

# Supernews



## Member Investment Choice - implementation

New Zealand Fire Service  
Superannuation Scheme

box 36-287 christchurch  
phone fax 03 355 3499  
mobile 021 653 499  
email info@firesuper.co.nz  
web www.firesuper.co.nz

**M**embers received a brochure, letter and Supernews 90 in September 2008. This information advised of the decision to introduce Member Investment Choice 'MIC' with effect from 01 October 2008.

In Supernews 90 the method of applying the interim interest rate was set out and is restated "If you change options, the interim interest rate and its value will be 'locked into' your Accumulations for the period up to the date the change took effect – 01 October. The rate applicable to your new investment option/s will be applied to your Member's Accumulations going forward."

In more normal circumstances than have applied since 01 October 2008 the ability to establish an interim interest rate for the Cash and Balanced Portfolios, to transfer assets from these previous Portfolios to the new options and then sell the shares and other assets as necessary would have been a relatively simple process. The reality is that this has not been the case.

Put simply the implementation of MIC could not have been carried out at a worse possible time.

In the ten working days from the end of September 2008 it took to establish interim interest

rates for the Main and Cash Portfolios, investment markets had decreased significantly – just as they had done during the month of September 2008.

Putting this information in perspective the following have been calculated by the Investment Adviser in accordance with the long established procedure of establishing interim interest rates.

The interim interest rates from 01 April to 30 September 2008 were:

**Main Portfolio - negative 5.67%**  
**Cash Portfolio - positive 2.52%.**

These rates were applied to all balances at 30 September 2008 and prior to any transfers being made to a new Investment Choice.

From 01 to 14 October 2008, the period before any asset transfers could be made to a new investment choice, the following significant decreases had occurred in the four new investment choice options:

**Cash option - negative 4.34%**  
**Conservative option - negative 4.34%**  
**Balanced option - negative 6.57%**  
**High Growth option- negative 8.22%.**

This situation, although unavoidable, is disappointing to the Trustees and is undoubtedly even more disappointing for those Members who in the time

between choosing their new investment option/s and their actual application have lost capital that they did not expect to lose. This situation was taken into account when the Trustees took a decision on 13 October 2008 to continue to proceed with the implementation of MIC as distinct from not proceeding with it.

The Trustees remain of the view that MIC is in the best long term interests of Members. However the Trustees are also aware that, given this situation, some Members may no longer wish to transfer to a Cash or Conservative option and are therefore putting in place a one-off opportunity, for those Members who elected to transfer from the Balanced Portfolio on 01 October 2008 to the Cash or Conservative options, to make a further election in writing **by midnight on 31 October 2008.**

Those Members who are in this category will be written to separately with the necessary instructions to enable them to complete this further election.

Those Members who have elected to transfer to the Cash and Conservative options are advised that almost all of the growth assets were sold out of

these options overnight on Friday 17 October 2008 and growth assets that now remain as well as any income assets that need to be sold to meet the asset allocation set out in the brochure sent to you in September 2008 will be completed as quickly as possible.

Members will be advised by Supernews on progress towards finalising the asset allocation.

Those Members who either remained in the Balanced option or elected to transfer to the High Growth option had the necessary assets transferred, on 01 October 2008, to the asset allocation set out in the brochure sent to you in September 2008.

Those Members who were members of the Cash Portfolio at 01 October and elected to transfer over to the Cash option currently have their assets ring-fenced in a separate option until the Cash option is fully invested in Cash as set out in the brochure sent to you in September 2008.

During this period your interim interest rates will not be available at the web site but will be available by phoning the scheme on 0800 MY SUPER – 0800 69 78737.

Given the volatility of the investment markets over the last two weeks the Trustees have decided to calculate an interim interest rate each day and apply that each day until further notice for each of the four investment options available to Members. The interim interest rates published at the web site will also be

updated daily to reflect these new interim interest rates.

All of the decisions set out above have been taken in some of the most trying circumstances ever experienced by the scheme's Trustees in over 20 years of the scheme's existence. The underlying criteria that has been applied to all decisions taken has been to ensure that all Members are treated equitably and in like manner. There is no and never will be any place for policy decisions to be taken that give any member the opportunity to make a 'play' against the scheme and therefore against other Members.

## **Get your Supernews quicker**

If you wish to have advice of a new Supernews delivered to you individually and by e-mail, please supply your e-mail address to the scheme at any of the addresses set out on the front page of this Supernews. Supernews will continue to be distributed both by post to your last advised postal address and by e-mail for a further period of time.

The current Supernews and archived copies of Supernews are also available at the scheme's web site at [www.firesuper.co.nz](http://www.firesuper.co.nz)

## **Lost souls**

If any member knows the whereabouts of:

- Daniel Van Hoppe of Pahia
- Fred Andersen of Dunedin
- Bevin Dick of Auckland
- Nicholas McQuillan of Auckland

- Xavier J F Kennedy of Wellington, or
  - Dean Olsen of Wainui
- please ask them to contact the Secretary to the Trustees at any of the contact addresses set out on the front page of this Supernews. Thank you !

## **DVD posted to workplaces**

Members should be aware of the DVD recently produced by the Trustees and distributed to stations, Communication Centres and other Fire Service workplaces.

Members are invited to take the time to sit down and view the contents of the DVD in the context of their ongoing personal education of financial matters. It is expected that the publication of DVD's on a regular basis will continue as a worthwhile way of keeping in contact with Members.

## **Web site updated**

The scheme's web site at [www.firesuper.co.nz](http://www.firesuper.co.nz) has recently been updated and contains a far greater amount of information than previously.

Of particular note is the new section known as 'Supernews now'. This section will be used from now on to update Members with information as it happens. Members are advised to review that section of the web site when they go there in the future.

---



**BARRY DENT**  
**SCHEME SECRETARY**

