



Civic Financial Services Ltd

SERVICING LOCAL GOVERNMENT ACROSS NEW ZEALAND

SuperEasy puts more money into your pocket.

Presentation by Charlie Howe CEO

May 2024





CHARLIE HOWE

CEO CIVIC FINANCIAL SERVICES LIMITED

Grew up in Palmerston North and attended Palmerston North Boys' High School.

I joined the National Bank in 1977 and spent 40 years with the company. Held Senior Executive roles which covered different communities within New Zealand. General Manager Business / Retail Banking and part of the Executive Team responsible for the biggest bank merger in New Zealand history, combining the National Bank into ANZ.

*"The bank was my second **whānau**, and I loved every day of my job."*

I then worked in Central Government as Director for Māori and Pacific at MSD, supporting the development of Te Pae Tawhiti, the Māori strategy.

The role as CEO of Civic Financial Services Ltd is about telling our story of helping people save for their first home and their retirement.

Been married for 44 years, raised four talented kids and is now a doting grandfather to six grandkids. I'm a sports fanatic (specifically a Liverpool supporter) and have represented New Zealand in both football and softball at the age group level.

The landscape of KiwiSaver for Aotearoa

31 March 2023



- \$93.7 billion funds under management
- Contributions \$10.5 billion
 - \$6.5 billion by members
 - \$3.0 billion by employers
 - \$1 billion by the Crown
- Withdrawals \$5.0 billion
 - \$925 million used for first-home buyers
 - \$2.8 billion withdrawn by over 65's
 - \$145 million for hardship
- \$1.9 billion deficit investment returns
- 3.2 million KiwiSaver members
- Average balance of \$28,778 per member
- 38 schemes as of 31 March 2023

Who is Civic Financial Services Ltd?



- Moved from insurance provider to providing administration services
- Administers superannuation services for local government staff and whānau via the SuperEasy KiwiSaver Superannuation and Local Government Superannuation Schemes
- Provides administration services to LAPP, Riskpool and Civic Liability Pool
- SuperEasy KiwiSaver Scheme is a preferred provider for a large number of councils
- In January 2024 we have 11,500 members for both schemes
- In January 2024 over \$560 million in funds under management

Our overarching superannuation goal



We're committed to putting people first and providing members with long-term financial wellbeing (putting more money in the pockets of our members).

- Low fees
- Good returns
- Automatic Fund
- Personal service
- Whanau can join
- Member for life



Why SuperEasy KiwiSaver scheme?



- Low fees and reducing
- Good returns
- Owned by councils – New Zealand owned
- Profits and dividends used to reduce members' fees
- Whānau can join
- Restricted scheme for local government staff and whānau
- Funds are managed by two very strong companies
- A unique Automatic Fund takes all the stress away
- You don't have to take your money out when you turn 65
- Enjoy low fees and good returns in your retirement
- Personal touch with our service
- You can speak to the CEO directly
- We care about looking after you and your whānau
- Member for life
- We help members into their first home

What is the Local Government Superannuation scheme? (Employer Scheme)



- Low fees and good returns
- Restricted scheme for Local Government staff
- Employer Scheme
- Some councils pay more than the 3% KiwiSaver contributions, e.g., they may add another 2% on top. This means you can also match the 2% through our Employer Scheme
- If you want to save more than 3% towards your retirement, you can utilise this scheme and contribute whatever amount you wish. However, the council you work for must be a SuperEasy participating employer
- Automatic Fund is an option
- If you leave the council, you can withdraw these funds
- If you transfer to another council, you can ringfence your funds and start a new employer's scheme at the new council
- You can withdraw your ringfenced funds at any time

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Appointed Fund Managers

(Civic not linked to in-house investment teams)

ANZ INVESTMENTS

Harbour | ASSET MANAGEMENT

ESG ✓



ANZ New Zealand Investment Limited

- Is the largest manager of third-party funds in New Zealand with over \$37 billion of client funds under management
- \$9 billion on behalf of KiwiSaver members
- Well-established track record; has been helping New Zealanders achieve their financial goals since 1989
- Multi-award-winning investment management bank, winning Morningstar fund manager of the year 15 times
- KiwiSaver fund manager of the year, four times

Harbour Asset Management

- \$7.5 billion funds under management
- Experienced investment team that has worked together for 22 years
- 76% owned by Jarden Group, 24% by 15 employees
- Formed in December 2009
- Embedded ESG principles in all their portfolios
- Focused on investment management, and research & providing clients with deep insight into markets



Where is your KiwiSaver money invested?

Four main funds:

- Aggressive
- Growth
- Balanced
- Conservative

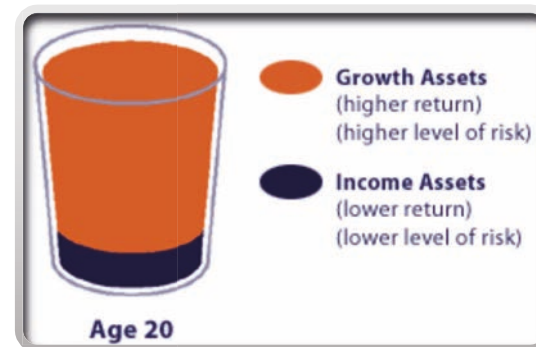


ASSET CLASS	PRODUCT	AGGRESSIVE	GROWTH	BALANCED	CONSERVATIVE
NZ equities	Harbour NZ index shares fund	20.0%	15.0%	10.0%	5.0%
Int. equities	ANZ wholesale international share fund	42.0%	24.0%	15.0%	5.0%
	ANZ wholesale international share fund (Hedged)	18.0%	16.0%	15.0%	5.0%
Global listed property	Harbour real estate investment fund	10.0%	15.0%	10.0%	5.0%
Total growth assets		90.0%	70.0%	50.0%	20.0%
NZ fixed interest	ANZ NZ fixed interest strategy	3.0%	10.0%	20.0%	35.0%
Int. fixed interest	ANZ international fixed interest strategy	5.0%	15.0%	20.0%	15.0%
Cash	ANZ wholesale cash fund	2.0%	5.0%	10.0%	30.0%
Total Income Assets		10.0%	30.0%	50.0%	80.0%

Our Exclusive Automatic Fund

- Exclusive and unique for SuperEasy members
- Our default fund for KiwiSaver
- Automatically reduces investment risk each month as you get older (20 years to 80 years old plus)
- Removes the need to continually reassess your investment strategy
- Designed for saving for retirement
- Designed for managing savings in retirement
- Over 80% of our members have chosen the Automatic Fund
- Competitive returns

Age	Growth Asset (Higher return) (Higher level of risk)	Income Asset (Lower return) (Lower level of risk)
20	95	5
30	85	15
40	75	25
50	65	35
60	55	45
70	40	60
80+	25	75





Automatic Fund asset allocations

Current target asset allocation of the Automatic Fund has a range of investments as set out in the table.



ASSET CLASS	PRODUCT	AGE 20	AGE 40	AGE 60	AGE 80
NZ equities	Harbour NZ index share fund	20.0%	17.5%	12.5%	5.0%
Int. equities	ANZ wholesale international share fund number 5	48.7%	29.2%	15.1%	5.0%
	ANZ wholesale international share fund number 5 (hedged)	16.3%	15.8%	12.4%	5.0%
Global listed property	Harbour real estate investment fund	10.0%	12.5%	15.0%	10.0%
Total Growth Assets		95.0%	75.0%	55.0%	25.0%
NZ fixed interest	ANZ NZ fixed interest strategy *	1.0%	8.0%	20.0%	30.0%
Int. fixed interest	ANZ International fixed interest strategy **	2.0%	12.0%	20.0%	15.0%
Cash	ANZ wholesale cash fund	2.0%	5.0%	5.0%	30.0%
Total Income Assets		5.0%	25.0%	45.0%	75.0%



Investment returns for SuperEasy with rankings

Quarter ending 31 March 2024 (after fees and before taxes).

This table illustrates the return of the SuperEasy funds after estimated fees but before tax. For example, the Aggressive Fund has had a return of 11.1% over the ten years ended 31 March 2024. This ranks the Aggressive Fund 1st out of a peer group of fourteen comparable funds offered by large KiwiSaver providers.

This comparison group is defined independently by Melville Jessup Weaver and published online in its investment survey at mjlw.co.nz.

Please note that your return will differ due to the imposition of tax, and due to the estimate nature of the fees used in this analysis.

Please treat this, and other similar analysis with care. Past performance is not a good indicator of future performance. We encourage you to seek appropriate financial advice before making any decisions with respect to your savings.

Performance summary as at 31 March 2024

	3 months	1 year	3 years pa	5 years pa	10 years pa
Aggressive	8.9	19.6	7.9	10.2	11.1
Rank	2 of 16	2 of 16	1 of 16	2 of 16	1 of 14
Age 20	9.3	20.2	8.2	10.6	11.3
Rank	1 of 16	2 of 16	1 of 16	2 of 16	1 of 14
Median peer	6.9	15.5	4.9	7.8	8.4
Growth	6.0	14.6	4.7	7.1	8.8
Rank	13 of 16	11 of 16	9 of 16	11 of 16	5 of 14
Age 40	6.4	15.1	5.0	7.5	9.0
Rank	12 of 16	9 of 16	7 of 16	10 of 16	3 of 14
Median peer	6.9	15.5	4.9	7.8	8.4
Balanced	4.3	11.6	3.2	5.4	7.0
Rank	14 of 18	12 of 18	11 of 18	13 of 17	6 of 16
Age 60	3.9	10.8	2.3	4.8	6.9
Rank	15 of 18	14 of 18	16 of 18	16 of 17	9 of 16
Median peer	5.0	12.0	3.3	5.8	6.9
Conservative	1.9	7.0	1.3	2.8	4.4
Rank	15 of 19	15 of 19	9 of 19	9 of 19	6 of 14
Age 80	1.9	7.0	1.1	2.6	4.4
Rank	16 of 19	15 of 19	12 of 19	11 of 19	5 of 14
Median peer	2.1	7.4	1.3	2.7	4.1

The returns highlighted in blue are in the upper half of their peer group, and those in bold font are in the highest quartile of their peer group.



SuperEasy KiwiSaver superannuation scheme fees

- As of 1 April 2024
- Low fees since inception of both schemes
- Fees will continue to reduce
- If you leave the council the same fees will remain
- Lower fees, bigger savings
- Savings will last longer in retirement
- Very competitive

SuperEasy KiwiSaver account balance	\$10,000	\$100,000	\$200,000	\$250,000
Management fee (0.33% per annum)	\$ 33	\$ 330	\$ 660	\$ 825
Annual in-fund fee (0.03% per annum)	\$ 3	\$ 30	\$ 60	\$ 75
Administration fee \$54 per year	\$ 54	\$ 54	\$ 54	\$ 54
Total fee charged for the year	\$ 90	\$ 414	\$ 774	\$954





How does SuperEasy compare to the average KiwiSaver management fees?



	SuperEasy KiwiSaver		KiwiSaver average	
	Management fee % pa	Management cost \$ pa	Management fee \$ pa	Management cost \$ pa
Aggressive	0.38	54	0.84	18
Growth	0.38	54	0.99	15
Balanced	0.38	54	0.87	15
Conservative	0.37	54	0.76	13

Annual fee assuming \$50,000 balance

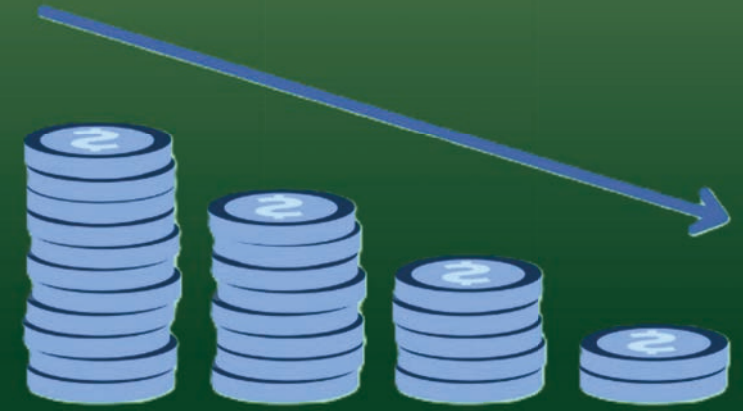
	SuperEasy	Average	Difference
Aggressive	\$244	\$438	\$213
Growth	\$244	\$510	\$309
Balanced	\$244	\$450	\$229
Conservative	\$239	\$393	\$188

More details on these fee comparisons is available at <https://smartinvestor.sorted.org.nz/kiwisaver-and-managed-funds> dated March 2024



Fee reductions

Fees							
Administration Fees	SKSS - \$4.50 per month		LGSS - \$6.00 per month (if not employed at a Participating Employer (P.E.))				
SKSS & LGSS Investment Management Fees - History	1/04/2019	1/04/2020	1/04/2021	1/04/2022	1/04/2023	1/04/2024	
	0.50%	0.44%	0.40%	0.37%	0.35%	0.33%	





What you, your employer and the Govt contribute to your superannuation

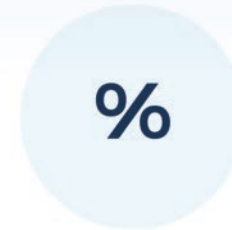
- You joined KiwiSaver on 1st July
- An employee earning \$50k per annum
- Contributing minimum of 3% gross salary
- Your employer contributes 3% less tax
- Government contribution at a rate 0.50 cents per \$, you pay \$521 max
- KiwiSaver year runs from 01/07 to 30/06
- Employer ECST tax rate of 17.5%
- This doesn't include any investment returns

Years in KiwiSaver	Total you have paid	Total employer has paid	Total govt. has paid	Total paid into your KiwiSaver
1	\$ 1,500	\$ 1,237	\$ 521	\$ 3,258
2	\$ 3,000	\$ 2,475	\$ 1,042	\$ 6,517
5	\$ 7,500	\$ 6,187	\$ 2,605	\$ 16,292
10	\$15,000	\$ 12,375	\$ 5,210	\$ 32,585
15	\$22,500	\$ 18,562	\$ 7,815	\$ 48,877
20	\$30,000	\$ 24,750	\$10,420	\$ 65,170
AND	ON	IT	GOES	TO AGE 65



Pay rise

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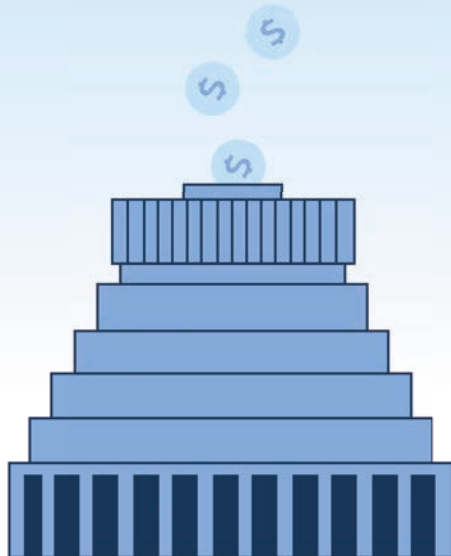
Investment returns

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Compounding interest

We pay your tax!



- PIE investment – is tax paid on members behalf
- PIR is the rate charged on your investment income
- Both SuperEasy schemes are portfolio investment entities
- Default rate of 28%
- Subject to your income over the past two years using the lowest income year
- Income earned \$14k or less is a rate of 10.5%
- Income earned \$14k - \$48k is a rate of 17.5%
- Income earned \$48k and over is a rate of 28.0%



Who can join our superannuation schemes?



SuperEasy KiwiSaver Scheme

- NZ citizen or eligible to be in NZ indefinitely in terms of the Immigration Act 2009
- Local government employees/ council employees
- Council-controlled organisation employees
- Council employee family members
- NZLG association
- Taituarā
- Civic

SuperEasy Employer Scheme

- Local government employees/ council employees
- NZLG association
- Taituarā
- Civic

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**It's super
easy to join!**

www.supereasy.co.nz

