

## Investment returns on the way up

**The investment markets have been showing more positive signs in the new financial year that began in April. This is welcome news after two tough years.**

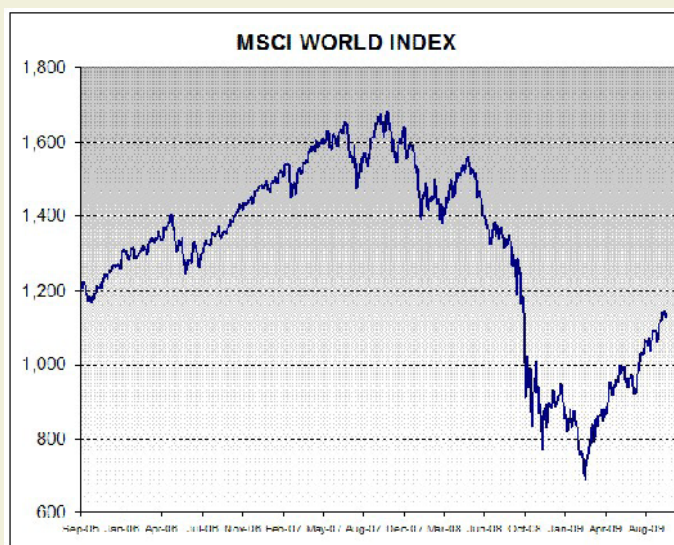
The gross investment returns (i.e. before tax and expenses) for the first six months were

<b>Balanced Pool</b>	<b>12.7%</b>
<b>Conservative Pool</b>	<b>7.3%</b>

The improvement has been led by the world sharemarkets. Adjacent is the graph of the MSCI World Index (a combined sharemarket index of 1500 companies from 23 developed countries in the world) covering the last five years. The dramatic fall during 2008 and steady rise during 2009 can be seen.

It was a promising start to the year, but there is still some nervousness out in the investment markets, with worries about world economies. We remain cautious, expecting some falls to accompany the rises.

The latest interim rates can be found on The Retire Fund page of our website.



### It's your choice

We have discovered that some of our members do not know that they are able to switch their savings investment with us from the Balanced Pool to the Conservative Pool and vice versa to ameliorate the effects of economic turmoil or to take advantage of growth in the equities markets.

The Conservative Pool usually gets better returns than the more volatile Balanced Pool in time of stock market turmoil, but when the world economies are growing and investment in equities produces high yields the Balanced Pool generally makes greater gains on investments.

We cannot make the choice of which Pool you should be in. We can discuss the issues with you but in the end it is your choice.

### Quarterly Investment Report

Each quarter we prepare an investment report and place it on our website.

The investment report provides the returns made by each investment sector within each Investment Pool, an overview of the investment markets for the quarter and a commentary on the various investment sectors.

The reports are available on the Publications page of our website.

### Tracking your contributions

The Retire Fund page on our website enables you to look at your balance and transactions at any time. If you don't have a password for your account, please contact the Funds Administrator to get set up.

## Tax on earnings

The Portfolio Investment Entity (PIE) regime, which started on 1 October 2007, allows your earnings in a superannuation scheme to be taxed at a rate closely aligned to your actual personal tax rate. The rate used is called the Prescribed Investor Rate (PIR). Previously super scheme earnings were all taxed at a flat rate of 33%. Currently the PIR rates are 0%, 19.5% and 30%. In legislation just passed the PIR rates will change to 0%, 12.5%, 21% and 30% from 1 April 2010. We will tell you about the changes and how it may affect you in a newsletter early next year.

Inland Revenue has advised that you do not have to advise us of your PIR every year. You only have to advise us if your PIR changes. If we don't hear from you we just use your previous year's rate.

If you have never advised us of your PIR or you live overseas then we are required by law to allocate the highest rate to you (30%).

Your current PIR is printed on your annual member statement sent out a few months ago. You can also look it up on the member section of the website or contact the Pension Board for the information.

It is important that you advise the correct PIR. If you provide a PIR that is lower than your correct PIR, you will be liable to pay tax on your earnings at your marginal tax rate and file a tax return. If you provide a PIR that is higher than your correct PIR, you will not be able to claim back the excess tax paid by the scheme on your behalf.

## Electronic delivery of the Annual Report

To save costs for members, from next year we will be offering an electronic copy of the Annual Report instead of a printed copy. This will save on printing and postage costs.

If in future you would like to receive the Annual Report via email then please advise us of this in writing (either by letter or email), making sure that you give us the email address where you want the report to be sent.

## KiwiSaver

In conjunction with The Retire Fund, the Board also operates a KiwiSaver scheme called the Koinonia Fund. With over 50 KiwiSaver schemes in the market there is no shortage of choice. The Koinonia Fund, with its ethical investment policy and not-for-profit motives, is designed to appeal to the wider Christian community as a KiwiSaver scheme that is different.

If you would like to know more about the Koinonia Fund or want to join or switch to our KiwiSaver scheme, please contact the Board's office.

## Online?

This newsletter, as well as other Retire Fund publications, can be downloaded from The Retire Fund page on the ACPB website [www.acpb.org.nz](http://www.acpb.org.nz)

## Office closure schedule

The Pension Board's office will close at 1pm on 24 December 2009 and reopen on 5 January 2010.

## Holiday greetings

Seasons greetings from the General Manager and Team: Gillian Robertson, Bruce Dutton, John Wright, Nicky Sinclair and Jo Bolten.