement (PDS) for the offer of membership was updated on 21 May 2018. There were no material changes made to the PDS.

No transactions providing for related party benefits (as contemplated by section 172(1) of the FMCA) to be given from the Scheme were entered into during the year ended 31 March 2019 on anything other than arm's-length terms.

Quarterly Compliance Reporting to FMA was completed confirming there were no Limit Breaks under the Scheme's SIPO and confirming that there were no new Related Party Transactions.

## Other Information

During the year, 38 Scheme participants made a withdrawal that was permitted under the FMCA and the trust deed, and the grounds on which those withdrawals were made were as follows:

Withdrawal type	Number of members
<b>Full withdrawals</b>	<b>26</b>
Leaving service	12
Transfer	12
Disablement	0
Death	2
<b>Partial withdrawals</b>	<b>12</b>
Contributing members	5
Non-contributing members	1
Financial Hardship	1
Ist Home withdrawal	4

The following table shows the monthly crediting rates (after tax at the highest PIR and an allowance for general expenses) applied to members' accounts during the year:

Month	Crediting rate applied	
	Balanced Portfolio	Conservative Portfolio
April 2018	1.70132%	0.29453%
May 2018	0.46437%	-0.07214%
June 2018	0.95736%	0.19178%
July 2018	1.35240%	0.79180%
August 2018	1.12859%	0.17584%
September 2018	0.19166%	0.18644%
October 2018	-4.17789%	-1.42619%
November 2018	-0.68767%	-0.18040%
December 2018	-2.82121%	-0.39454%
January 2019	3.18845%	1.55765%
February 2019	2.55324%	0.19657%
March 2019	1.44257%	1.12628%

The Trustees confirm that for the year ended 31 March 2019 all contributions required to be made to the Scheme in accordance with the terms of the trust deed were made.

The Trustees confirm that:

1. All the benefits required to be paid from the Scheme in accordance with the terms of the trust deed and the KiwiSaver scheme rules have been paid.
2. The market value of the property of the Scheme as at 31 March 2019 equalled 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 as at that date.

## Changes to Persons Involved in the Scheme

The following persons served as Trustees during the year:

- David Young (Chairman)
- Simon Brodie (Licensed Independent Trustee)
- Joe Fleetwood
- David Scott
- Ray Welson
- Diane Edwards (resigned February 2019)
- Deepthi Swarnapuri (appointed February 2019)
- Alan Windsor (resigned February 2019)
- Ray Fife (appointed February 2019)
- Mike Clark (resigned February 2019)
- Gary Horan (appointed February 2019)
- Russel Mayn
- Mark Thompson

There were no other changes during the year to the Trustees or other investment managers.

There were no changes during the year to the custodian, the administration manager, the securities registrar or the auditor of the Scheme.

There were no changes in the control of the Trustees during the year ended 31 March 2019.

## How to Find Further Information

The following information is available electronically (and free of charge) on the Disclose Register at [companiesoffice.govt.nz/disclose](http://companiesoffice.govt.nz/disclose):

- copies of the trust deed, the Scheme's latest audited financial statements, the SIPO and the annual report (select *search schemes* and enter the Scheme name); and
- copies of the PDS, the annual fund updates and other material information relating to the Scheme (select *search offers* and enter the Scheme name).

Copies of the SIPO, the PDS, the latest annual report and the latest fund updates (as well as other information about the Scheme) are also available on the Scheme's website [maritimeretirementscheme.nz](http://maritimeretirementscheme.nz).

You can obtain a copy of any of the above documents (or an estimate of your benefits) from the Trustees free of charge by writing to the administration manager at the following address:

Maritime KiwiSaver Scheme  
Melville Jessup Weaver  
Level 5, 40 Mercer Street  
PO Box 11330  
Wellington 6142

## Contact Details and Complaints

You can contact the Trustees via the Administration Manager at:

Maritime KiwiSaver Scheme  
Melville Jessup Weaver  
Level 5, 40 Mercer Street  
PO Box 11330, Wellington 6142

Phone: 0800 947 357

The administration manager also acts as the securities registrar for the Scheme and can be contacted (in that capacity) at the above address.

Any queries or complaints about the Scheme can be made by contacting the Trustees at the above address.

The Trustees have established a process to deal with any complaints that members might have. The process is confidential, providing members with the ability to be satisfied that all their dealings with the Scheme have been handled properly. The first step is to contact either the secretary or the administrator in confidence to set out your complaint.

Members also have the right to send their complaints directly to the Scheme's external disputes resolution service, Financial Services Complaints Limited ("FSCL"). FSCL's contact details are:

Website: [www.fscl.org.nz](http://www.fscl.org.nz)  
Email: [info@fscl.org.nz](mailto:info@fscl.org.nz)  
Telephone: 0800 347257 (call free for consumers)  
(04) 472 FSCL (472 3725)  
Fax: (04) 472 3727  
  
Postal address: PO Box 5967 Lambton Quay  
Wellington 6145

Neither we nor FSCL will charge a fee to any complainant to investigate or resolve a complaint.



## Financial Information

The following tables contain information extracted from the full financial statements which were audited and signed on 17 July 2019.

### Investment performance

	31 March 2019	31 March 2018
Total investment revenue	\$758,258	\$912,088

### Expenses

	31 March 2019	31 March 2018
Investment expenses	\$49,618	\$45,821
General expenses	\$40,444	\$38,648

### Membership activities

	31 March 2019	31 March 2018
Member contributions	\$781,108	\$728,241
Employer contributions	\$450,906	\$430,882
Voluntary contributions	\$0	\$0
Crown Contributions	\$105,415	\$132,026
Transfers In	\$50,096	\$140,692
Withdrawals	\$1,387,526	\$868,574

### Assets

	31 March 2019	31 March 2018
Total investments	\$13,372,074	\$13,108,221
Tax receivable / (payable)	\$(90,517)	\$(107,675)

**Member accounts**

	<b>31 March 2019</b>	<b>31 March 2017</b>
Member accounts	\$9,061,986	\$8,949,427
Employer accounts	\$4,153,909	\$4,051,119

A copy of the full financial statements can be obtained from the Administrator:

Melville Jessup Weaver:

Freephone 0800 947 357

Email [maritime@mjlw.co.nz](mailto:maritime@mjlw.co.nz)